

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 27, 2017

Item 2, Report No. 28, of the Special Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on June 27, 2017.

2 BUILDING CAPACITY FOR GROWTH AND INTENSIFICATION: STAFF RESOURCING AND CORPORATE ORGANIZATIONAL STRUCTURE

The Special Committee of the Whole recommends:

- 1) That consideration of this matter be deferred to the Fall of 2017 to allow staff to provide further information addressing the issues raised by Members of Council;
- 2) That the presentation by the City Manager, and communication C5, presentation material titled “*Building Capacity for Growth and Intensification: Staff Resourcing and Corporate Organizational Structure*”, be received; and
- 3) That the following deputations be received:
 1. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg; and
 2. Mr. Stephen Roberts, Bentoak Crescent, Vaughan.

Recommendation

The City Manager recommends:

1. That Council delegate authority to the City Manager to authorize additional in-year staff and related resources that can be fully funded either from non-tax levy sources or within the approved budget; and
2. That Council approve the updated corporate organization structure recommended in the confidential communication.

Contribution to Sustainability

Supporting continued growth and intensification is an essential priority to meet the demand for housing, address inflationary housing price pressures, and align with Regional and Provincial planning requirements.

This report outlines recommended options to ensure a sustainable approach for the City of Vaughan to meet Council’s priorities, accommodate major provincial infrastructure initiatives within our city, and build capacity for increased growth and intensification pressures within community.

Economic Impact

“Growth pays for growth” is one of the guiding principles of Vaughan’s Fiscal Framework (approved by Council on January 24, 2017 – Item 3, Report 1, FAA). Infrastructure and services that support new growth should be funded, to the fullest extent possible, through growth related revenues (i.e. development charges/fees and property tax/user rates from new growth). This principle includes ensuring that the full costs of growth, including Human Resources, Legal Services, Procurement, Information Technology and Finance, are recovered through growth-related fees.

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Additional staff positions are required immediately to build improved capacity to support growth and intensification. These resources will be mainly funded from budget neutral and/or non-tax levy sources. Additional positions to be funded from tax levy, which cannot be accommodated within the existing approved budget, will be considered for Council's approval through the 2018 budget process within the Term of Council priority to "meet Council's tax rate targets (no greater than 3%)."

Communications Plan

City staff will continue to consult with the development industry, regional and provincial stakeholders to receive feedback on process and capacity improvements to respond to increased growth and intensification pressures. Stakeholder consultation and support will be necessary to finance non-tax levy positions, and will be discussed as part of the ongoing City and Regional Development Charges By-law updates and the ongoing (and future) development planning fees review.

Purpose

This report responds to Council's request for a more responsive approach to the pressures of growth and intensification.

At the May 2, 2017 Committee of the Whole meeting, members of Council stated that "with the demands made by the development industry [and] community stakeholders, we need to start also addressing the issue of resourcing those departments that require more help and personnel." The City Manager committed to return to Council prior to the 2018 budget process with recommendations for a more responsive approach to the pressures of growth and intensification.

Vaughan's growth has evolved from decades of mostly traditional suburban greenfield communities consisting of ground related single detached housing to the present where for the first time in Vaughan's history the number of multi-unit and high-density units in the development approval process now exceeds single detached ground related. And, with the opening of the subway, significant development in the Vaughan Metropolitan Centre, and provincial infrastructure investments, the volume of development and infrastructure planning/delivery work will continue to rise. This intensification introduces complex technical and legal challenges.

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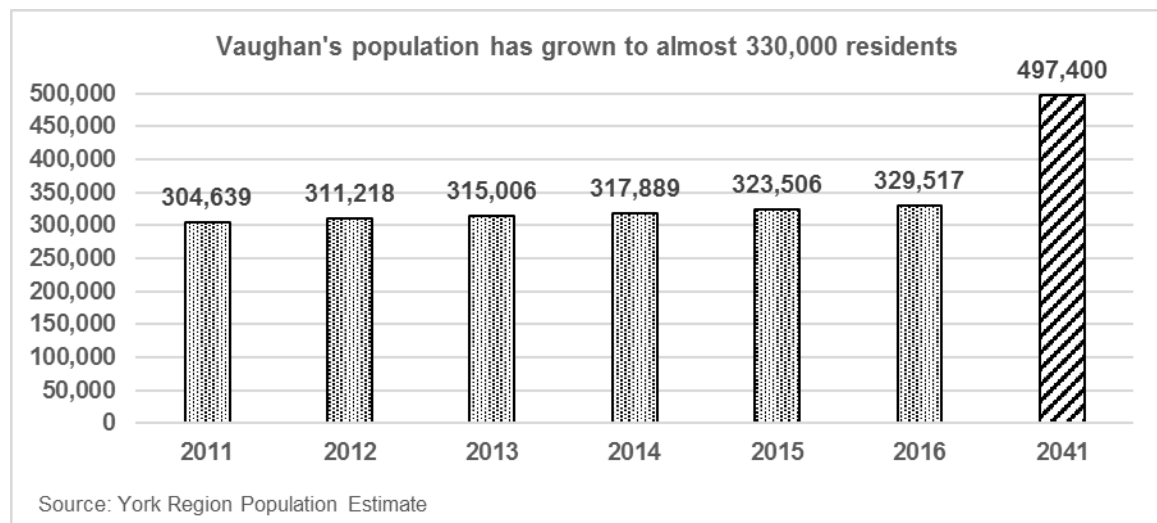
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Organizational structures, resources and processes must evolve to respond to the challenges inherent to intensified growth. This report describes these challenges, considers options for improvement, and recommends refinements to the approved corporate organizational structure and the addition of new staff resources that can be funded within the approved budget or by additional non-tax levy sources.

Background - Analysis and Options

Growth and intensification is required to accommodate Vaughan's growing population.

Vaughan is a city of choice. In the last 6 years, the City's population has grown by around 5,000 new residents annually to almost 330,000 residents. The City's Official Plan accommodates Provincial and Regional allocations for population and employment, with target population of over 500,000 by 2041. To achieve this growth, the annual rate of growth for Vaughan will need to increase by about 35% each year.



Vaughan's population growth is being accommodated through greater intensification as well as the continuing development of existing greenfield areas. The percentage of multi-unit homes (semis, townhomes and apartments) in Vaughan continues to increase dramatically. With greater intensification, the number of dwelling units will also increase as the persons per unit are lower for intensification than for greenfield development.

This trend toward intensification will continue with the arrival of the subway and ongoing development of higher-density communities and transit corridors, such as the Vaughan Metropolitan Centre.

As Vaughan grows and intensifies, so will the volume and complexity of infrastructure planning and delivery required to keep pace with development.

Vaughan has been the beneficiary of continued provincial investments such as the Mackenzie Vaughan Hospital, Regional Express Rail, the York Spadina Subway Extension, Bus Rapid Transit (Highway 7) and the Highway 427 extension. Managing the City's interests during implementation of these projects requires a significant, coordinated effort involving staff from both Planning & Growth Management and Public Works portfolios.

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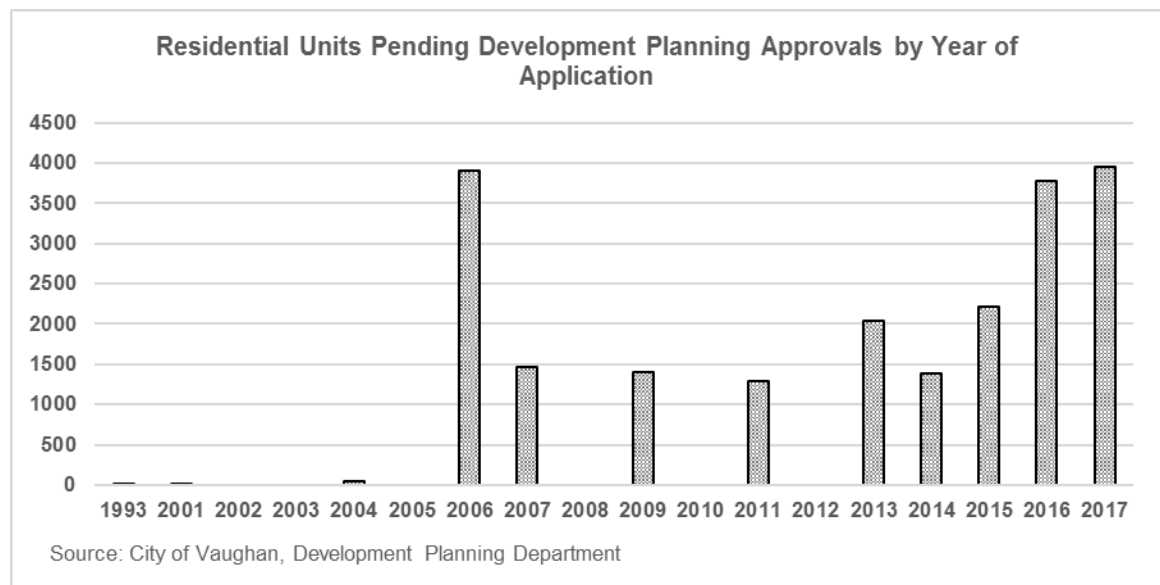
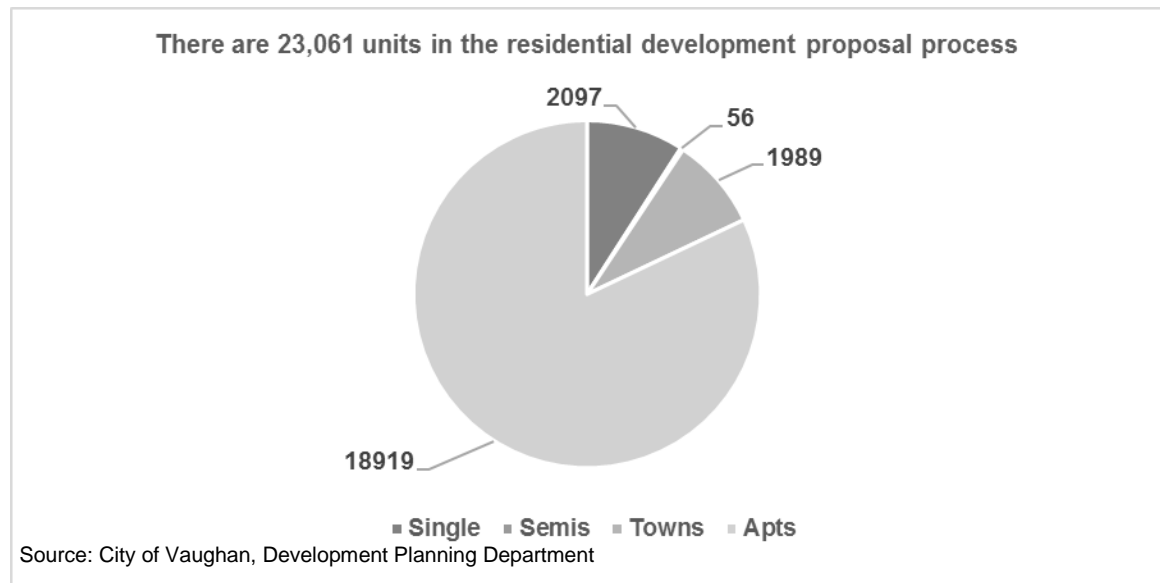
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Additional major projects are planned which will require the City's involvement and participation such as the Yonge Subway Extension, Highway 7 Bus Rapid Transit from the VMC (westward), Highway 400 expansion and ongoing planning for the GTA West in Vaughan.

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Of these proposed units, 10,300 or 44.3% are in active litigation, before the Ontario Municipal Board (OMB) or in mediation.

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The complexities inherent to intensified urban growth require specialized professional expertise and management skills compared to traditional greenfield growth.

Increased levels of staffing are needed with an expanding range of expertise and experience to respond to the complexities of high-density mixed-use intensification areas, such as:

- Requirements for greater levels of public consultation;
- The continuing demand to maintain high levels of service to the development industry;
- Urban Design becoming a major part of the approval processes;
- Heritage Conservation/Archeological Preservation;
- Greater levels of Environmental Regulation and protection;
- Increased levels of consultation with review agencies (e.g. TRCA, MNR, York Region, etc.);
- Sustainability is now a consideration in all actions;
- Greater complexity associated with Ontario Municipal Board processes, including the use of mediation;
- The introduction of multiple new and updated Provincial Policies and Plans including area specific plans such as the Growth Plan, Oak Ridges Moraine Conservation Plan, Parkway Belt West Plan and Greenbelt Plan which are applicable in Vaughan;
- The number and extent of Environmental Assessment projects and their integration into planning processes;
- The requirement for Block Plans as an extra-statutory tool;
- The adoption and application of more complex planning tools (e.g. cash in lieu of parkland and height and density bonusing under Section 37);
- The move away from greenfield planning to intensification areas and the implications for the type and nature of parks with changing levels of service;
- The implications of the Development Charges Act, Municipal Act and other Acts and Plans;
- Increasingly complex buildings and building systems and Building Code requirements;
- The need to provide “surge capacity” or specialized teams to manage major infrastructure initiatives, litigation (OMB, NEB, Superior and Divisional Court processes).

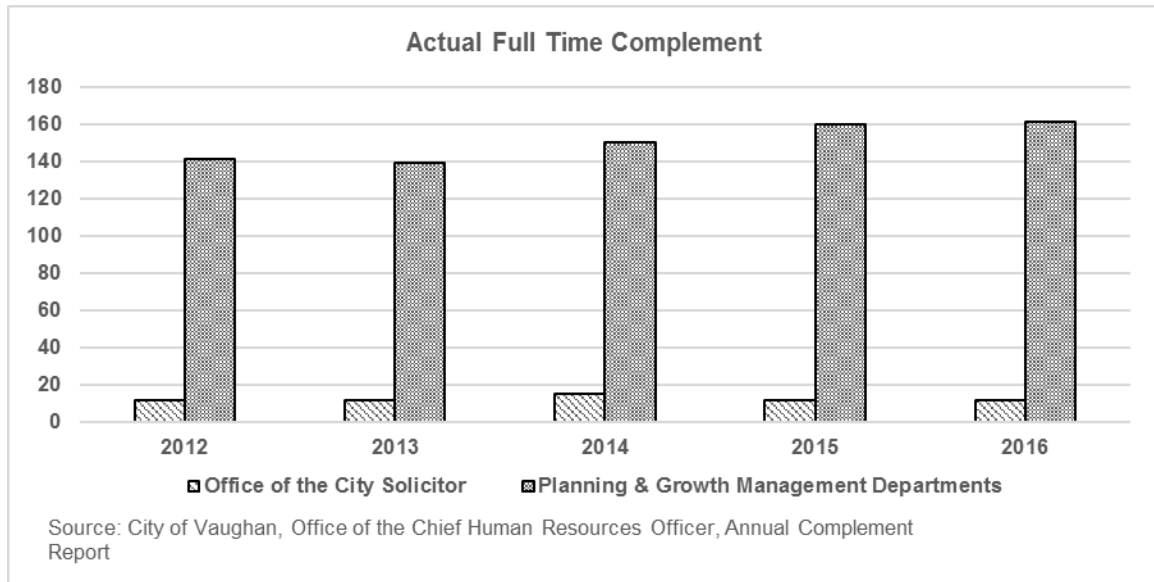
Similarly, anticipated changes to the Ontario Municipal Board will further increase time and complexity in an already strained Legal Services department. New legislation such as Bill 68 (*Modernizing Ontario's Municipal Legislation Act, 2017*), Bill 73 (*Smart Growth for Our Communities Act, 2015*), and Bill 139 (*Building Better Communities and Conserving Watersheds Act, 2017*) which, if approved, will significantly overhaul the Ontario Municipal Board and will have substantial impacts on municipal operations. Many of the changes will require the support of the City's legal team to both implement and respond to challenges arising. As the ability to pursue an appeal to the OMB in the traditional manner will be reduced, the use of mediation and other dispute resolution mechanisms to resolve planning disputes is anticipated to increase. Such negotiations require significant time allocations and result in custom tailored legal agreements reflecting any solutions arrived at.

Legal and planning staff with these skills have been difficult to attract and acquire. In recent years, Council has been supportive of approving new staff to respond to the volume of development proposals. However, actual full-time complement has not increased adequately to sustainably address challenges and meet required service levels.

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*Planning & Growth Management departments include the Office of the Deputy City Manager of Planning & Growth Management, Building Standards, Development Engineering & Infrastructure Planning, Development Planning, Parks Development and Policy Planning & Environmental Sustainability.

*Organizational changes from 2012-2016 may account for some annual fluctuations.

Resourcing and capacity limitations in Human Resources is also an issue with additional resource required to adequately support the recruitment process across most departments.

Options to build capacity for growth and intensification were considered, including status quo, greater reliance on outsourcing and organizational changes.

OPTION 1: STATUS QUO: *It is not sustainable for the City continue to manage demand and intensification with the existing organization structure, resources and processes.*

The trends outlined in this report – ongoing population growth, increased development of multi-unit residences, large infrastructure investments, high number of units in the OMB and development processes, and a need to attract and retain staff with specialized skills and experience - make it unsustainable for Vaughan to continue with its existing organization structure, resources and processes. The risks of continuing “as is” include:

Deferred tax revenue: Expediting new development facilitates timely collection of increased tax levy assessment from new residents to help the City continue delivering Service Excellence.

Compliance with evolving policy and legislative requirements: Amendments to the provincial Growth Plan increases intensification targets and density requirements for greenfield areas and transit corridors. Meeting this policy direction will require a continued shift from ground related housing forms to more intense forms of housing.

Attracting and Retaining Investment, Employment, Residents and Staff: Vaughan is a city of choice and needs to continue to develop a responsive approach to growth and development in order to attract new developments, employment, industry, residents and staff.

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OPTION 2: INCREASE OUTSOURCING

It is not cost-effective in the long-term for the City to manage demand and intensification by increasing outsourcing to third party resources.

The City of Vaughan currently supplements its existing resources with external support as needed. Although outsourcing is (and will continue to be) an effective method of supplementing resources, many of the resourcing needs are either “non-delegable” responsibilities or it is not financially sustainable to continue to outsource when compared with efficiency/effectiveness of staffing internally. In the long-term, this option is not cost effective, nor does it assist with succession planning and support staff advancement.

For example, the Office of the City Solicitor has historically been over budget for external legal services with 2014-2016 expenditures at \$4.2M vs. budget of \$3.4M. It is anticipated that these expenses will continue to grow with increased intensification and increased regulatory/policy requirements (i.e. OMB reform). Similar circumstances also exist within other portfolios.

However, it is acknowledged that successful recruitment of additional staff will take time and continued outsourcing will be required at least on an interim/short-term basis to clear critical backlogs until longer-term solutions are in place.

OPTION 3 (RECOMMENDED): RECRUIT STAFF POSITIONS THAT CAN BE FULLY FUNDED EITHER FROM NON-TAX LEVY SOURCES OR WITHIN THE APPROVED BUDGET

New staff position are required immediately to respond to growth pressures and the complexity and volume of development and infrastructure planning/delivery. The Corporate Management Team (CMT) will identify and recruit for new positions with a budget neutral and/or non-tax levy impact. Additional support in Human Resources will be prioritized to ensure that recruitment is adequately supported. Additional outsourcing may be required in the interim as these positions are recruited.

Any new positions that cannot be accommodated within approved tax levy budget will be considered for Council's approval through the 2018 budget process within the Term of Council priority to “meet Council's tax rate targets (no greater than 3%).

Through the 2018 business plan and budget process, the Corporate Management Team will provide Council an update on operational improvements made to date and planned activities to enhance service delivery.

OPTION 4 (RECOMMENDED): REFINING THE APPROVED CORPORATE ORGANIZATIONAL STRUCTURE TO FOCUS ON DELIVERING OPERATIONAL IMPROVEMENTS

To continue delivering Service Excellence to our community, refinements are recommended to the corporate organizational structure.

To address the challenges of a growing and intensifying city, refinements to the approved corporate organizational structure are recommended, along with additional staff positions, as per the confidential communication for Council's consideration.

These organizational changes clarify reporting relationships and build capacity through aligning staff empowerment and responsibility with accountability. The proposed refinements to the approved corporate organizational structure empower the Corporate Management Team to focus on delivering operational improvements necessary to support the type of growth anticipated throughout the city. These realignments aim to:

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- Focus the mandate of portfolios and offices on core business services;
- Provide more opportunity for senior management mentorship and coaching by ensuring that Deputy City Managers and the City Manager have approximately balanced portfolios; and
- Rationalize membership on the Corporate and Senior Management Teams.

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

These recommendations are aligned with the Service Excellence strategic initiatives by positioning the organization to deliver on the Term of Council Priorities, particularly improving the municipal road network, developing transit, cycling and pedestrian options, the development of the VMC and hospital, updating the OP and supporting studies, attracting investment and managing affordable housing.

The recommendations also support:

- *Staff Engagement: Corporate Governance and Accountability Framework:* This report recommends refinements to the approved corporate organizational structure with focused roles and responsibilities to ensure that Vaughan is positioned to deliver on Council's priorities
- *Operational Performance: Service Delivery Options:* This report recommends ongoing improvement to service delivery and resources to ensure that we are meeting the desired level of service from the community for growth and intensification.

Regional Implications

This recommendations in this report build capacity for Vaughan to meet Regional and Provincial planning requirements and support the Region's affordable housing plans.

Conclusion

This report outlines options to build capacity for growth and intensification, and recommends Council approve refinements to the corporate organizational structure and the recruitment of non-tax levy/budget neutral positions. Vaughan's rapid growth and intensification introduces complex technical and legal challenges. Current organizational structures, resources and processes must evolve with these challenges inherent to intensified urban growth.

This report recommends changes to the organizational structure, followed by new budget neutral/non-tax levy supported positions and the development of action plans to improve service delivery. These recommendations will provide for a sustainable approach to building capacity for growth and intensification as the City becomes home to over half a million residents in the next two decades.

Completing new communities will strengthen Vaughan's competitive advantage as a "city of choice" by attracting growth and investment, supporting affordable housing, and bringing tax levy assessment from new residents to help the City continue delivering Service Excellence.

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Report prepared by:

Daniel Kostopoulos
City Manager

(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.)

Building Capacity for Growth and Intensification: Staff Resourcing and Corporate Organizational Structure

Special Committee of the Whole

June 27, 2017



CANADA 150



Responding to Council's Direction

“With the demands made by the development industry [and] community stakeholders, we need to start also addressing the issue of resourcing those departments that require more help and personnel.”

- Mayor Bevilacqua, May 2, 2017 CoW

- City Manager commitment to return to Council prior to the 2018 budget process.

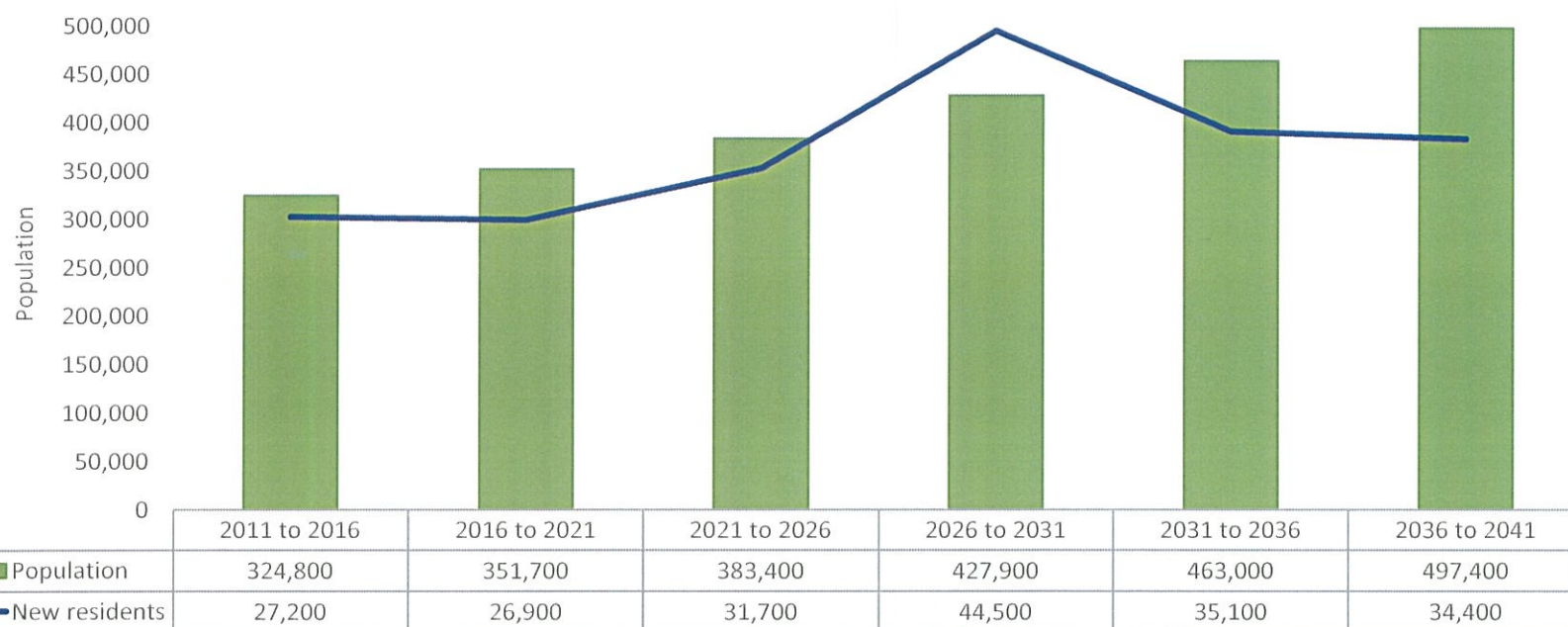
Getting ready to grow to a city of half a million in the next 25 years

City of Vaughan Population Growth



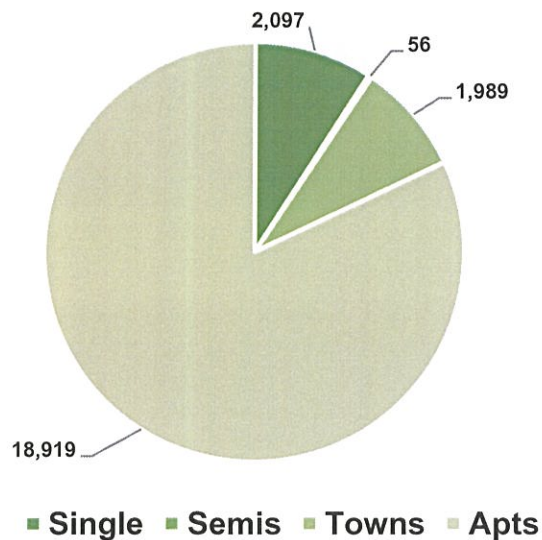
Accommodating up to 64% more new residents compared to the last 5 years

City of Vaughan Projected Population Growth

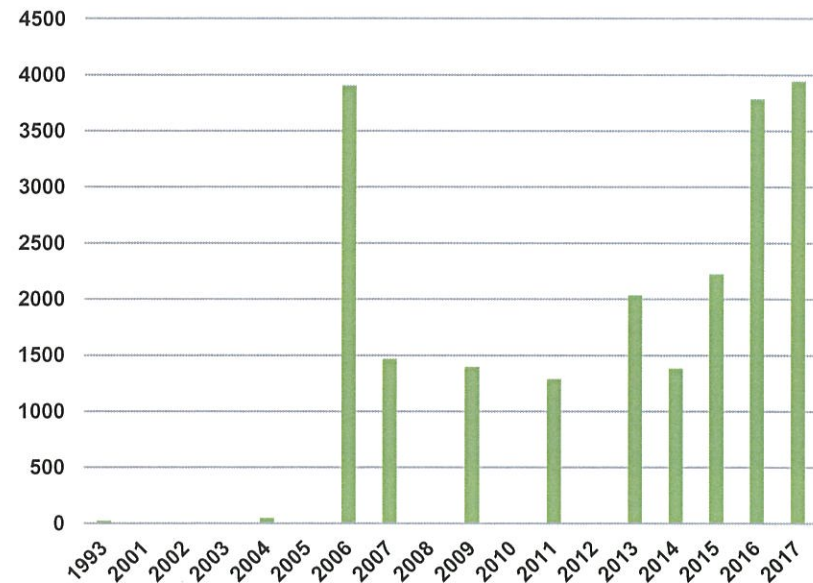


+23,000 units in the development proposal process

Active Residential Development Proposals
by Type



Active Residential Development Proposals
By Year



5

10,300 (over 44%) are in active litigation, before the Ontario Municipal Board (OMB) or in mediation



The average housing price in Vaughan has more than doubled



Source: York Region Growth and Development Review

Infrastructure investments

Ongoing

- Mackenzie Vaughan Hospital
- Regional Express Rail – GO Transit
- Spadina Subway Extension
- VIVA Bus Rapid Transit (Highway 7)
- Highway 427 Extension
- Highway 400 Expansion
- YRT VIVA Bus Terminal (VMC)

Planned

- Yonge Subway Extension
- YRT/ VIVA Highway 7 Bus Rapid Transit from the VMC
- Ongoing planning for the GTA West in Vaughan
- York Region Transportation/ Servicing Projects
- Concord GO Station and Transit Hub
- Trans-Canada Mainline Expansion

Intensification adds complexity

- More complex requirements for high-density mixed-use intensification areas
 - More consultation
 - More emphasis on sustainability, the environment, urban design and heritage protection
 - More complexity related to stratification
- New legislation:
 - Bill 68 (*Modernizing Ontario's Municipal Legislation Act, 2017*)
 - Bill 73 (*Smart Growth for Our Communities Act, 2015*)
 - Bill 139 (*Building Better Communities and Conserving Watersheds Act, 2017*)
 - Bill 141 (*Infrastructure for Jobs and Prosperity Act, 2015*)

Status quo is not an option

- Deferred tax revenue
- Compliance with legislation, and Provincial and Regional population, intensification and density requirements
- Attracting investment, employment and new residents
- Building corporate capacity and scaling service delivery to meet growth demands through investing in staff, processes and technology

Outsourcing is not cost-effective in the long-term

- Costly
- Non-delegable responsibilities as knowledgeable owner
- Does not support staff development, advancement and succession planning
- May be required on a short-term interim basis

Recommendations

The City Manager recommends:

1. That Council delegate authority to the City Manager to authorize additional in-year staff and related resources that can be fully funded either from non-tax levy sources or within the approved budget; and
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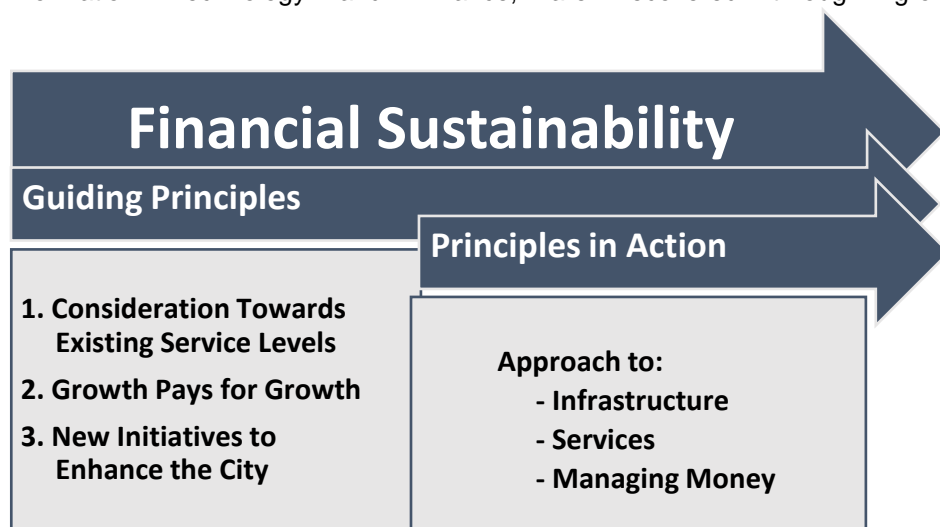
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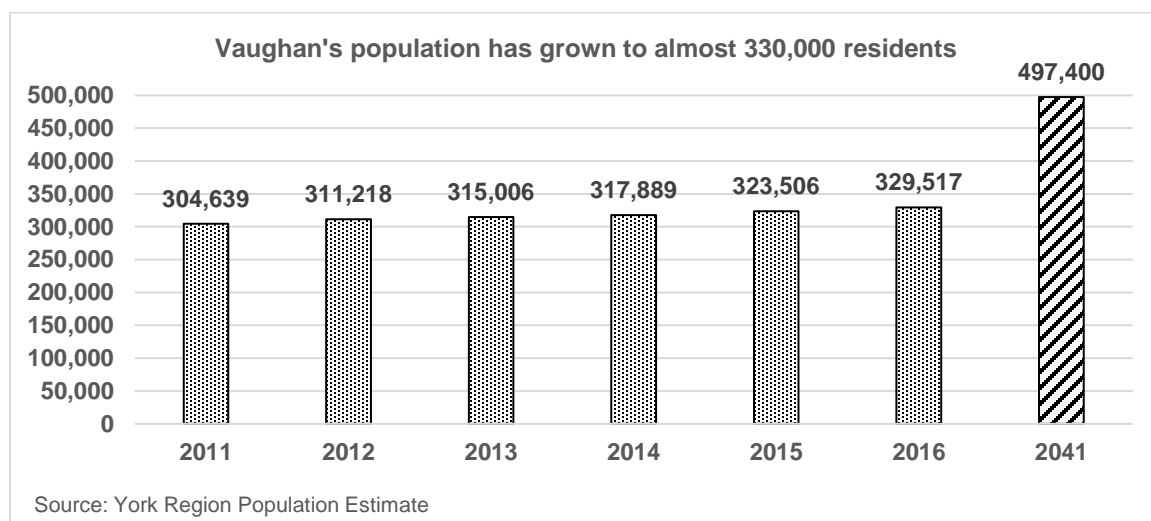
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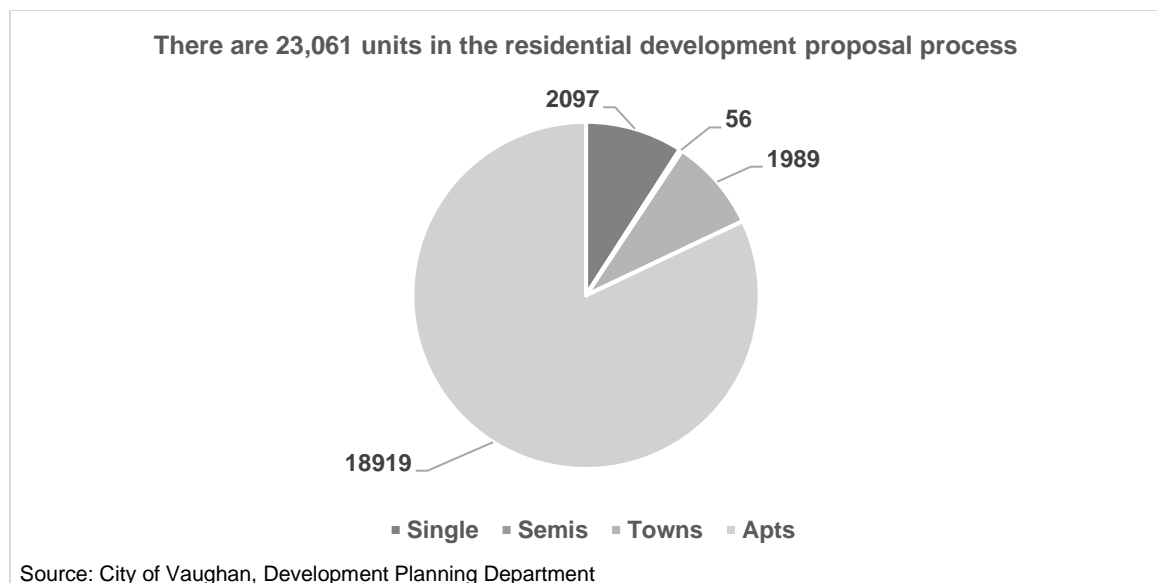
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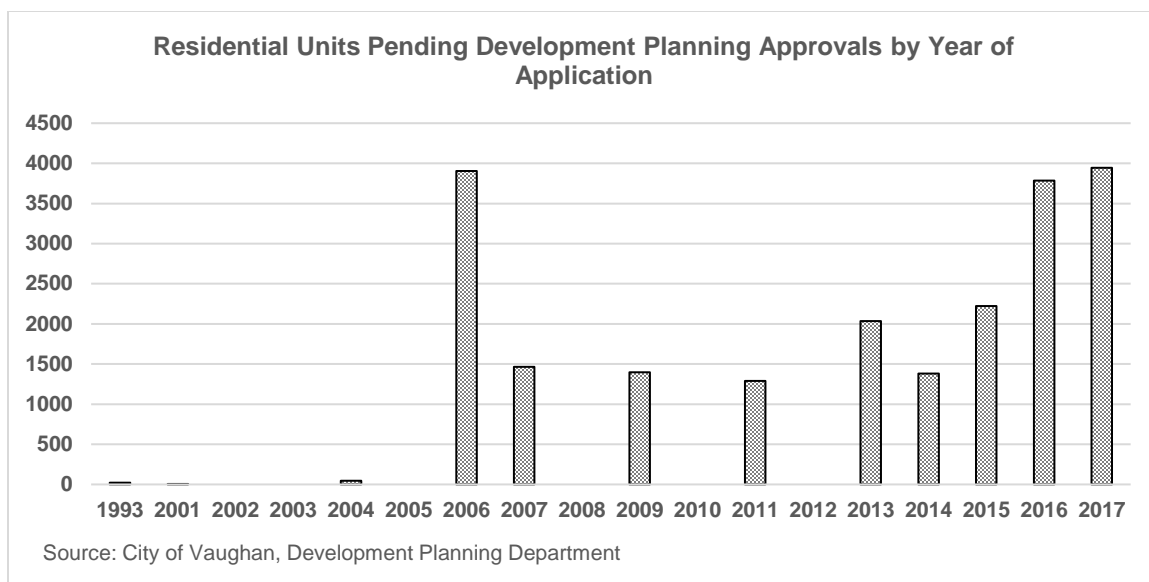
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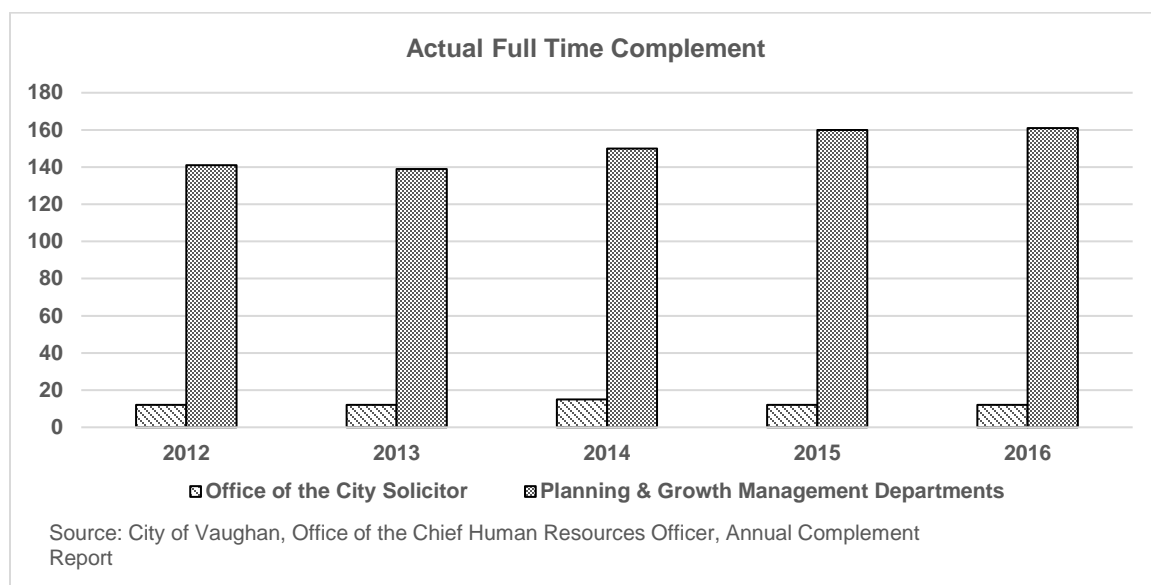
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OPTION 2: INCREASE OUTSOURCING

It is not cost-effective in the long-term for the City to manage demand and intensification by increasing outsourcing to third party resources.

The City of Vaughan currently supplements its existing resources with external support as needed. Although outsourcing is (and will continue to be) an effective method of supplementing resources, many of the resourcing needs are either “non-delegable” responsibilities or it is not financially sustainable to continue to outsource when compared with efficiency/effectiveness of staffing internally. In the long-term, this option is not cost effective, nor does it assist with succession planning and support staff advancement.

For example, the Office of the City Solicitor has historically been over budget for external legal services with 2014-2016 expenditures at \$4.2M vs. budget of \$3.4M. It is anticipated that these expenses will continue to grow with increased intensification and increased regulatory/policy requirements (i.e. OMB reform). Similar circumstances also exist within other portfolios.

However, it is acknowledged that successful recruitment of additional staff will take time and continued outsourcing will be required at least on an interim/short-term basis to clear critical backlogs until longer-term solutions are in place.

OPTION 3 (RECOMMENDED): RECRUIT STAFF POSITIONS THAT CAN BE FULLY FUNDED EITHER FROM NON-TAX LEVY SOURCES OR WITHIN THE APPROVED BUDGET

New staff position are required immediately to respond to growth pressures and the complexity and volume of development and infrastructure planning/delivery. The Corporate Management Team (CMT) will identify and recruit for new positions with a budget neutral and/or non-tax levy impact. Additional support in Human Resources will be prioritized to ensure that recruitment is adequately supported. Additional outsourcing may be required in the interim as these positions are recruited.

Any new positions that cannot be accommodated within approved tax levy budget will be considered for Council’s approval through the 2018 budget process within the Term of Council priority to “meet Council’s tax rate targets (no greater than 3%).”

Through the 2018 business plan and budget process, the Corporate Management Team will provide Council an update on operational improvements made to date and planned activities to enhance service delivery.

OPTION 4 (RECOMMENDED): REFINING THE APPROVED CORPORATE ORGANIZATIONAL STRUCTURE TO FOCUS ON DELIVERING OPERATIONAL IMPROVEMENTS

To continue delivering Service Excellence to our community, refinements are recommended to the corporate organizational structure.

To address the challenges of a growing and intensifying city, refinements to the approved corporate organizational structure are recommended, along with additional staff positions, as per the confidential communication for Council’s consideration.

These organizational changes clarify reporting relationships and build capacity through aligning staff empowerment and responsibility with accountability. The proposed refinements to the approved corporate organizational structure empower the Corporate Management Team to focus on delivering operational improvements necessary to support the type of growth anticipated throughout the city. These realignments aim to:

- Focus the mandate of portfolios and offices on core business services;
- Provide more opportunity for senior management mentorship and coaching by ensuring that Deputy City Managers and the City Manager have approximately balanced portfolios; and

- Rationalize membership on the Corporate and Senior Management Teams.

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

These recommendations are aligned with the Service Excellence strategic initiatives by positioning the organization to deliver on the Term of Council Priorities, particularly improving the municipal road network, developing transit, cycling and pedestrian options, the development of the VMC and hospital, updating the OP and supporting studies, attracting investment and managing affordable housing.

The recommendations also support:

- *Staff Engagement: Corporate Governance and Accountability Framework:* This report recommends refinements to the approved corporate organizational structure with focused roles and responsibilities to ensure that Vaughan is positioned to deliver on Council's priorities
- *Operational Performance: Service Delivery Options:* This report recommends ongoing improvement to service delivery and resources to ensure that we are meeting the desired level of service from the community for growth and intensification.

Regional Implications

This recommendations in this report build capacity for Vaughan to meet Regional and Provincial planning requirements and support the Region's affordable housing plans.

Conclusion

This report outlines options to build capacity for growth and intensification, and recommends Council approve refinements to the corporate organizational structure and the recruitment of non-tax levy/budget neutral positions. Vaughan's rapid growth and intensification introduces complex technical and legal challenges. Current organizational structures, resources and processes must evolve with these challenges inherent to intensified urban growth.

This report recommends changes to the organizational structure, followed by new budget neutral/non-tax levy supported positions and the development of action plans to improve service delivery. These recommendations will provide for a sustainable approach to building capacity for growth and intensification as the City becomes home to over half a million residents in the next two decades.

Completing new communities will strengthen Vaughan's competitive advantage as a "city of choice" by attracting growth and investment, supporting affordable housing, and bringing tax levy assessment from new residents to help the City continue delivering Service Excellence.

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Respectfully submitted,

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