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Communication
COUNCIL: <u>Jan 30/18</u>
Item <u>3</u>

**DATE: JANUARY 22, 2018**

**TO: MAYOR AND MEMBERS OF COUNCIL**

**FROM: LAURA MIRABELLA, CHIEF FINANCIAL OFFICER AND CITY TREASURER**

**RITA SELVAGGI, INTERIM DIRECTOR OF FINANCIAL PLANNING AND DEVELOPMENT FINANCE AND DEPUTY CITY TREASURER**

**RE: COMMUNICATION  
SPECIAL COUNCIL - JANUARY 30, 2018**

**ITEM #1, FINANCE, ADMINISTRATION AND AUDIT COMMITTEE  
MEETING – NOVEMBER 6, 2017 (7:00PM) - DRAFT 2018 BUDGET AND  
2019-2022 FINANCIAL PLAN – CAPITAL BUDGET UPDATES**

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### **Recommendation**

The Chief Financial Officer and City Treasurer and the Interim Director of Financial Planning and Development Finance and Deputy City Treasurer, in consultation with City departments, recommend:

1. That the Draft 2018 Budget and 2019-22 Financial Plan be updated to include the capital budget amendments outlined below:
  - a) The capital budget for capital project DE-7175-17 - VMC Edgeley Pond Construction be amended to redistribute the total funding requirement over a three-year period where the funding sources are aligned with the City's Black Creek Financial Strategy;
  - b) The scope of the capital project CD-2002-16 - 2018 Watermain Replacement be adjusted and the capital budget be increased by \$2.32 million of which \$1.80 million will be funded by Citywide Engineering Development Charges and \$0.52 million will be funded from the Water Reserve; and
  - c) The tables in the Draft 2018 Budget and 2019-2022 Financial Plan Budget Book be updated to reflect the following:
    - i. 2018 capital budget of \$1.87M for RE-9537-17 – VMC library, Recreation and YMCA
    - ii. 2018 capital budget of \$3.96M for PK-6595-18 North Maple Regional Park

## **Purpose**

The purpose of this communication is to advise of capital budget amendments to the Draft 2018 Budget 2019-22 Financial Plan.

## **Background**

The Draft 2018 Budget and 2019-22 Financial Plan was presented to the Finance, Administration and Audit Committee on November 6, 2017. This communication outlines amendments required to the Draft 2018 capital budget which are generally administrative in nature.

## **Financial Impact**

The proposed capital budget amendments to the Draft 2018 Budget do not have an impact to the 2018 tax levy and result in no net impact to the proposed 2018 property tax rate increase.

## **Analysis**

The proposed updates to the Draft 2018 Draft Budget and 2019-22 Financial Plan are the following:

### **1. Amendment to capital budget and funding sources for Capital Project DE-7175-17 - VMC Edgeley Pond Construction**

Capital project DE-7175-17 is included in the Draft 2018 budget with a total project budget of \$21M in 2018 to fund the construction of the stormwater management pond located within the VMC Secondary Plan Area. The funding allocation for the project is being adjusted to ensure it's aligned with the Black Creek Financial Strategy.

In addition, the budgeted expected cash flows are being phased in to better align them to the timing of construction. Currently, the total budget of \$21M is requested for 2018. The budget is recommended to be phased over 3 years as outlined in the table below.

DE-7175-17	Budget Year	Funding Source (in \$Ms)			Total Budget
		Development Charges	Debenture Financing	Capital from Taxation	
<i>Original</i>	2018	\$12.53	\$8.31	\$0.14	\$20.98
<b><i>Revised</i></b>	2018	\$3.07	\$2.04	\$0.14	\$5.25
	2019	\$7.37	\$4.89	\$0.34	\$12.60
	2020	\$1.83	\$1.22	\$0.08	\$3.13
	Total	\$12.28	\$8.15	\$0.57	\$20.98

## **2. Amendment to Capital Project CD-2002-16 - 2018 Watermain Replacement**

An amendment to capital project CD-2002-16 is required to accommodate an increase in the estimated cost to complete the annual watermain replacement and to increase the project scope to include the construction of an underground pedestrian underpass.

The Regional Municipality of York has been coordinating the detailed design work for the stormwater culvert replacement project over the West Don River, within the Killian-Lamar Open Space with City and TRCA staff. Subsequent to the tabling of the Draft 2018 budget, additional information on the details of the project became known that supported the advancement of the construction of an underground pedestrian underpass in conjunction with the Region's planned culvert works.

Advancing the pedestrian underpass works in coordination with the Region's works allow for synergies and cost savings while limiting road and traffic disturbance, additional and costly temporary structures and disruption to City infrastructure. It also sets the stage for advancing the Vaughan Super Trail initiative by taking advantage of the immediate opportunity to put the pedestrian underpass in place which is a very important piece of trail infrastructure that will significantly improve off-road trail connections in this area, as identified in the City's approved Pedestrian and Cycling Master Plan.

Implementation of the pedestrian underpass will protect for an off-road pedestrian and cycling connection beneath Major Mackenzie Road, allowing for a direct, dedicated and safe crossing. The estimated value of the pedestrian underpass is approximately \$1.80M.

The current draft budget includes a total project budget of \$6.80M for 2018. It is recommended that the project budget be increased by \$2.32M to \$9.12M to include \$1.80M in funding for the construction of the pedestrian multi-use underpass and an additional \$0.52M in funding for the watermain replacement works due to an increase in the estimated costs. The additional budget would be funded from the Citywide Engineering Development Charges (\$1.80M) and the Water reserve (\$0.52M).

## **3. Administrative correction to capital project information in the Draft 2018 Budget and 2019-2022 Financial Plan Budget Book**

The tables in the Draft 2018 Budget and 2019-2022 Financial Plan Budget Book do not currently reflect the correct budget information for two capital projects. The tables should be updated to reflect the following:

- i. A 2018 capital budget of \$1.87M for RE-9537-17 – VMC library, Recreation and YMCA
- ii. A 2018 capital budget of \$3.96M for PK-6595-18 North Maple Regional Park

## Conclusion

It is recommended that the amendments to the Draft 2018 Budget outlined in this communication be approved. The updates do not impact the proposed 2018 property tax rate increase.

Respectfully submitted,



Laura Mirabella, CPA, CA  
Chief Financial Officer and City Treasurer



Rita Selvaggi, CPA, CA  
Interim Director, Financial Planning and Development Finance  
and Deputy City Treasurer