

**CITY OF VAUGHAN
FINANCE, ADMINISTRATION AND AUDIT COMMITTEE
AGENDA**

Monday, March 4, 2019

9:30 a.m.

Committee Rooms 242/243

2nd Floor, Vaughan City Hall

2141 Major Mackenzie Drive

Vaughan, Ontario

	Pages
1. ELECTION OF CHAIR	
2. CONFIRMATION OF AGENDA	
3. DISCLOSURE OF INTEREST	
4. COMMUNICATIONS	
5. DETERMINATION OF ITEMS REQUIRING SEPARATE DISCUSSION INCLUDING MEMBERS RESOLUTION(S)	
1. INTERNAL AUDIT REPORT – LEGAL SERVICES AUDIT Report of the Director of Internal Audit with respect to the above.	3
2. POLICY: STRATEGIC ASSET MANAGEMENT Report of the Interim Deputy City Manager, Public Works with respect to the above.	21
3. MINISTRY OF ENVIRONMENT, CONSERVATION AND PARKS TRANSFER OF REVIEW PROGRAM AGREEMENTS FOR ADMINISTRATION AND DELEGATION OF RESPONSIBILITY Report of the Deputy City Manager, Planning and Growth Management with respect to the above.	77
4. BILLBOARD REVENUE POTENTIAL UPDATE Report of the Interim City Manager with respect to the above.	82

5.	PROVINCIAL HOUSING SUPPLY ACTION PLAN CONSULTATION – UPDATE Report of the Chief Financial Officer and City Treasurer and the Deputy City Manager, Planning and Growth Management with respect to the above.	98
6.	STATEMENT OF REMUNERATION AND EXPENSES FOR MEMBERS OF COUNCIL AND COUNCIL APPOINTMENTS TO BOARDS AND OTHER BODIES FOR THE YEAR 2018 Report of the Chief Financial Officer and City Treasurer with respect to the above.	150
7.	PROCUREMENT ACTIVITY REPORT - Q4 2018 Report of the Chief Financial Officer and City Treasurer with respect to the above.	155
6.	ADOPTION OF ITEMS NOT REQUIRING SEPARATE DISCUSSION	
7.	CONSIDERATION OF ITEMS REQUIRING SEPARATE DISCUSSION	
8.	PRESENTATIONS AND DEPUTATIONS	
9.	CONSIDERATION OF STATUTORY/AD HOC COMMITTEE REPORTS	
10.	NEW BUSINESS	
11.	CLOSED SESSION RESOLUTION FOR COMMITTEE OF THE WHOLE (CLOSED SESSION)	
12.	ADJOURNMENT	

ALL APPENDICES ARE AVAILABLE FROM THE CITY CLERK'S OFFICE
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Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

TITLE: INTERNAL AUDIT REPORT – LEGAL SERVICES AUDIT

FROM:

Kevin Shapiro, Director of Internal Audit

ACTION: FOR INFORMATION

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Audit of Legal Services.

Report Highlights

- The City Solicitor, acts as senior legal advisor to City Council, the Corporation of the City of Vaughan and Vaughan Public Libraries, and is responsible for both the Legal Services and Real Estate departments.
- The Legal Services department has gone through significant staffing changes over the past several years at the leadership level, legal counsel and clerical positions.
- Improvements are required to ensure risks related to the execution of Legal Services activities are efficiently and effectively mitigated, while better supporting the City's strategic plan and corporate initiatives.
- Management has developed action plans which will mitigate the identified risks and address the recommendations outlined in the report.
- Internal Audit will follow up with management and report on the status of management action plans at a future committee meeting.

Recommendations

1. That the Internal Audit Report on the Audit of Legal Services be received.

Background

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with services provided by the Legal Services department.

The audit approach included a review of the strategic goals, objectives and oversight of the department, review of relevant policies and procedures, use of technology, and interviews with staff and management.

The audit scope included department related activities that occurred in January 2017 to December 2018.

The audit scope did not include a review of the Real Estate Department.

Previous Reports/Authority

Not applicable.

Analysis and Options

The City Solicitor, acts as senior legal advisor to City Council, the Corporation of the City of Vaughan and Vaughan Public Libraries, and is responsible for both the Legal Services and Real Estate departments. It is the mandate of the Office of the City Solicitor to provide a full range of timely, accurate, relevant and strategic legal and real estate services to advance corporate objectives, legislative compliance requirements, strategic initiatives, risk management and general administrative and operational needs, using best efforts to ensure that the corporation complies with applicable laws.

The Legal Services department uses both internal and external counsel to provide a range of legal services to the entire organization, including:

- Acting as general counsel to the organization.
- Providing legal advice and support in areas such as conducting real estate, corporate/commercial transactions and related negotiations, procurement, and land development.
- Providing legal counsel acting on the City's behalf in litigation, by-law prosecutions and administrative law matters.
- Drafting by-laws, contracts and agreements.

The Legal Services department strive to provide customer focused service excellence in a manner that is effective, collaborative, strategic and innovative.

Financial Impact

There are no direct economic impacts associated with this report.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

Improvements are required to ensure risks related to the execution of Legal Services activities are efficiently and effectively mitigated, while better supporting the City's strategic plan and corporate initiatives.

The Legal Services department has gone through significant staffing changes over the past several years at the leadership level, legal counsel and clerical positions. Both the City Solicitor and the Director, Legal Services roles are currently vacant. The majority of legal counsel staff have been in the role for less than one year, while additional positions remain vacant. Although the leadership vacancies and integration of new legal staff has created tremendous operational challenges for the department, it has also presented the City with the following opportunities:

- Reevaluating the strategic vision, mission, roles and responsibilities, and organizational placement of the department to better align with and to advance corporate objectives.
- Determining the optimal level of resources, staff complement and composition of the Legal Services department.
- Acquiring the appropriate tools and resources to improve department planning, business processes and service delivery.
- Establishing Key Performance Indicators (KPIs) to measure department performance.

For more information, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293

Attachments

1. Internal Audit Report – Legal Services Audit

Prepared by

Kevin Shapiro, Director of Internal Audit, ext. 8293



INTERNAL AUDIT REPORT

Legal Services Audit

January 2019

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

CONCLUSION AND SUMMARY

Improvements are required to ensure risks related to the execution of Legal Services activities are efficiently and effectively mitigated, while better supporting the City's strategic plan and corporate initiatives.

The Legal Services department has gone through significant staffing changes over the past several years at the leadership level, legal counsel and clerical positions. Both the City Solicitor and the Director, Legal Services roles are currently vacant. The majority of legal counsel staff have been in the role for less than one year, while additional positions remain vacant. Although the leadership vacancies and integration of new legal staff has created tremendous operational challenges for the department, it has also presented the City with the following opportunities:

- Reevaluating the strategic vision, mission, roles and responsibilities, and organizational placement of the department to better align with and to advance corporate objectives.
- Determining the optimal level of resources, staff complement and composition of the Legal Services department.
- Acquiring the appropriate tools and resources to improve department planning, business processes and service delivery.
- Establishing Key Performance Indicators (KPIs) to measure department performance.

Based on discussions with Legal Services staff, the corporate management team and client department representatives, there appears to be confusion regarding the role Legal Services should have within the organization. For example, there is a tendency within some client departments to place pressure on Legal Services staff to make decisions for them, while other departments feel that Legal Services unduly attempts to make decisions on behalf of management, solely based on the advice they have given. This increases the risk that initiatives will be delayed, while creating an inappropriate transfer of risk, accountability and responsibility. Clarifying the strategic role and placement of Legal Services within the organization will help ensure that the roles, responsibilities and accountability of the department is better understood, while better aligning the department to support the term of council priorities and advance corporate objectives.

In addition to reevaluating the strategic role and placement of the department, opportunities exist to reevaluate the current composition of the Legal Services department to ensure that it can deliver upon its mandate. It is unclear what methodology is being used to determine department resource requirements. Establishing formal forecasting mechanisms would help establish what the anticipated needs of the City will be for legal services. Performing an analysis to determine whether it would be more beneficial and more cost effective to bring some of the externally sourced expertise in house may help alleviate some of the ongoing budget pressures that currently exist with the use of external counsel. Optimizing the resources and composition of the Legal Services department will help reduce operational inefficiencies and better align the department to meet the growing demands of the City.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

The current tools and processes used by Legal Services do not efficiently or effectively support staff for budgeting, planning, distributing work, service delivery, and providing management oversight, all of which increases the risk of delay in responding to client requests. Securing resources for the implementation of a case management software solution would help eliminate many of the department's manual processes. Investing in such a system has the potential for significant efficiency and effectiveness gains. This may include reduced direct costs for storage and services and reduced staff time to search for items or recreating documents. Such a system would also support time docketing, which would help track and manage staff time, file status and deployment of resources within the department, while providing valuable data for future planning and management oversight purposes.

KPIs help organizations understand how well they are performing in direct relation to their strategic goals and objectives and therefore help to monitor the execution of strategy. They should clearly demonstrate the cause and effect relationship between departmental processes and outcomes to the results the City wants to achieve from the strategic plan. It helps all levels of the organization see the impact of their work on performance and trace that impact all the way up to organizational performance. This ensures everyone is working together to execute strategy and achieve high performance. Performance measures are so vital in an organization and are frequently overlooked. Often, staff believe that they don't have time to measure performance because of their current to-do lists, and their constant need to react to issues. These urgent matters are often times a product of not measuring what matters. By creating relevant KPI's, Legal Services will have better insight to improve their processes and encourages accountability.

Internal Audit will follow up on the status of outstanding Management Action Plans related to this audit and will report the status to the Finance, Administration and Audit Committee.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

BACKGROUND

The City Solicitor, acts as senior legal advisor to City Council, the Corporation of the City of Vaughan and Vaughan Public Libraries, and is responsible for both the Legal Services and Real Estate departments. It is the mandate of the Office of the City Solicitor to provide a full range of timely, accurate, relevant and strategic legal and real estate services to advance corporate objectives, legislative compliance requirements, strategic initiatives, risk management and general administrative and operational needs, using best efforts to ensure that the corporation complies with applicable laws.

The Legal Services department uses both internal and external counsel to provide a range of legal services to the entire organization, including:

- Acting as general counsel to the organization.
- Providing legal advice and support in areas such as conducting real estate, corporate/commercial transactions and related negotiations, procurement, and land development.
- Providing legal counsel acting on the City's behalf in litigation, by-law prosecutions and administrative law matters.
- Drafting by-laws, contracts and agreements.

The Legal Services department strive to provide customer focused service excellence in a manner that is effective, collaborative, strategic and innovative.

OBJECTIVES AND SCOPE

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with services provided by the Legal Services department.

The audit approach included a review of the strategic goals, objectives and oversight of the department, review of relevant policies and procedures, use of technology, and interviews with staff and management.

The audit scope included department related activities that occurred in January 2017 to December 2018.

The audit scope did not include a review of the Real Estate Department.

Auditor and Author: Mike Petrilli, CPA, CGA, CIA

Director: Kevin Shapiro CIA, CFE, CRMA

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

DETAILED REPORT

1. *Reevaluate the Strategic Role of Legal Services to Better Support Corporate Objectives and Decision Making*

The role of a municipal Legal Services department continues to evolve and is no longer limited to managing the legal risk associated with the various activities at the City. Legal staff need to partner with the client departments, understand the pressure points, strategy and objectives of the City and effectively communicate legal risks so that management can use the advice to inform better decisions.

Our interviews with Legal Services staff, the corporate management team and client department representatives revealed that there is a need to clarify the strategic role of Legal Services to ensure that the department is better aligned to support the term of council priorities and advance corporate objectives.

Currently, there is a tendency within some client departments to place pressure on Legal Services staff to make decisions for them, while other departments feel that Legal Services unduly attempts to make decisions on behalf of management, solely based on the advice they have given. This increases the risk that initiatives will be delayed, while creating an inappropriate transfer of risk, accountability and responsibility.

Additionally, decisions, that may have legal implications, are sometimes made by management, without first seeking legal advice. Sometimes, this is the result of client departments not knowing when to engage Legal Services. This could potentially increase the City's risk of litigation.

The Legal Services department has gone through significant staffing changes over the past several years at the leadership level, legal counsel and clerical level. Both the City Solicitor and the Director, Legal Services roles are currently vacant. The majority of legal counsel staff have been in the role for less than one year, while additional positions remain vacant.

With the current vacancy of the City Solicitor and Director of Legal Services, the Office has temporarily moved from reporting directly to the City Manager, to reporting to the Deputy City Manager of Corporate Services.

Internal Audit conducted a scan of 18 Canadian municipalities to determine if a trend exists in the reporting relationships of Legal Services in the municipal sector. Of the 18 municipalities, 9 (50%) had Legal Services reporting directly to the City Manager/Chief Administrative Officer (York Region, Richmond Hill, Markham, Ottawa, Thunder Bay, Windsor, Moncton, Calgary, Vancouver), 8 (44%) had Legal Services reporting to Corporate Services (Brampton, Mississauga, Barrie, Guelph, Kingston, Sudbury, Winnipeg, Edmonton) and one (6%) has Legal Services reporting directly to Council (City of Toronto). Based on our scan, no clear pattern was evident as to why a city chose one structure over another. However, it is our opinion that the Legal Services department should be strategically placed in a manner that will allow it to best support the strategic vision of our City.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

Although the leadership vacancies and integration of new legal staff has created tremendous operational challenges for the department over the last several months, it also presents the City with an opportunity to reevaluate the strategic vision, mission, roles and responsibilities and organizational placement of the department to better align with and to advance corporate objectives.

Recommendations

We recommend that the corporate management team, with approval from Council:

- Reevaluate the strategic role, objectives, responsibilities and accountability of Legal Services to better support corporate objectives, client departments and informed decision making.
- Operationally position the Legal Services department in a manner that will allow it to best support the City's strategic vision, client departments and corporate objectives.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

2. Determine the Optimal Level of Resources, Staff Complement and Composition of the Legal Services Department

In addition to reevaluating the strategic role and placement of the department, opportunities exist to reevaluate the current composition of the Legal Services department to ensure that it can deliver upon its mandate. It is unclear what methodology is being used to determine department resource requirements.

For example:

- What is the optimal level of leadership resources required within the department to provide direction on strategy, expected outcomes, management oversight and performance management?
- What is the optimal number of FTE's for internal counsel, legal clerks and/or administrative positions?
- What is the ideal ratio between internal counsel and legal clerks and/or administrative positions and what should the reporting relationship be?
- What is the appropriate mix between the use of internal and external resources and what should the external resources budget be?

In general, when Legal Services is unable to provide expertise on a subject matter, they utilize external counsel. Internal Audit reviewed Legal Services actual spend to budget for professional services over the past two years and determined that significantly more resources are being used than what is budgeted for:

Account	Budget	Actual	Over Budget Amount	Year
Professional Services	\$135,719	\$434,179	\$298,460	2017
Professional Services	\$205,719	\$464,522	\$258,803	2018

In addition to this, for the period of January 2017 to September 2018, Human Resources spent \$401,072 on external counsel; while the City Manager's Office spent \$33,890. The majority of these costs were related to employment relations matters, including representation in negotiations and other employment law issues.

In more simplistic terms, the City's existing professional fees budget could cover the salary of one additional internal counsel. Actual spend over the two-year period has been closer to the salary of between three and four internal counsel. No analysis has been performed to determine whether it would be more beneficial and more cost effective to bring some of the externally sourced expertise in house. In addition, Legal Services does not have any formal forecasting mechanisms in place to help establish what the anticipated needs will be for their

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

services. One of the existing challenges of performing these types of analysis is the absence of the appropriate processes, tools and systems to capture and analyze this type of data (see observation #3 below for further details).

Optimizing the resources and composition of the Legal Services department will help reduce operational inefficiencies and better align the department to meet the growing demands of the City.

Recommendation

We recommend that management:

- Develop formal forecasting mechanisms to help establish what the anticipated needs will be for Legal Services.
- Determine what the ideal composition of the Legal Services department should be in order to effectively and efficiently achieve its corporate mandate and develop an implementation plan, if required.
- Conduct an analysis regarding the nature and reoccurrence of the work being assigned to external counsel to ensure that the City is getting best value for money.
- Coordinate the use of all external counsel through the Legal Services department.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

3. *Acquire the Appropriate Tools and Resources to Improve Department Planning, Business Processes and Service Delivery*

Modern case management information systems can increase operational efficiency and support risk management systems by facilitating case file activity with their built-in functionality. A case management system can generally be described as a shared database, accessible as required. The information stored in such systems can typically be highly customized and instantly retrieved.

The current tools and processes used by Legal Services do not efficiently or effectively support staff for budgeting, planning, distributing work, service delivery, and providing management oversight, all of which increases the risk of delay in responding to client requests.

The following was noted:

- Legal Services staff do not keep track of the number of hours they spend on files or department activities.
- Legal Services does not have an automated case management system. Files are currently maintained, managed and stored manually through hard copy documents.
- A central list of all active files, their current status and who the work has been assigned to is not maintained.
- Detailed file documentation standards have not been developed as to how files should be structured and the type of documents that should be stored in the various case files.
- In cases where electronic records have been created on the department's shared drive, the criteria as to who has access to the information has not been clearly defined.
- Legal Services uses the corporate Versatile system to track, manage, store and retrieve documents. Legal Services staff indicated that this system is not user friendly and has poor search and reporting capabilities. This has led to issues where archived information, that would potentially help in managing current files, is not always readily available. When the information is available, resources are being used to locate, retrieve and sort through manual files and hoping that they can find all the documents needed.

The responsibility lies with management to implement systems to track and monitor staff workloads. To be as effective as possible, Legal Services must first assess how resources are being planned for and utilized. Time docketing would help manage and track resources within the department and provide some of the data required for a less subjective measurement of efficiency, effectiveness and quality, while providing guidance for future resource requirements.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

Legal staff need access to relevant, accurate and timely information to support their activities. Implementing an automated case management system, while incorporating department standards to ensure consistency and standardization, will mitigate the risk of errors, improve efficiency and access to data and are integral to achieving the department's mandate.

Recommendations

We recommend that management:

- Implement a time docketing system to manage and track resources within the Legal Services department.
- Work with corporate partners to submit a proposal to obtain the resources necessary to acquire and implement an appropriate case management information system, based on a comprehensive needs assessment.
- Develop file documentation standards outlining templates, naming conventions, checklists and supporting procedures for each practice group.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

4. *Establish Department Policy and Procedures and Update Job Descriptions*

Internal guidance on roles and responsibilities, including policies, procedures, and job descriptions is important to clarify the division of labour and provide a roadmap for day-to-day operations and guidance for decision-making.

Our review of the ten section Legal Services Policy Manual revealed that only two sections actually refer to specific legal related operations. The remaining sections included a collection of memos, City-wide policies and by-laws.

New legal staff stated a need for guidance in helping them navigate through City processes, some of which were outside of the technical aspects of practicing law. Some staff have never worked for a municipality and felt that they needed help in understanding political and administrative processes that they had not encountered before.

Legal counsel also expressed confusion over what work was appropriate to delegate to legal support staff. Additionally, job descriptions are very general in nature and may not reflect the practice area composition of the department. A lack of clarity can lead to unequal work distribution, duplication or incomplete work.

Recommendations

We recommend that:

- Comprehensive policies, procedures and related internal controls should be clearly documented, periodically reviewed and updated.
- Job descriptions be updated to reflect appropriate roles and responsibilities.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

5. ***Develop Key Performance Indicators (KPIs)***

KPIs help organizations understand how well they are performing in direct relation to their strategic goals and objectives and therefore help to monitor the execution of strategy. In an article called Measure Your Impact, Lawyer on Demand¹ states that:

“If an in-house team can implement less subjective measurements of quality through the use of KPIs with the effect that; (a) the aggregate volume of legal work being carried out within the business is sped up and/ or reduced (b) at the same time the organization’s risk profile does not increase and over time becomes more consistent and (c) legal costs remain at a level appropriate for the business, then that will be a big step in the right direction for many teams...”

Recognizing the need to develop KPI’s, Legal Services stated the following in the 2018 budget book:

“As the City is in a period of massive growth and development, requests for legal services are at an all-time high. The department is working towards establishing, monitoring and reporting on Key Performance Indicators including the establishment of service level agreements and satisfaction surveys...”

The most significant advantage inherent in an in-house staffing model is the ability of the City’s lawyers to add value to the client through their intimate familiarity with the operational affairs and legal issues of their clients. Setting standards and objectives is ineffective unless accompanied by a system to monitor performance and compare performance to the standards. Objective measurements of quality can serve to reinforce or even challenge subjective views and encourage accountability.

Recommendations

We recommend that management develop quantifiable KPI’s, that reflect the critical success factors of the department.

¹ “Measure Your Impact,” Lawyer on Demand, www.lodlaw.com/wp-content/uploads/2016/11/01-KPI-Booklet-v1.pdf

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

6. *Develop a Formal Intake Process and Service Level Agreements with Client Departments*

Many organizations are using service level agreements to improve communications and manage expectations between internal departments in their organization.

Although service level agreements with client departments have been discussed in the past, they have not been implemented. In addition, Legal Services does not have a formal intake mechanism in place to deal with new requests. This has created confusion for client departments in terms of who to contact when initiating communications with Legal Services and has the risk of creating unrealistic expectations.

Currently, when a relationship is established between a department and a Legal Services employee, they tend to call the same person when assistance is needed, even if a different resource within Legal Services would be better suited to assist. Legal staff have expressed that clients have reached out to multiple lawyers with the same question. In addition, client departments often want answers immediately and Legal Services does not have sufficient time to balance priorities.

Typically, inter-department relationships that are formalized through service level agreements become more structured and roles are clearly understood. They can help define the expectations of each practice area and establish realistic goals that are acceptable for all parties.

Recommendations

We recommend that management:

- Implement a formal intake process to assist with internal resource assignment and case management.
- Develop risk-based service level agreements with the client departments which defines:
 - The services the Legal Department will provide and the required level or standard for those services.
 - An ongoing reporting mechanism for measuring the expected performance standards.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

7. Establish Guidelines for Penalty Negotiations and Reductions

Under the Administrative Monetary Penalty² system, the City can impose monetary penalties if there is a contravention of a regulation or by-law. The person/entity who receives the penalty has a right to a hearing under the City's Administrative Monetary Penalty Hearings policy.

Prior to a Monetary Penalty Hearing, the Paralegal Prosecutor meets with the person/entity to see if a settlement agreement can be reached. Generally, this is done by reducing the amount of the penalty. The amount of reduction is based on the judgement of the Paralegal Prosecutor and must be agreed to by all parties. Regardless of the agreement, the Hearings Officer may reduce or raise the amount to be paid at the hearing.

Because the Paralegal Prosecutor acts unilaterally in these cases, there is an opportunity to provide additional guidance and oversight of the negotiated settlement being offered by the City. Further, trends and issues arising from these negotiations and hearings are not being communicated back to By-Law & Compliance, Licensing & Permit Services so that they can understand the reasons and overall cost of the reduced fines.

The absence of clear guidelines for reducing monetary penalties increases the risk that persons/entities will not be treated consistently, increased financial cost to the City and reduced effectiveness of the penalty as a future deterrent.

Recommendations

We recommend that management:

- Establish guidelines for penalty negotiations based on consultation with By-Law & Compliance, Licensing & Permit Services and an analysis of trends in previous cases.
- Reporting should be developed to analyze trends in Penalty Notices issued verses penalties paid.

² Section 102.1 of the Municipal Act creates authority for municipalities to impose an administrative penalty where the municipality is satisfied that a person failed to comply with a by-law respecting the parking, standing or stopping of vehicles.

INTERNAL AUDIT REPORT

LEGAL SERVICES AUDIT

Management Action Plan

Management agrees with the audit observations and recommendations outlined in this report.

In the ongoing effort to improve the efficiency and effectiveness of the Office of the City Solicitor, a competency-based recruitment process is currently underway. This process will consider stakeholder inputs in helping define the role of the City Solicitor, while ensuring that the key competencies for the role have been clearly defined. It is important that the person hired into the City Solicitor role is not only the most qualified candidate for the position, but also has a proven track of integrating department performance with corporate objectives.

The previous City Solicitor had retained a consultant to review workflows and workloads for the department. This report was completed in June 4th, 2017. However, the recommendations were not implemented prior to the departure of the previous City Solicitor.

Leveraging both the consultant's report and the work undertaken by Internal Audit, it is our intention to refresh the consultant's report to current state and integrating the findings from Internal Audit. Our focus is to have ready to implement recommendations for the new City Solicitor.

Corporate Services is actively supporting the Office of the City Solicitor by ensuring business continuity. We are currently recruiting for key vacant legal positions.

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

TITLE: POLICY: STRATEGIC ASSET MANAGEMENT

FROM:

Zoran Postic, Interim Deputy City Manager, Public Works

ACTION: DECISION

Purpose

This report requests Council approval of a new legislative policy for the strategic management of physical infrastructure assets. This policy provides direction and further support for a consistent, coordinated and affordable approach to infrastructure asset management across City Departments and ensures compliance with O.Reg 588/17: Asset Management Planning for Municipal Infrastructure, issued by the Province.

Report Highlights

- New asset management policies embed the principles of sustainability and resilience in corporate decision-making about infrastructure to make the best use of available funds to deliver services
- Policies direct future Asset Management Plans to reflect community and stakeholder expectations for City services, while managing risk in a way that is affordable both today and tomorrow
- Communicating with citizens in terms they can understand helps increase engagement and supports Council with policy changes

Recommendations

1. Council approve the attached Asset Management Policy

Background

Infrastructure assets are built, owned, operated and maintained by the City

Assets are essential to provide the necessary services that contribute to the high quality of life enjoyed by City of Vaughan residents. It is imperative to ensure services are delivered in a safe, reliable and efficient manner, while sustaining a growing community.

The City is committed to sustainable asset management practices

The Policy provides a framework to ensure long-term asset sustainability and demonstrate fiscal stewardship for the City's growing and aging asset base. The policy as well outlines roles and responsibilities across the corporation, which are critical to successful implementation of the City's asset management programs.

Overall responsibility of asset management is shared across City departments to effectively and continuously assess, evaluate and improve asset management programs to deliver services balanced against considerations of costs and risks.

Over the last five years, the City has continued to grow its asset base and advance asset management programs to manage its assets. Examples of initiatives implemented through proactive asset management include assessing the condition of buildings like community centers, modeling the deterioration of buried pipes in the water distribution system, and evaluating the remaining life on playground equipment to better inform decisions about maintenance, rehabilitation, replacement and disposal.

Asset Management Planning for Municipal Infrastructure Regulation came into effect in January 2018

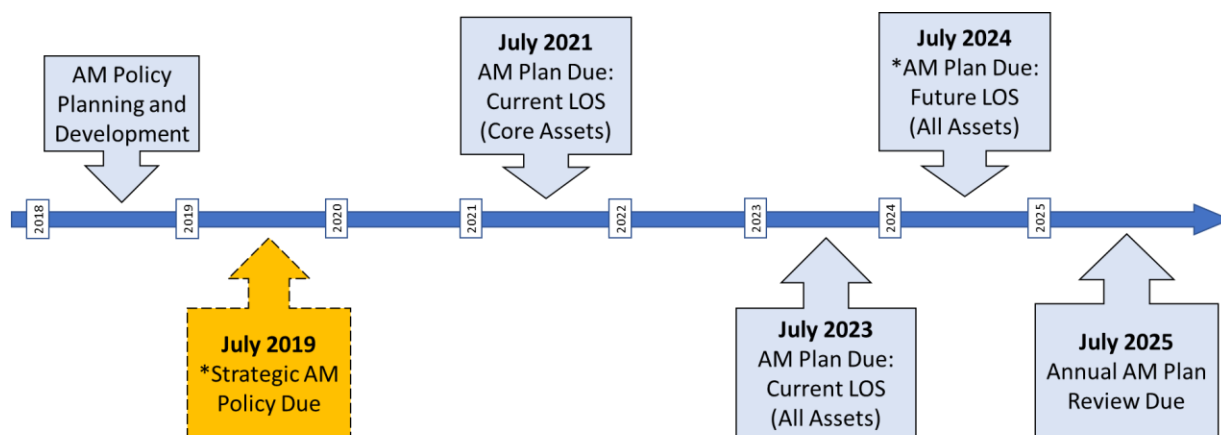
In May 2017, the Province issued the "Proposed Municipal Asset Management Planning Regulation" to implement best practices throughout the municipal sector. The Regulation is intended to provide certainty around future provincial asset management planning requirements and support resilience and sustainability as key aspects of municipal asset management planning. Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure came into effect in January 2018.

The first key action in the Regulation requires development and adoption of a strategic asset management policy by July 1, 2019

Along with the requirement for a strategic asset management policy, there is also the requirement to review and, if necessary, update the policy every five years. Several

legislated requirements are listed to be included within the policy, including a commitment to consider climate change risks and mitigation approaches and to provide opportunities for residents and interested parties to provide input into asset management planning. Asset Management Planning for Municipal Infrastructure Regulation requirements and timelines are shown below.

Regulation Timelines: Asset Management Planning for Municipal Infrastructure



[] CAM Efforts, Internal Resources

[] O.Reg 588/17: Asset Management Planning for Municipal Infrastructure Requirement

Core Assets = Water, Wastewater, Stormwater, Roads, Bridges, and Culverts

* Required every 5 years

Previous Reports/Authority

The previous staff report dated June 6, 2018 (Report No. 6, Item 12) can be accessed via the following Link:

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=4633>

Analysis and Options

The Policy is aligned with new legislation and advanced asset management practices

To develop this Policy such that it incorporates the legislated requirements outlined in the Regulation and integrates industry best practices, multiple workshops were held with senior decisionmakers in several portfolios (e.g. Finance, Policy Planning and Environmental Sustainability, Office of the Chief Information Officer, etc.), with key

stakeholders (e.g., City Manager, CFO, Policy Committee, etc.), and internal asset management specialists focusing on Sustainability, Risk, Growth, Levels of Service, and Integration.

To empower focused conversations around local and legislated requirements, the policy was divided into six components with the following content:

1. Administrative Requirements
 - strategic alignment
 - guiding principles
 - governance and continuous improvement
 - coordination at boundaries and public input
2. Critical Assets & Business Risks
 - potential risks and vulnerabilities
 - climate change
3. Land-use Planning
 - community planning
4. Infrastructure Financial Management
 - budgeting & financial planning
 - capitalization thresholds
5. Levels of Service
 - customer expectations
 - regulatory requirements
 - organizational objectives
 - performance measurement
6. Implementation and Communication Procedures
 - asset management planning inputs
 - asset management planning outputs

Policy priorities will coordinate the City's approach to asset management

While the City's requirements are broad, asset management can be generalized as a systematic process that guides the planning, acquisition, operation, maintenance, rehabilitation, replacement and disposal of physical infrastructure assets. These activities are aligned with the following four policy principles:

1. Citizen Focused: The City of Vaughan will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how City assets are managed.
2. Service Focused: The City of Vaughan will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.
3. Risk-based: The City of Vaughan will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.
4. Value-based Affordable: The City of Vaughan will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying the agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

To enable consistent, coordinated and affordable services that meet community expectations, the City's Asset Management Policy provides eight clear objectives for asset management, across all departments:

1. Provide infrastructure and services to sustain the City of Vaughan that:
 - support the quality of life, urban environment, and cultural fabric appropriate to the City of Vaughan;
 - facilitate the changes to infrastructure needed to cater for changing communities;
 - enhance the resilience of the City's infrastructure and communities.
2. Implement a life-cycle approach to the management of infrastructure assets where:
 - asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, operation, maintenance, renewal, and disposal;
 - the asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.
3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:
 - establishing and monitoring levels of service for each asset class through the Asset Management Plan;
 - identifying and monitoring individual and network risks to assets and service levels for each asset class.

4. Provide a sustainable funding model that provides assets aligned with the City's long-term plans and community needs with a:
 - funding model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs, and identifies how the funds will be sourced for current and projected growth both in terms of population and jobs, as provided for in the Official Plan.
5. Develop and implement best value asset management practices that are environmentally sustainable and:
 - encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
 - acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;
 - reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and
 - incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.
6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:
 - open sourced for community use, where appropriate, such as with an asset management plan;
 - implementation of sound data governance and data quality management;
 - access to systems and information by mobile technology wherever possible.
7. Implement an integrated decision support system that:
 - provides systems and knowledge necessary to achieve priority policy outcomes;
 - proactively interrogates and models data to support informed decisions;
 - minimizes the risk of corporate knowledge and data loss;
 - manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and
 - reduces data duplication.
8. Ensure compliance with legislative requirements by:
 - aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and

- having clear policies, processes and information to ensure that long-term organizational objectives and legislative requirements are met.

Asset management planning processes are a flexible implementation tool and illustrates how interdepartmental relationships will facilitate an affordable multi-disciplinary approach to service excellence

To deliver defined levels of service, a degree of coordination is required among stakeholders. Asset management planning processes were developed to evaluate service area requirements and citizen expectations, develop effective investment policies to strengthen leadership and governance, and continuously improve the City's asset management plans. Steps are organized logically so staff can easily locate their practice of interest. Following this planning process will ensure that asset management planning is undertaken in a consistent manner across the organization.

Citizen input plays an important role in developing and evaluating appropriate levels of service

Input from resident citizens, businesses, and customers will be key in developing level of service targets. This input will be balanced with other considerations, including the costs and risks associated with providing a defined level of service. The City's Pavement Condition Index for road surfaces is an example of a level of service.

Furthermore, ongoing and transparent feedback loops are part of the City's asset management planning process because they improve the immediate delivery of value and support the City's commitment to ensure community engagement. Feedback from those who rely on these services will help identify any gaps between what is expected and what is planned.

Adoption of the updated Corporate Asset Management Policy will complete the first step required under the Regulation

The Regulation requires development and adoption of a strategic asset management policy by July 1, 2019. By adopting this policy, Council will satisfy the first step required by the Regulation.

Additionally, this will inform further developments of the City's Asset Management Plans, while providing guidance and consistency for service areas in preparation to meet subsequent steps in the Regulation.

Similar to the City, other municipalities who have instituted asset management policies to guide the way their assets are managed include York Region, Region of Peel, City of Guelph, Region of Waterloo and City of Brampton.

Financial Impact

The Asset Management Policy supports a sustainable fiscal position

Continued implementation of the City's Asset Management Policy is essential to effectively manage infrastructure investments needs to sustain existing asset and build new ones well into the future. The City must balance infrastructure investment plans with the maintenance and rehabilitation costs of existing infrastructure in a fiscally responsible manner. Council has further supported this focus with contributions to reserves and full cost recovery pricing for a significant portion of the City's asset base.

Broader Regional Impacts/Considerations

Some of the key objectives in the City's Asset Management Policy include providing defined levels of service and engaging with residents and business owners to provide input into asset management planning. Services delivered to local municipalities include water, wastewater, waste management, transportation, facility, traffic, forestry, horticulture and other municipal services.

As partners in service delivery, residents and businesses will benefit from the City's Asset Management Policy. For example, an affordable strategy to deliver services in a safe, reliable, and efficient manner benefits each Ward and its constituents.

As required by the Asset Management Regulation, additional feedback will be gathered from stakeholders at neighbouring municipalities, including the Region of York and jointly-owned municipal bodies, where the City's infrastructure assets connect or are interrelated. This will coordinate planning for asset management and assist in the continued development of levels of service balanced against the cost and risk to maintain these services. Continuous improvement of the City's asset management practices also highlights the importance of collaborating with neighbouring municipalities to support fiscal responsibility and legislated requirements.

Conclusion

The Asset Management Policy aligns with Asset Management Regulation and continues to ensure responsible and sustainable service delivery

Legislated requirements have been incorporated in the City's Asset Management Policy to align with the Asset Management Planning for Municipal Infrastructure Regulation.

The Asset Management Policy reinforces a consistent, coordinated and affordable approach to the City's asset management practices by providing clear objectives and processes that show the interdepartmental relationships between stakeholders.

Approval of the Asset Management Policy will assist all departments to not only minimize lifecycle costs while maintaining acceptable levels of service, but also link infrastructure investment decisions to service outcomes. As a result, this policy will integrate decision-making, ensuring accountability and transparency. This will demonstrate the long-term consideration of decisions, and ensure appropriate service levels are achieved, affordably.

For more information, please contact: Vince Musacchio, Director of Infrastructure Planning and Corporate Asset Management ext. 8311

Attachments

1. 03.C.03 Asset Management Administrative Umbrella
2. 03.C.04 Asset Management Critical Assets
3. 03.C.05 Asset Management Financial Requirements
4. 03.C.06 Asset Management Land Use Planning
5. 03.C.07 Asset Management Levels of Service

Prepared by

Michael Wright, Asset Management Specialist, Corporate Asset Management, ext. 8499

CORPORATE POLICY

POLICY TITLE: ASSET MANAGEMENT: ADMINISTRATIVE UMBRELLA

POLICY NO.: 03.C.03

Section:	Administration & Legal		
Effective Date:	June 1, 2018	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council	Policy Owner: DCM, Public Works		

POLICY STATEMENT

The purpose of the Asset Management Policy is to ensure that the City has comprehensive information, knowledge, and understanding about the long-term affordability and fiduciary obligations related to public infrastructure decisions to ensure a healthy environment, vibrant communities and economic vitality for current and future generations.

This is achieved by ensuring systems and processes are in place to enable people to determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss.

The Asset Management Policy also provides the framework that together with the Term of Council Priorities and Service Excellence Strategic Plan enables the asset management strategy and specific asset management plans to be produced.

PURPOSE

This policy ensures Asset Management is an essential capability that cascades across and throughout the City of Vaughan. Done effectively, asset management will encourage engagement, partnership, and dialogue in support of a safe community with sustainable growth in alignment with the many initiatives underway in our organization, for current and future generations.

This alignment is necessary to properly consider whether the level of service provided by our existing and planned assets is affordable, congruent and supports our vision.

POLICY TITLE: ASSET MANAGEMENT: ADMINISTRATIVE REQUIREMENTS

POLICY NO.: 03.C.03

SCOPE

The City of Vaughan's Council and senior management will review this policy and incorporate it into the asset management planning approach that fosters the integration of municipal documents and practices.

This policy requires the commitment of key stakeholders within the municipality's organizational structure to ensure the City is validating and refining corporate, service and asset management objectives based on the evolving needs of our community. To achieve this high-level outcome and promote fairness in the development of consensus, the following responsibilities are included in the scope of this policy:

1. Council

- 1.1. Approve by resolution the Asset Management Plan and its updates every five years.
- 1.2. Conduct annual reviews of the Asset Management Plan implementation progress on or before July 1 of every year; that includes:
 - 1.2.1. Progress on ongoing efforts to implement the asset management plans.
 - 1.2.2. Consideration of asset management policies.
 - 1.2.3. Any factors affecting the ability of the municipality to implement its asset management plans.
 - 1.2.4. Consultation with department leads.
 - 1.2.5. A strategy to address these factors including the adoption of appropriate practices.
- 1.3. Support ongoing efforts to continuously improve and implement the City's Asset Management Plans.

2. City Manager

- 2.1. Maintain compliance with asset management policies and provincial asset management regulations.

3. Internal Departments

- 3.1. Oversee asset management planning activities within their service area and in support of others.

3.2. Continue to integrate findings from asset management activities and plans into long-term financial planning and budgeting processes.

To bring these policies to life, the City recognizes residents, businesses and institutions, based in Vaughan, as stakeholders. Accordingly, neighbouring municipal bodies, provincial agencies and regulated utilities are partners in service delivery. To support effective decision-making, the City's asset management strategy and framework will strengthen ongoing engagement programs with these parties, using comprehensive data by:

3.2.1. providing opportunities for residents and other stakeholders served by the municipality to provide input in asset management planning.

3.2.2. coordinating asset management planning with other infrastructure asset-owning agencies, such as municipal bodies and regulated utilities.

3.2.3. documenting changes to asset management roles and responsibilities to support evolving requirements, as needed.

LEGISLATIVE REQUIREMENTS

The policy must include:

3.(1)1. Any of the municipality's goals, policies or plans that are supported by its asset management plan.

3.(1)4 The principles to be followed by the municipality in its asset management planning, which must include the principles set out in section 3 of the Act.

3.(1)9. The municipality's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper tier municipality, neighbouring municipalities, or jointly-owned municipal bodies.

3.(1)10. The persons responsible for the municipalities asset management planning, including the executive lead.

3.(1)11. An explanation of the municipal Council's involvement in the municipality's asset management planning.

3.(1)12. The municipality's commitment to provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.

Asset Management Plans must be:

7.(1) Reviewed and updated at least five years after the year in which the plan is completed under section 6 of the regulation and at least every five years thereafter.

8.(a) Endorsed by the executive team lead of the municipality.

8.(b) Approved by a resolution passed by the municipal Council.

Annual review of asset management planning progress:

9.(1) Every municipal Council shall conduct an annual review of its asset management progress on or before July 1 in each year, starting the year after the municipality's asset management plan is completed under section 6 of the regulation.

9.(2) The annual review must address:

(a) the municipality's progress in implementing its asset management plan;

(b) any factors impeding the municipality's ability to implement its asset management plan; and

(c) a strategy to address the factors described in clause (b).

DEFINITIONS

The following definitions are provided in accordance with the International Infrastructure Management Manual.

1. **Asset Management (AM):** Systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effect lifecycle management of assets.
2. **Asset Management Framework:** Overarching AM hierarchy including the AM Policy, Objectives, Strategy, and the AM Plan.
3. **Asset Management Objectives:** Specific outcomes required from the implementation of the AM Framework.
4. **Asset Management Plan (AM Plan):** Long-term plans that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.

- 5. Asset Management Policy:** Document that broadly outlines the principles and mandated requirements for undertaking AM across the organization in a systematic and coordinated way, consistent with the organizations strategic plan. It provides the framework for the AM Strategy and AM Plan.
- 6. Asset Management Strategy:** High level long-term approach to AM including AM action plans and objectives for managing the assets.
- 7. Asset Management Team:** The team appointed by an organization to review and monitor the corporate AM improvement program and ensure the development of integrated AM information systems, processes, and plans consistent with organizational goals and objectives.
- 8. Condition:** Physical state of an asset.
- 9. Condition Grade:** Measure of the physical integrity of an asset or component.
- 10. Current Replacement Cost:** Cost incurred to acquire a new modern equivalent asset (not second hand) on the reporting date.
- 11. Deferred Maintenance:** Shortfall in maintenance work required to maintain the service potential of an asset.
- 12. Depreciation (Amortization):** Systematic allocation of the depreciable amount of an asset over its useful life.
- 13. Depreciated Replacement Cost (DRC):** Replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.
- 14. Deterioration Rate:** Rate at which an asset approaches failure (end of life).
- 15. Finance Personnel:** Internal or external partners who may design, compose, evaluate, advise, report, manage, direct or supervise activities in or for the portfolio of the Chief Financial Officer & City Treasurer.
- 16. Long-Term:** 5, 10, 20 or 30 years.
- 17. Modern Equivalent Assets:** Assets that replace what is in existence with the most cost-effective asset providing an equivalent level of service.
- 18. Rehabilitation:** Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally, involves repairing the asset to deliver its original level of service without significant upgrade.

19. Remaining Useful Life: Time remaining until an asset ceases to provide the required service level or economic usefulness.

20. Renewal: Works to replace existing assets with assets of equivalent capacity or performance capability.

21. Residual Value: Estimated amount currently obtained from disposal of the asset, after deducting cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

22. Service Area: Collaborative partners, typically own infrastructure assets or manage operations and maintenance.

23. Useful Life: Period over which an asset or component is expected to be available for use; or the number of production or similar units expected to be obtained from the asset or component by the organization.

24. Valuation: Assessed asset value which may depend on the purpose for which the valuation is required, i.e., replacement value for determining maintenance levels, market value for lifecycle costing and optimized deprival value for tariff setting.

POLICY

1. Strategic Alignment

Asset management planning will not occur in isolation from other municipal goals, plans and policies. Rather, an integrated approach will be followed to successively develop practical asset management plans that align with the City's overarching accountabilities and aspirations.

The elements of our asset management planning approach keep us mindful of the goals described in our Strategic Plan, respect our borrowing policy, and leverage our community plan, our master plans, and our financial plans.

This approach will integrate a variety of municipal documents, including and not limited to:

1.1. Governance & Continuous Improvement

1.1.1. Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the municipality.

1.1.2. Within asset management planning, Council is responsible for:

1.1.2.1. Approving by resolution the City's asset management plans and updates every five years.

1.1.2.2. Conducting annual reviews of management plan implementation progress on or before July 1 of every year.

1.1.2.3. Supporting ongoing efforts to improve and implement the City's asset management plans.

1.1.3. The asset management steering committee is ultimately responsible for asset management planning across the municipality and maintaining compliance with minimum regulation requirements. Department leads are responsible for asset management planning activities that fall within their service area and in support of others.

1.1.4. Council Reports regarding the annual asset management reviews will be the basis of the City's approach for continually improving its methods and adopting appropriate practices, at the organizational level. The annual review will be completed in consultation with the asset management steering committee and will include:

1.1.4.1. Monitoring progress on ongoing efforts to implement the asset management plan.

1.1.4.2. Considering the asset management policy and principles.

1.1.4.3. A review of any factors affecting the ability of the City to implement its asset management plan.

1.1.4.4. Consulting with department leads.

1.1.4.5. Developing a strategy to address these factors including the adoption of appropriate practices.

2. Coordination at Boundaries and Public Input

The efficient delivery of services to various stakeholders is a top priority of the City. The ultimate goal is to efficiently provide its various stakeholders with the services they need within the bounds of regulatory requirements, the built environment and the natural environment.

In order to achieve this goal, it is necessary for the City to understand the needs of current stakeholders, consider the needs of future generations and incorporate these

perspectives into asset management plans. The City recognizes these parties as an integral part of the asset management approach.

Accordingly, the City will:

- 2.1. Provide opportunities for residents and other stakeholders, served by the municipality, to provide input in asset management planning.
- 2.2. Coordinate asset management planning with other infrastructure asset-owning agencies, such as municipal bodies and regulated utilities.
- 2.3. Document changes to asset management roles and responsibilities to support evolving requirements, as needed.

3. Policy Principles

3.1. Citizen Focused:

The City of Vaughan will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how City assets are managed.

3.2. Service Focused:

The City of Vaughan will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.

3.3. Risk-based:

The City of Vaughan will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.

5.4. Value-based Affordable:

The City of Vaughan will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying the agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

4. Policy Objectives

4.1. Interdepartmental relationships provide infrastructure and services to sustain the City of Vaughan and:

- 4.1.1. Support the quality of life, urban environment, and cultural fabric appropriate to the City of Vaughan;

- 4.1.2. Facilitate the changes to infrastructure to cater for changing neighbourhoods and communities for current and future needs; and,
- 4.1.3. Enhance the resilience of the City's infrastructure, neighbourhoods and communities and aim to continually lower environmental impacts.
- 4.2. Implement a life-cycle approach to the management of infrastructure assets where:
 - 4.2.1. Asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, construction, operation, maintenance, renewal/replacement, and disposal; and,
 - 4.2.2. The asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.
- 4.3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:
 - 4.3.1. Establishing and monitoring levels of service for each asset class through the Asset Management Plan; and,
 - 4.3.2. Identifying and monitoring individual and network risks to assets and service levels for each asset class.
- 4.4. Provide a sustainable funding model that provides assets aligned with the City's long-term plans and community needs with a:
 - 4.4.1. Funding model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs, and identifies how the funds will be sourced for current and projected growth both in terms of population and jobs, as provided for in the Official Plan.
- 4.5. Develop and implement best value asset management practices that are environmentally sustainable and:
 - 4.5.1. Encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
 - 4.5.2. Acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;

- 4.5.3. Reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and,
- 4.5.4. Incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.
- 4.6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:
 - 4.6.1. Open sourced for community use, where appropriate, such as with an asset management plan;
 - 4.6.2. Implementation of sound data governance and data quality management; and,
 - 4.6.3. Access to systems and information by mobile technology wherever possible.
- 4.7. Implement an integrated decision support system that:
 - 4.7.1. Provides systems and knowledge necessary to achieve policy outcomes;
 - 4.7.2. Proactively interrogates and models data to support informed decisions;
 - 4.7.3. Minimizes the risk of corporate knowledge and data loss;
 - 4.7.4. Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and,
 - 4.7.5. Reduces data duplication.
- 4.8. Ensure compliance with legislative requirements by:
 - 4.8.1. Aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and,
 - 4.8.2. Having clear policies, processes and information to ensure that organizational objectives and legislative requirements are met.

POLICY TITLE: ASSET MANAGEMENT: ADMINISTRATIVE REQUIREMENTS

POLICY NO.: 03.C.03

ADMINISTRATION			
<i>Administered by the Office of the City Clerk.</i>			
Review Schedule:	Other (specify) As required by legislation.	Next Review Date:	Click or tap to enter a date.
Related Policy(ies):	03.C.04 – Asset Management: Critical Assets Business Risks 03.C.05 – Asset Management: Financial Requirements 03.C.06 – Asset Management: Land Use Planning 03.C.07 – Asset Management: Levels of Service		
Related By-Law(s):			
Procedural Document:	PRC.06 – Asset Management: Implementation Procedures and Communication		
Revision History			
Date:	Description:		
Click or tap to enter a date.			
Click or tap to enter a date.			
Click or tap to enter a date.			

CORPORATE POLICY

POLICY TITLE: ASSET MANAGEMENT: CRITICAL ASSETS AND BUSINESS RISKS

POLICY NO.: 03.C.04

Section:	Administration & Legal		
Effective Date:	June 1, 2018	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council	Policy Owner: DCM, Public Works		

POLICY STATEMENT

The City commits to the development of infrastructure risk management processes that will make the best use of resources to define risk objectives, scope and strategies, including the definition of “unacceptable” risks.

PURPOSE

The purpose of this policy is to define the City’s intent to balance the scope of risk management activities and the effort expended on risk reduction, proportional to the assessed likelihood and consequence of an identified risk event.

Infrastructure risk management processes will identify asset criticality, assess organizational risks related to business planning, management, service delivery, and physical asset failure, and prioritize investments based on risk profiles.

SCOPE

Critical assets and infrastructure risks will be identified through a multi-disciplinary approach for each asset class. The cost of actions necessary to manage and mitigate infrastructure risks will be balanced against the required levels of service and performance delivery through operations and maintenance schedules, disaster response plans, contingency funding, and capital investments.

LEGISLATIVE REQUIREMENTS

Climate change will be considered as part of the City’s risk management approach, embedded in local asset management planning methods.

POLICY TITLE: ASSET MANAGEMENT: CRITICAL ASSETS AND BUSINESS RISKS

POLICY NO.: 03.C.04

The approach to climate change will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. The City's asset management plans will encompass this sustainable approach climate change mitigation and adaptation.

The City's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its financial capacity, stakeholder support and the reduction strategy outlined in the Municipal Energy Plan.

The text below was adopted from Ontario Regulation 588/17 and is compliant. The City must develop and finalize a policy to include:

3.(1)5. The municipality's commitment to consider, as part of its asset management planning:

- i. The actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, in respect of such matters as, A. operations, such as increased maintenance schedules, B. levels of service, and C. lifecycle management,
- ii. The anticipated costs that could arise from the vulnerabilities described in subparagraph i,
- iii. Adaptation opportunities that may be undertaken to manage the vulnerabilities described in subparagraph i,
- iv. Mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets, and,
- v. Disaster planning and contingency funding.

DEFINITIONS

The following definitions are provided in accordance with the International Infrastructure Management Manual.

1. **Asset Management (AM):** Systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effect lifecycle management of assets.
2. **Asset Management Framework:** Overarching AM hierarchy including the AM Policy, Objectives, Strategy, and the AM Plan.

POLICY TITLE: ASSET MANAGEMENT: CRITICAL ASSETS AND BUSINESS RISKS

POLICY NO.: 03.C.04

3. **Asset Management Objectives:** Specific outcomes required from the implementation of the AM Framework.
4. **Asset Management Plan (AM Plan):** Long-term plans that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.
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14. **Deterioration Rate:** Rate at which an asset approaches failure (end of life).
15. **Finance Personnel:** Internal or external partners who may design, compose, evaluate, advise, report, manage, direct or supervise activities in or for the portfolio of the Chief Financial Officer & City Treasurer.
16. **Long-Term:** 5, 10, 20 or 30 years.

POLICY TITLE: ASSET MANAGEMENT: CRITICAL ASSETS AND BUSINESS RISKS

POLICY NO.: 03.C.04

17. Modern Equivalent Assets: Assets that replace what is in existence with the most cost-effective asset providing an equivalent level of service.

18. Rehabilitation: Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally, involves repairing the asset to deliver its original level of service without significant upgrade.

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POLICY

1. Policy Principles

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1.2. Service Focused:

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1.3. Risk-based

The City of Vaughan will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.

1.4. Value-based Affordable

The City of Vaughan will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying the agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

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2.1.3. Enhance the resilience of the City's infrastructure, neighbourhoods and communities and aim to continually lower environmental impacts.

2.2. Implement a life-cycle approach to the management of infrastructure assets where:

2.2.1. Asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, construction, operation, maintenance, renewal/replacement, and disposal;

2.2.2. The asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.

2.3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:

2.3.1. Establishing and monitoring levels of service for each asset class through the Asset Management Plan;

2.3.2. Identifying and monitoring individual and network risks to assets and service levels for each asset class.

POLICY TITLE: ASSET MANAGEMENT: CRITICAL ASSETS AND BUSINESS RISKS

POLICY NO.: 03.C.04

- 2.4. Provide a sustainable funding model that provides assets aligned with the City's long-term plans and community needs with a:
- 2.4.1. Funding model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs, and identifies how the funds will be sourced for current and projected growth both in terms of population and jobs, as provided for in the Official Plan.
- 2.5. Develop and implement best value asset management practices that are environmentally sustainable and:
- 2.5.1. Encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
 - 2.5.2. Acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;
 - 2.5.3. Reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and
 - 2.5.4. Incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.
- 2.6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:
- 2.6.1. Open sourced for community use, where appropriate, such as with an asset management plan;
 - 2.6.2. Implementation of sound data governance and data quality management;
 - 2.6.3. Access to systems and information by mobile technology wherever possible.
- 2.7. Implement an integrated decision support system that:
- 2.7.1. provides systems and knowledge necessary to achieve policy outcomes;
 - 2.7.2. Proactively interrogates and models data to support informed decisions;

POLICY TITLE: ASSET MANAGEMENT: CRITICAL ASSETS AND BUSINESS RISKS

POLICY NO.: 03.C.04

2.7.3. Minimizes the risk of corporate knowledge and data loss;

2.7.4. Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and

2.7.5. Reduces data duplication.

2.8. Ensure compliance with legislative requirements by:

2.8.1. Aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and

2.8.2. Having clear policies, processes and information to ensure that organizational objectives and legislative requirements are met.

ADMINISTRATION

Administered by the Office of the City Clerk.

Review Schedule:	Other (specify) As required by legislation.	Next Review Date:	Click or tap to enter a date.
Related Policy(ies):	03.C.03 – Asset Management: Administrative Umbrella 03.C.05 – Asset Management: Financial Requirements 03.C.06 – Asset Management: Land Use Planning 03.C.07 – Asset Management: Levels of Service		
Related By-Law(s):			
Procedural Document:	PRC.06 – Asset Management: Implementation Procedures and Communication		

Revision History

Date:	Description:
Click or tap to enter a date.	
Click or tap to enter a date.	
Click or tap to enter a date.	

CORPORATE POLICY

POLICY TITLE: ASSET MANAGEMENT: FINANCIAL REQUIREMENTS

POLICY NO.: 03.C.05

Section:	Administration & Legal		
Effective Date:	June 1, 2018	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council	Policy Owner: DCM, Public Works		

POLICY STATEMENT

Asset management requires financial processes to accurately value assets and give priority to asset renewal expenditure over proposals to construct new assets. Effective reporting of infrastructure financial management is achieved by the City's asset management plan.

The service rendered by an infrastructure asset will determine if it is included in an asset management plan – if an asset requires deliberate management by the municipality for its role in service delivery, then it will be included in an asset management plan.

The threshold used to determine which assets are to be included is therefore a guideline for the application of Council-endorsed principles in professional judgment. This qualitative focused approach is unlike the criteria to be capitalized in any tangible capital asset methodologies.

PURPOSE

This policy aligns the business model of asset management with the City's financial planning, financial reporting, cost management, Treasury and taxation functions.

To achieve this outcome, the City will integrate findings from the asset management plans into its long-term financial planning and budgeting processes.

Sound financial analysis will be encompassed in asset management planning in order for the asset management plan to be a sought-after guide for employees in budgeting and financial planning.

POLICY TITLE: ASSET MANAGEMENT: FINANCIAL REQUIREMENTS

POLICY NO.: 03.C.05

The financial strategy included in each asset management plan will be completed by a multi-disciplinary team that will include representatives from Finance and the concerned service area.

Once developed, the asset management plan will be referenced by service area personnel in preparation of their budget submission in order to help with the following:

1. Identify all potential revenues and costs (including operating, maintenance, replacement and decommission) associated with forthcoming infrastructure asset decisions.
2. Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs.
3. Incorporate new revenue tools and alternative funding strategies where possible. The department level budget submission prepared by each service area will be evaluated by the budget committee in preparation of the municipality's annual budget.

SCOPE

This component of the Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the City.

The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds, which are developed for the purposes of financial reporting.

For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by asset management planning processes.

The asset management plans and progress made on the plans will be considered annually in the creation of the City's capital budgets, operating budgets and long-term financial plans.

Service area personnel will reference the asset management plan through a multi-disciplinary approach for their area in order to:

1. Look up forecasted spending needs identified in the plan.
2. Verify progress made on the plan to identify potential gaps.
3. Prioritize spending needs, across the gap identified in the plan and recent developments, for the years to be budgeted for.

POLICY TITLE: ASSET MANAGEMENT: FINANCIAL REQUIREMENTS

POLICY NO.: 03.C.05

The budgets prepared by each service area will be processed in accordance with the broader municipal budgeting process and prioritized in accordance with documented corporate budgeting practices that include continuously improving asset management planning processes.

Finance personnel will be involved in asset management planning to facilitate the bridge between:

4. The financial strategy developed in the asset management plan(s).
5. The budget submissions of each service area.
6. The overall budgeting process they ultimately oversee.

LEGISLATIVE REQUIREMENTS

The financial analysis used for the water and wastewater asset management plans will align with existing financial plans related to water and wastewater assets. The analysis completed in each tangential document will reference the most up-to-date information from the same datasets, will be based on common methods and will improve upon one another.

Finance personnel, water services personnel, and wastewater services personnel will work together to align the financial strategy developed in the asset management plan with the financial plans related to the water and wastewater assets. Alignment will be achieved through a multi-disciplinary approach, including the use of common analytical methods and data sources.

The City must develop and finalize a policy to include:

- 3.(1)8. An explanation of the capitalization thresholds used to determine which assets are to be included in the municipality's asset management plan and how the thresholds compare to those in the municipality's tangible capital asset policy, if it has one.
- 3.(1)2. The process by which the asset management plan is to be considered in the development of the municipality's budget or of any long-term financial plans of the municipality that take into account municipal infrastructure assets.
- 3.(1)6. A process to ensure that the municipality's asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the municipality's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002.

- ii. Financial plans related to the municipality's wastewater assets.

Asset management plans must include:

6.(1)2. An explanation of why the proposed levels of service are appropriate for the municipality, based on an assessment of the following:

- iv. The municipality's ability to afford the proposed levels of service.

6.(1)4. A lifecycle management and financial strategy that sets out the following information with respect to the assets in each asset category for the 10-year period

- iii. An identification of the annual funding projected to be available to undertake lifecycle activities and an explanation of the options examined by the municipality to maximize the funding projected to be available.

DEFINITIONS

The following definitions are provided in accordance with the International Infrastructure Management Manual.

1. **Asset Management (AM):** Systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effect lifecycle management of assets.
2. **Asset Management Framework:** Overarching AM hierarchy including the AM Policy, Objectives, Strategy, and the AM Plan.
3. **Asset Management Objectives:** Specific outcomes required from the implementation of the AM Framework.
4. **Asset Management Plan (AM Plan):** Long-term plans that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.
5. **Asset Management Policy:** Document that broadly outlines the principles and mandated requirements for undertaking AM across the organization in a systematic and coordinated way, consistent with the organizations strategic plan. It provides the framework for the AM Strategy and AM Plan.
6. **Asset Management Strategy:** High level long-term approach to AM including AM action plans and objectives for managing the assets.

- 7. Asset Management Team:** The team appointed by an organization to review and monitor the corporate AM improvement program and ensure the development of integrated AM information systems, processes, and plans consistent with organizational goals and objectives.
- 8. Condition:** Physical state of an asset.
- 9. Condition Grade:** Measure of the physical integrity of an asset or component.
- 10. Current Replacement Cost:** Cost incurred to acquire a new modern equivalent asset (not second hand) on the reporting date.
- 11. Deferred Maintenance:** Shortfall in maintenance work required to maintain the service potential of an asset.
- 12. Depreciation (Amortization):** Systematic allocation of the depreciable amount of an asset over its useful life.
- 13. Depreciated Replacement Cost (DRC):** Replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.
- 14. Deterioration Rate:** Rate at which an asset approaches failure (end of life).
- 15. Finance Personnel:** Internal or external partners who may design, compose, evaluate, advise, report, manage, direct or supervise activities in or for the portfolio of the Chief Financial Officer & City Treasurer.
- 16. Long-Term:** 5, 10, 20 or 30 years.
- 17. Modern Equivalent Assets:** Assets that replace what is in existence with the most cost-effective asset providing an equivalent level of service.
- 18. Rehabilitation:** Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally, involves repairing the asset to deliver its original level of service without significant upgrade.
- 19. Remaining Useful Life:** Time remaining until an asset ceases to provide the required service level or economic usefulness.
- 20. Renewal:** Works to replace existing assets with assets of equivalent capacity or performance capability.

POLICY TITLE: ASSET MANAGEMENT: FINANCIAL REQUIREMENTS

POLICY NO.: 03.C.05

21. Residual Value: Estimated amount currently obtained from disposal of the asset, after deducting cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

22. Service Area: Collaborative partners, typically own infrastructure assets or manage operations and maintenance.

23. Useful Life: Period over which an asset or component is expected to be available for use; or the number of production or similar units expected to be obtained from the asset or component by the organization.

24. Valuation: Assessed asset value which may depend on the purpose for which the valuation is required, i.e., replacement value for determining maintenance levels, market value for lifecycle costing and optimized deprival value for tariff setting.

POLICY

1. Policy Principles: Strategic Asset Management

1.1. Citizen Focused:

The City of Vaughan will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how City assets are managed.

1.2. Service Focused:

The City of Vaughan will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.

1.3. Risk-based

The City of Vaughan will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.

1.4. Value-based Affordable

The City of Vaughan will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying the agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

2. Policy Goals: Strategic Asset Management

2.1. Provide infrastructure and services to sustain the City of Vaughan that:

- 2.1.1. Support the quality of life, urban environment, and cultural fabric appropriate to the City of Vaughan;
- 2.1.2. Facilitate the changes to infrastructure needed to cater for changing communities; and,
- 2.1.3. Enhance the resilience of the City's infrastructure and communities.
- 2.2. Implement a life-cycle approach to the management of infrastructure assets where:
 - 2.2.1. Asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, operation, maintenance, renewal, and disposal;
 - 2.2.2. The asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.
- 2.3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:
 - 2.3.1. Establishing and monitoring levels of service for each asset class through the Asset Management Plan;
 - 2.3.2. Identifying and monitoring individual and network risks to assets and service levels for each asset class.
- 2.4. Provide a sustainable funding model that provides assets aligned with the City's long-term plans and community needs with a:
 - 2.4.1. Funded model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs, and identifies how the funds will be sourced.
- 2.5. Develop and implement best value environmentally sustainable asset management practices that:
 - 2.5.1. Encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental initiatives;
 - 2.5.2. Acknowledge climate change adaptation, environmental protection and enhancement protocols are fundamental to sustainable asset management planning;

- 2.5.3. Minimize energy and water use, waste generation, and air quality impacts through our own initiatives and by working with stakeholders;
- 2.5.4. Utilize low energy products, infrastructure materials and methods wherever possible; and,
- 2.5.5. Incorporate sustainability criteria into infrastructure projects and procurement.
- 2.6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:
 - 2.6.1. Open sourced for community use, where appropriate, such as with an asset management plan;
 - 2.6.2. Implementation of sound data governance and data quality management;
 - 2.6.3. Access to systems and information by mobile technology wherever possible.
- 2.7. Implement an integrated decision support system that:
 - 2.7.1. Provides systems and knowledge necessary to achieve policy outcomes;
 - 2.7.2. Proactively interrogates and models data to support informed decisions;
 - 2.7.3. Minimizes the risk of corporate knowledge and data loss;
 - 2.7.4. Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and,
 - 2.7.5. Reduces data duplication.
- 2.8. Ensure compliance with legislative requirements by:
 - 2.8.1. Aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and,
 - 2.8.2. Having clear policies, processes and information to ensure that organizational objectives and legislative requirements are met.

POLICY TITLE: ASSET MANAGEMENT: FINANCIAL REQUIREMENTS

POLICY NO.: 03.C.05

ADMINISTRATION			
<i>Administered by the Office of the City Clerk.</i>			
Review Schedule:	Other (specify) As required by legislation.	Next Review Date:	Click or tap to enter a date.
Related Policy(ies):	04.C.03 – Asset Management: Administrative Umbrella 03.C.04 – Asset Management: Critical Assets Business Risks 03.C.06 – Asset Management: Land Use Planning 03.C.07 – Asset Management: Levels of Service		
Related By-Law(s):			
Procedural Document:	PRC.06 – Asset Management: Implementation Procedures and Communication		
Revision History			
Date:	Description:		
Click or tap to enter a date.			
Click or tap to enter a date.			
Click or tap to enter a date.			

CITY OF VAUGHAN

CORPORATE POLICY

POLICY TITLE: ASSET MANAGEMENT: LAND USE PLANNING

POLICY NO.: 03.C.06

Section:	Administration & Legal		
Effective Date:	June 1, 2018	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council	Policy Owner: DCM, Public Works		

POLICY STATEMENT

The combination of an infrastructure lifecycle approach and financial sustainability principles will be a key driver to inform the programming, design and selection of greenfield development and/or intensification that requires new assets, existing asset enhancements, renewal, replacement and/or disposal to take place.

PURPOSE

The purpose of this policy is to direct parties involved in the development of the asset management plans to reference the principles, concepts and direction established through the policy and development planning process as well as the methods, assumptions, and data used in its development.

The aim of cross-referencing these policies and plans is to ensure that greenfield development and intensification is affordable and supports clean growth. This will support transparency regarding costs and long-term implications of growth management decisions.

In alignment with the City's levels of service and Ontario's land use planning framework, an understanding of existing and planned asset needs will ensure that greenfield development and intensification is financially sustainable for current and future residents and businesses.

SCOPE

Asset management planning processes will endeavor to understand, coordinate and implement the linkages between major policy initiatives defined by the City's Growth

Management Strategy, which includes the City's Official Plan, supporting master plans and associated studies.

1. Those responsible for managing services related to greenfield development and/or intensification will:
 - 1.1. Be consulted in City of Vaughan land use planning and infrastructure decisions;
 - 1.2. Provide input to the analysis of future servicing costs; and,
 - 1.3. Provide input to the financial viability of development as it pertains to the service they manage.
2. The City's asset management plans will reflect how communities, neighbourhoods and growth areas are projected to change and the related asset impacts. To achieve this, the following framework for policy-making will provide a flexible assessment, planning and evaluation tool for strengthening the governance of affordable and clean growth:
 - 2.1. The asset management plan, in alignment with the growth management strategy, promotes clear communications adapted for public understanding. Quality improvements and resilience will be achieved by integrating risk management and infrastructure lifecycle costs with a flexible scenario-based approach for current and future levels of service, particularly in assessing the feasibility and impact of official plan amendments, innovations and environmental initiatives.
 - 2.2. Council directs the City's organizational design and allocates authority to transparent and accountable processes that ensure healthy and safe growth that is financially and environmentally sustainable, to allow for the development of complete communities.
 - 2.3. Best value asset management practices inform land use planning and infrastructure planning decisions.
 - 2.4. Feedback from asset management information informs design decisions, especially for unique infrastructure solutions.
 - 2.5. An Official Plan review or an Official Plan amendment incorporates asset management practices, is initiated by the City and comprehensively applies the policies and schedules of the Provincial Growth Plan for the Greater Golden Horseshoe, as amended from time to time.

LEGISLATIVE REQUIREMENTS

The City must develop and finalize a policy to include:

3.(1)7. A process to ensure that asset management planning would be aligned with Ontario's land use planning framework, including any relevant policy statements issued under section 3(1) of the Planning Act, any provincial plans as defined in the Planning Act, and the municipality's official plan.

DEFINITIONS

The following definitions are provided in accordance with the International Infrastructure Management Manual.

1. Affordable: As defined in the City of Vaughan Official Plan;

“a. In the case of ownership housing, least expensive of:

i. housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low- and moderate-income households; or

ii. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area;

b. In the case of rental housing, the least expensive of:

i. a unit for which the rent does not exceed 30 percent of gross annual household income for low- and moderate-income households; or,

ii. a unit for which the rent is at or below the average market rent of a unit in the regional market area.

For the purposes of this definition, “low- and moderate-income households” means, in the case of ownership housing, households with incomes in the lowest 60% of the income distribution for the regional market area, or in the case of rental housing, households with incomes in the lowest 60% of the income distribution for renter households for the regional market area”.

2. Asset Management (AM): Systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effect lifecycle management of assets.

3. Asset Management Framework: Overarching AM hierarchy including the AM Policy, Objectives, Strategy, and the AM Plan.

- 4. Asset Management Objectives:** Specific outcomes required from the implementation of the AM Framework.
- 5. Asset Management Plan (AM Plan):** Long-term plans that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.
- 6. Asset Management Policy:** Document that broadly outlines the principles and mandated requirements for undertaking AM across the organization in a systematic and coordinated way, consistent with the organizations strategic plan. It provides the framework for the AM Strategy and AM Plan.
- 7. Asset Management Strategy:** High level long-term approach to AM including AM action plans and objectives for managing the assets.
- 8. Asset Management Team:** The team appointed by an organization to review and monitor the corporate AM improvement program and ensure the development of integrated AM information systems, processes, and plans consistent with organizational goals and objectives.
- 9. Clean Growth:** As defined by the Vancouver Declaration on Clean Growth and Climate Change on March 3, 2016.
- 10. Clean Technology:** General term used to describe products, processes or services that reduce waste and require as few non-renewable resources as possible.
- 11. Climate Change Adaptation:** Systematic approach to planning the adaptation of communities and infrastructure based on a risk-management process to ensure they will be robust to a changing climate.
- 12. Climate Resilience Codes:** Range of codes, standards and rating schemes to ensure that new building stock will be robust to a changing climate.
- 13. Complete Communities:** As defined by the City of Vaughan Official Plan; “Communities that meet people’s needs for daily living through an entire lifetime by providing convenient access to an appropriate mix of jobs, local services, a full range of housing, and community infrastructure including affordable housing, schools, recreation and open space for their residents. Convenient access to public transportation and options for safe, non-motorized travel is also provided”.
- 14. Condition:** Physical state of an asset.
- 15. Condition Grade:** Measure of the physical integrity of an asset or component.

16. Current Replacement Cost: Cost incurred to acquire a new modern equivalent asset (not second hand) on the reporting date.

17. Deferred Maintenance: Shortfall in maintenance work required to maintain the service potential of an asset.

18. Depreciation (amortization): Systematic allocation of the depreciable amount of an asset over its useful life

19. Depreciated Replacement Cost (DRC): Replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

20. Deterioration Rate: Rate at which an asset approaches failure (end of life).

21. Development: As defined by the City of Vaughan Official Plan; “When applicable to the Oak Ridges Moraine Conservation Area:

The creation of a new lot, a change in land use, or the construction of buildings and structures, any of which require approval under the Planning Act, the Environmental Assessment Act, or the Drainage Act, but does not include:

- a. The construction of facilities for transportation, Infrastructure and Utilities uses, as described in subsection 3.4.10 of this Plan, by a public body; or
- b. For greater certainty:
 - i. the reconstruction, repair or maintenance of a drain approved under the Drainage Act and in existence on November 15, 2001; or,
 - ii. The carrying out of agricultural practices on land that was being used for agricultural uses on November 15, 2001.

When applicable to the Greenbelt Plan Area:

The creation of a new lot, a change in land use, or the construction of buildings and structures, any of which require approval under the Planning Act, or that are subject to the Environmental Assessment Act, but does not include:

- a. The construction of facilities for transportation, Infrastructure and Utilities used by a public body;
- b. activities or works under the Drainage Act; or,

- c. The carrying out of agricultural practices on land that was being used for agricultural uses on the date the Plan came into effect.

When applicable to lands outside of the Oak Ridges Moraine Conservation Plan and Greenbelt Plan:

The creation of a new lot, a change in land use, or the construction of buildings and structures, requiring approval under the Planning Act, but does not include:

- a. Activities that create or maintain infrastructure authorized under an environmental assessment, Planning Act, or Condominium Act process; or,
- b. Works subject to the Drainage Act.

22. Finance Personnel: Internal or external partners who may design, compose, evaluate, advise, report, manage, direct or supervise activities in or for the portfolio of the Chief Financial Officer & City Treasurer.

23. Greenfield: As defined by the City of Vaughan Official Plan; “Lands designated for urban use in an Official Plan, but not yet developed for such uses”.

24. Input: Provide balanced and objective information to help deepen a shared understanding of views, issues, alternatives, and/or solutions.

25. Intensification: As defined by the City of Vaughan Official Plan; “The development of a property, site or area at a higher density than currently exists through:

- a. redevelopment, including reuse of brownfield sites;
- b. the development of vacant and/or underutilized lots within previously developed areas;
- c. infill development; and,
- d. the expansion or conversion of existing buildings.

26. Long-Term: 5, 10, 20 or 30 years.

27. Modern Equivalent Assets: Assets that replace what is in existence with the most cost-effective asset providing an equivalent level of service.

- 28. Rehabilitation:** Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally, involves repairing the asset to deliver its original level of service without significant upgrade.
- 29. Remaining Useful Life:** Time remaining until an asset ceases to provide the required service level or economic usefulness.
- 30. Renewal:** Works to replace existing assets with assets of equivalent capacity or performance capability.
- 31. Residual Value:** Estimated amount currently obtained from disposal of the asset, after deducting cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
- 32. Resilience:** For the built environment, resilience refers to the capacity of the built environment to retain or recover its structure, functions and amenity after experiencing shocks.
- 33. Service Area:** Collaborative partners, typically own infrastructure assets or manage operations and maintenance.
- 34. Sustainability:** As defined by Green Directions; “In Vaughan, sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations”.
- 35. Useful Life:** Period over which an asset or component is expected to be available for use; or the number of production or similar units expected to be obtained from the asset or component by the organization.
- 36. Valuation:** Assessed asset value which may depend on the purpose for which the valuation is required, i.e., replacement value for determining maintenance levels, market value for lifecycle costing and optimized deprival value for tariff setting.

POLICY

1. Policy Principles

1.1. Citizen Focused:

The City of Vaughan will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how City assets are managed.

1.2. Service Focused:

The City of Vaughan will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.

1.3. Risk-based:

The City of Vaughan will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.

1.4. Value-based Affordable:

The City of Vaughan will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying the agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

2. Policy Objectives

2.1. Interdepartmental relationships provide infrastructure and services to sustain the City of Vaughan and:

2.1.1. Support the quality of life, urban environment, and cultural fabric appropriate to the City of Vaughan;

2.1.2. Facilitate the changes to infrastructure to cater for changing neighbourhoods and communities for current and future needs; and,

2.1.3. Enhance the resilience of the City's infrastructure, neighbourhoods and communities and aim to continually lower environmental impacts.

2.2. Implement a life-cycle approach to the management of infrastructure assets where:

2.2.1. Asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, construction, operation, maintenance, renewal/replacement, and disposal; and,

2.2.2. The asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.

2.3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:

- 2.3.1. Establishing and monitoring levels of service for each asset class through the Asset Management Plan; and,
- 2.3.2. Identifying and monitoring individual and network risks to assets and service levels for each asset class.
- 2.4. Provide a sustainable funding model that provides assets aligned with the City's long-term plans and community needs with a:
 - 2.4.1. Funding model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs, and identifies how the funds will be sourced for current and projected growth both in terms of population and jobs, as provided for in the Official Plan.
- 2.5. Develop and implement best value asset management practices that are environmentally sustainable and:
 - 2.5.1. Encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
 - 2.5.2. Acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;
 - 2.5.3. Reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and
 - 2.5.4. Incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.
- 2.6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:
 - 2.6.1. Open sourced for community use, where appropriate, such as with an asset management plan;
 - 2.6.2. Implementation of sound data governance and data quality management; and,
 - 2.6.3. Access to systems and information by mobile technology wherever possible.

POLICY TITLE: ASSET MANAGEMENT: LAND USE PLANNING

POLICY NO.: 03.C.06

2.7. Implement an integrated decision support system that:

- 2.7.1. Provides systems and knowledge necessary to achieve policy outcomes;
- 2.7.2. Proactively interrogates and models data to support informed decisions;
- 2.7.3. Minimizes the risk of corporate knowledge and data loss;
- 2.7.4. Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and,
- 2.7.5. Reduces data duplication.

2.8. Ensure compliance with legislative requirements by:

- 2.8.1. Aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and,
- 2.8.2. Having clear policies, processes and information to ensure that organizational objectives and legislative requirements are met.

ADMINISTRATION

Administered by the Office of the City Clerk.

Review Schedule:	SELECTSELECT If other, specify here	Next Review Date:	Click or tap to enter a date.
Related Policy(ies):	03.C.03 – Asset Management: Administrative Umbrella 03.C.04 – Asset Management: Critical Assets Business Risks 03.C.05 – Asset Management: Financial Requirements 03.C.07 – Asset Management: Levels of Service		
Related By-Law(s):			
Procedural Document:	PRC.06 – Asset Management: Implementation Procedures and Communication		

Revision History

Date:	Description:
Click or tap to enter a date.	
Click or tap to enter a date.	

POLICY TITLE: ASSET MANAGEMENT: LAND USE PLANNING

POLICY NO.: 03.C.06

Click or tap to
enter a date.

DRAFT

CORPORATE POLICY

POLICY TITLE: ASSET MANAGEMENT: LEVELS OF SERVICE

POLICY NO.: 03.C.07

Section:	Administration & Legal		
Effective Date:	June 1, 2018	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council	Policy Owner: DCM, Public Works		

POLICY STATEMENT

Levels of service and performance measurements will be an integral part of the City's approach to performance management, and long-term affordability. Levels of service will link corporate goals and program objectives with legislative requirements and the public's expectations.

Levels of service will be documented in the City's Asset Management Plans and will be written in plain language such that citizens, businesses and all end users can understand and relate to them.

PURPOSE

The purpose of this policy is to provide direction for staff to identify, analyze, maintain and document citizen expectations, regulatory requirements and organizational objectives. Describing what the City intends to deliver is a cornerstone of asset management and ensures infrastructure assets are providing services as intended. This safeguards long-term affordability, while enabling effective planning, implementation, and evaluation.

SCOPE

This component of the Asset Management Policy applies to a wide range of stakeholders in the areas of engineering, finance, operations, information systems, management, contract and supplier management, human resources and organizational development.

Levels of service attributes will include, but are not limited to, availability, quality, reliability, responsiveness, sustainability, suitability, accessibility, and cost. Where

POLICY TITLE: ASSET MANAGEMENT: LEVELS OF SERVICE

POLICY NO.: 03.C.07

applicable, attributes will incorporate measures of energy usage and operating efficiency.

To determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss, the City will develop performance measurements for each asset category. The current performance of each asset category will be documented in the City's Asset Management Plans, based on data from at most two calendar years prior to the year in which the Asset Management Plan is approved.

LEGISLATIVE REQUIREMENTS

The policy must include:

- 3.(1)5. The municipality's commitment to consider, as part of its asset management planning,
 - B. Levels of service.
- 3.(1)7. A process to ensure that the municipality's asset management planning is aligned with Ontario's land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the Planning Act, any provincial plans as defined in the Planning Act and the municipality's official plan.
- 3.(1)9. The municipality's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies.
- 3.(1)12. The municipality's commitment to provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.
- 5.(2). A municipality's asset management plan must include the following:
 - 1. For each asset category, the current levels of service being provided, determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan:
 - i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.

- ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.

- 2. The current performance of each asset category, determined in accordance with the performance measures established by the municipality, such as those that would measure energy usage and operating efficiency, and based on data from at most two calendar years prior to the year in which all information required under this section is included in the asset management plan.

6.(1) Subject to subsection (2), by July 1, 2024, every asset management plan prepared under section 5 must include the following additional information:

- 1. For each asset category, the levels of service that the municipality proposes to provide for each of the 10 years following the year in which all information required under section 5 and this section is included in the asset management plan, determined in accordance with the following qualitative descriptions and technical metrics:
 - i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.
 - ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.
- 2. An explanation of why the proposed levels of service under paragraph 1 are appropriate for the municipality, based on an assessment of the following:
 - i. The options for the proposed levels of service and the risks associated with those options to the long-term sustainability of the municipality.
 - ii. How the proposed levels of service differ from the current levels of service set out under paragraph 1 of subsection 5 (2).
 - iii. Whether the proposed levels of service are achievable.
 - iv. The municipality's ability to afford the proposed levels of service.

DEFINITIONS

The following definitions are provided in accordance with the International Infrastructure Management Manual.

1. **Asset Management (AM):** Systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effect lifecycle management of assets.
2. **Asset Management Framework:** Overarching AM hierarchy including the AM Policy, Objectives, Strategy, and the AM Plan.
3. **Asset Management Objectives:** Specific outcomes required from the implementation of the AM Framework.
4. **Asset Management Plan (AM Plan):** Long-term plans that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.
5. **Asset Management Policy:** Document that broadly outlines the principles and mandated requirements for undertaking AM across the organization in a systematic and coordinated way, consistent with the organizations strategic plan. It provides the framework for the AM Strategy and AM Plan.
6. **Asset Management Strategy:** High level long-term approach to AM including AM action plans and objectives for managing the assets.
7. **Asset Management Team:** The team appointed by an organization to review and monitor the corporate AM improvement program and ensure the development of integrated AM information systems, processes, and plans consistent with organizational goals and objectives.
8. **Condition:** Physical state of an asset.
9. **Condition Grade:** Measure of the physical integrity of an asset or component.
10. **Current Replacement Cost:** Cost incurred to acquire a new modern equivalent asset (not second hand) on the reporting date.
11. **Deferred Maintenance:** Shortfall in maintenance work required to maintain the service potential of an asset.
12. **Depreciation (amortization):** Systematic allocation of the depreciable amount of an asset over its useful life.

- 13. Deterioration Rate:** Rate at which an asset approaches failure (end of life).
- 14. Depreciated Replacement Cost (DRC):** Replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.
- 15. Finance Personnel:** Internal or external partners who may design, compose, evaluate, advise, report, manage, direct or supervise activities in or for the portfolio of the Chief Financial Officer & City Treasurer.
- 16. Long-Term:** 5, 10, 20 or 30 years.
- 17. Modern Equivalent Assets:** Assets that replace what is in existence with the most cost-effective asset providing an equivalent level of service.
- 18. Rehabilitation:** Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally, involves repairing the asset to deliver its original level of service without significant upgrade.
- 19. Remaining Useful Life:** Time remaining until an asset ceases to provide the required service level or economic usefulness.
- 20. Renewal:** Works to replace existing assets with assets of equivalent capacity or performance capability.
- 21. Residual Value:** Estimated amount currently obtained from disposal of the asset, after deducting cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
- 22. Service Area:** Collaborative partners, typically own infrastructure assets or manage operations and maintenance.
- 23. Useful Life:** Period over which an asset or component is expected to be available for use; or the number of production or similar units expected to be obtained from the asset or component by the organization.
- 24. Valuation:** Assessed asset value which may depend on the purpose for which the valuation is required, i.e., replacement value for determining maintenance levels, market value for lifecycle costing and optimized deprival value for tariff setting.

POLICY

1. Policy Principles

1.1. Citizen Focused:

The City of Vaughan will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how City assets are managed.

1.2. Service Focused:

The City of Vaughan will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.

1.3. Risk-based:

The City of Vaughan will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.

1.4. Value-based Affordable:

The City of Vaughan will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying the agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

2. Policy Objectives

2.1. Interdepartmental relationships provide infrastructure and services to sustain the City of Vaughan and:

2.1.1. Support the quality of life, urban environment, and cultural fabric appropriate to the City of Vaughan;

2.1.2. Facilitate the changes to infrastructure to cater for changing neighbourhoods and communities for current and future needs; and,

2.1.3. Enhance the resilience of the City's infrastructure, neighbourhoods and communities and aim to continually lower environmental impacts.

2.2. Implement a life-cycle approach to the management of infrastructure assets where:

- 2.2.1. Asset planning decisions are based on an evaluation of alternatives that consider the “whole of life” of an asset through acquisition, construction, operation, maintenance, renewal/replacement, and disposal; and,
- 2.2.2. The asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.
- 2.3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:
 - 2.3.1. Establishing and monitoring levels of service for each asset class through the Asset Management Plan;
 - 2.3.2. Identifying and monitoring individual and network risks to assets and service levels for each asset class.
- 2.4. Provide a sustainable funding model that provides assets aligned with the City’s long-term plans and community needs with a:
 - 2.4.1. Funding model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs, and identifies how the funds will be sourced for current and projected growth both in terms of population and jobs, as provided for in the Official Plan.
- 2.5. Develop and implement best value asset management practices that are environmentally sustainable and:
 - 2.5.1. Encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
 - 2.5.2. Acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;
 - 2.5.3. Reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and,
 - 2.5.4. Incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.
- 2.6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:

POLICY TITLE: ASSET MANAGEMENT: LEVELS OF SERVICE

POLICY NO.: 03.C.07

2.6.1. Open sourced for community use, where appropriate, such as with an asset management plan;

2.6.2. Implementation of sound data governance and data quality management;

2.6.3. Access to systems and information by mobile technology wherever possible.

2.7. Implement an integrated decision support system that:

2.7.1. Provides systems and knowledge necessary to achieve policy outcomes;

2.7.2. Proactively interrogates and models data to support informed decisions;

2.7.3. Minimizes the risk of corporate knowledge and data loss;

2.7.4. Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and

2.7.5. Reduces data duplication.

2.8. Ensure compliance with legislative requirements by:

2.8.1. Aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and

2.8.2. Having clear policies, processes and information to ensure that organizational objectives and legislative requirements are met.

ADMINISTRATION

Administered by the Office of the City Clerk.

Review Schedule:	Other (specify) As required by legislation.	Next Review Date:	Click or tap to enter a date.
Related Policy(ies):	03.C.03 – Asset Management: Administrative Umbrella 03.C.04 – Asset Management: Critical Assets Business Risks 03.C.05 – Asset Management: Financial Requirements 03.A.06 – Asset Management: Land Use Planning		
Related By-Law(s):			

POLICY TITLE: ASSET MANAGEMENT: LEVELS OF SERVICE

POLICY NO.: 03.C.07

Procedural Document:	PRC.06 – Asset Management: Implementation Procedures and Communication
Revision History	
Date:	Description:
Click or tap to enter a date.	
Click or tap to enter a date.	
Click or tap to enter a date.	

DRAFT

Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

**TITLE: MINISTRY OF ENVIRONMENT, CONSERVATION AND PARKS
TRANSFER OF REVIEW PROGRAM
AGREEMENTS FOR ADMINISTRATION AND DELEGATION OF
RESPONSIBILITY**

FROM:

Jason Schmidt-Shoukri, Deputy City Manager, Planning and Growth Management

ACTION: DECISION

Purpose

The Ministry of Environment, Conservation and Parks (MECP) established a program that permits municipalities to review and recommend approval of applications for Environmental Compliance Approval (ECA) for eligible sewerage works. The transfer of review to the City would eliminate duplication of work and significantly expedite the development approval process. This report recommends that the City Manager execute agreement(s) with the MECP to delegate the transfer of review program responsibilities in relation to sewerage and storm water infrastructure to the City's Development Engineering Department.

Report Highlights

- The City is eligible to participate in the MECP Transfer of Review Program associated with the review and approval of ECA applications.
- The review of ECA applications by the City would streamline and expedite the development approval process and contribute to establishing a "one window" service delivery approach at the City.

Recommendations

1. THAT the City Manager be authorized to execute the Transfer of Review Program Agreements with the Minister of Environment, Conservation and Parks for the review of standard and specific non-standard sewerage and storm water works; and
2. THAT Schedule “K” of the Fees and Charges By-law be amended to add the fees for the review of Environmental Compliance Approval (ECA) applications for all new municipal sewerage and storm water management infrastructure as identified in this report.

Background

Under the Environmental Protection Act and the Ontario Water Resources Act, the Ministry of Environment, Conservation and Parks (MECP) is required to issue an Environmental Compliance Approval (ECA) for all new municipal sewerage and storm water management infrastructure.

In 1978, the Ministry of Environment established the Transfer of Review Program (TOR) to create efficiencies in the review of ECA Applications and to improve timelines of issuing such approvals. Under the Program, participating municipalities and the MECP enter into an agreement(s) which permits qualified and designated professional municipal engineers to conduct the technical review of ECA Applications for specific low risk sewerage works. This arrangement places the responsibility to review the ECA Application on the municipality instead of the MECP. Once the application and supporting technical information is complete and found to be satisfactory, the municipality submits the completed ECA Application together with an approval recommendation to the MECP for final approval. The TOR Program recognizes that the municipality assumes ownership of these sewerage works and is consequently highly involved in the development process to ensure they are properly designed and constructed.

To date, the Region of York has been participating in the TOR Program and reviewing ECA applications for sewerage works for the City and other municipalities in the Region.

Previous Reports/Authority

<https://www.ontario.ca/document/guide-applying-environmental-compliance-approval-0>

Analysis and Options

In October 2017, the MECP enhanced and expanded the TOR program and encouraged increased participation by area municipalities having organizational structure that meet the requirements under the TOR Program. The benefits of the TOR Program include:

- Increased review efficiency of ECAs, allowing the ministry to focus resources on more complex applications
- Improved timelines of issuing such ECAs to allow better municipal planning and an expedited development process
- Reduced overlap between municipal and ministry approval processes
- Municipalities able to ensure proper design and construction of sewerage works

Since 2017, the participation in the TOR Program has grown from 12 to approximately 37 municipalities covering 95 upper, lower and single tier municipalities. Collectively, these participating municipalities serve over 75% of the population of Ontario. The MECP is actively seeking further participation from the remaining municipalities to improve current wait times for approval.

Over the last several months, staff have had discussions with MECP to better understand staffs' role and responsibilities under the TOR Program and to define the list of standard and non-standard works which are to be included under the transfer of review to the City.

The Development Engineering Department has the organizational structure to support the transfer of review

To participate in the TOR Program, the organizational structure of the municipality must have sufficient engineering expertise (i.e. licensed professional engineers) on staff that can review ECA Applications. Currently, the Development Engineering Department has a complement of eight professional engineers that are directly responsible for the engineering review of development related municipal services design submissions, which meets the MECP requirements.

City participation in the TOR Program would save a minimum of 30 days in the approval process

Under the TOR Program, York Region has been undertaking the review of ECA Applications for sewerage works (sanitary and storm sewers) in the City for many years. On average, it takes York Region staff approximately 30 days from submission to complete their review. ECA Applications for more complex works, such as storm water management facilities, must be submitted directly to MECP for review. Direct ECA submissions to MECP can take many months to be reviewed and approved. The

review of ECA Applications by the City rather than the Region would streamline and reduce the development approval process by at least 30 days and contribute to establishing a “one window” service delivery approach at the City.

The review ECA Applications and the implication of LPAT reporting requirements will likely require additional staff resources

Once transferred, the review of ECA Applications will be incorporated into the development engineering review process and will require additional work effort. This additional work will initially be undertaken by existing staff. Over the next several months, staff will assess what impact this additional work and the implications of LPAT reporting deadlines may have on service delivery. Staff will make a submission through the 2020 Budget process if additional staff resources are needed to maintain service delivery expectations. Any additional staff resources that may be required to support the review process would be funded by application and Development Engineering fees.

An Agreement with MECP is required to facilitate the transfer of review to the City

The necessary agreement(s) between the City and MECP to facilitate the transfer of review to the City is being drafted. The template agreement is being prepared by MECP and can be executed by the City Manager.

Financial Impact

Under the TOR Program, the City may collect a fee for the review and processing of ECA Applications. Initially, staff propose to adopt the MECP’s application fee structure, which ranges between \$1,100 and \$2,200 depending on the category of application. The ECA application fees are expected to generate approximately \$30,000 annually in additional revenue based on the current MECP fee structure. Over the first six months of participating in the TOR Program, staff will more accurately quantify the additional work effort and then adjust the application fee, as necessary, through the 2020 Budget process. The City’s Fees and Charges By-law should be amended to include the following fees:

Category of Application	Proposed Fee
Storm and sanitary sewers and appurtenances, including expansion of existing sewers	\$900
Storm and sanitary pump stations, force mains, and sanitary sewage detention chambers or oversized sewers, including the expansion of an existing facility that involves an increase in the rated capacity of the facility.	\$1,800

A facility for attenuating storm water runoff peak flow rate or volume or for managing storm water runoff quality, such as detention or retention pools, underground chambers, oversized sewers, rooftop storage, parking lot storage, oil, grit and silt separators, flow control outlet structures, infiltration wells, perforated sewers, and trenches or outfalls, including the expansion of an existing facility that involves an increase in the rated capacity of the facility	\$2,000
Administration fee per application	\$200

Broader Regional Impacts/Considerations

The Region of York has been participating in the TOR Program and reviewing ECA applications for the nine area municipalities for many years. Regional staff are encouraging area municipalities to take over the transfer of review once its organizational structures can support the function. Currently, both the City of Markham and Town of Richmond Hill participate in the TOR Program and more recently the Town of Aurora and the Town of Newmarket requested participation in the program.

Conclusion

The City's participation in the MECP Transfer of Review Program will streamline and expedite the development approval process and contribute to establishing a "one window" service delivery approach at the City.

For more information, please contact: Andrew Pearce, Director, Development Engineering at Ext.8255

Attachments

None

Prepared by

Andrew Pearce, Director, Development Engineering, Ext. 8255
Augusto Nalli, Manager, Development Engineering, Ext 8239

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

TITLE: BILLBOARD REVENUE POTENTIAL UPDATE

FROM:

Tim Simmonds, Interim City Manager

ACTION: DECISION

Purpose

To recommend a new revenue source for the City, consideration has been given to lease City-owned land to the out-of-home advertising industry for the purposes of erecting digital billboards with advertising. An assessment of City-owned sites has been completed, and recommendations on a new multi-year digital billboard plan are presented in this report.

Report Highlights

- The proposed digital billboard plan shall expand the City's communication asset inventory; add a new way to communicate information on City services, programs and public announcements (including City emergency broadcasts) and create a new non-property tax revenue source.
- Three (3) City-owned parcels of land are recommended to be included in the digital billboard program in Year 1. An additional four (4) City-owned sites are recommended for public consultation with potential development in subsequent years (Year 2), subject to Council approval.
- Revenue potential has been estimated to be up to \$50,000 per year, per site, subject to economic conditions; plus, free advertising spots for City messages.
- A third-party vendor shall be responsible for all operating and capital costs, including: designing, building, financing, maintaining, and operating the digital billboards, and all management and operations of advertising sales.
- A third-party vendor shall be selected through a request for proposals process pursuant to the City of Vaughan Procurement Policy, and the relationship with the successful respondent(s) shall be managed by applicable contracts.

Recommendations

The Chief Corporate Initiatives and Intergovernmental Relations recommends:

1. THAT, the following three (3) sites owned by the Corporation of the City of Vaughan be approved for inclusion in a request for proposal procurement process, identified as City-owned lands available for lease for the purposes of erecting and managing digital advertising signs in Vaughan, Ontario:

Site #1: 2800 Rutherford Road (Joint Operations Centre), north side of Rutherford Road, west of Melville Avenue; and

Site #2: North side of Highway 7, west of Keele Street; and

Site #3: Mill Street Pond, west side of Bathurst Street, north of Filomena Avenue

2. THAT, staff be authorized to negotiate terms and conditions of land-lease agreement(s) with successful respondent(s) of the City's request for proposals procurement process, for one or more of the three (3) sites identified in Recommendation #1 herein; and
3. THAT, the Mayor and City Clerk be authorized to execute land-lease agreement(s) for one or more of the three (3) City-owned sites identified in Recommendation #1 herein, subject to the content of such agreements being satisfactory to the City Manager (or designate), and the form of such agreements being satisfactory to the City Solicitor (or designate); and
4. THAT, staff be directed to prepare for Council approval a new City of Vaughan corporate policy and procedure regarding third-party advertising on municipal property; and
5. THAT, staff be directed to undertake a public consultation process on the four (4) City-owned sites identified as Year 2 opportunities in this report, after the construction and operation of the three (3) sites in Recommendation #1 herein has been completed.

Background

As identified in the approved Marketing Partnership Strategy and Implementation Plan, new revenue generation efforts related to advertising, as well as corporate partnerships, were to be pursued by the Municipal Partnerships Office. These efforts are to support programs, services and infrastructure across the city to keep the tax rate low, and the quality of life high for all residents. Using parcels of City land for the purpose of advertising was a specific component of the Marketing Partnerships Strategy.

A report detailing the revenue potential from digital billboards and possible site locations was brought to council for approval in May 2018. Although the initiative was approved to move forward, the site list was deferred, requiring further assessment.

Previous Reports/Authority

This is being considered based on direction from the Council approved [Marketing Partnership Strategy & Implementation Plan](#).

This report contains updated recommendations related to the site list based on the initial report on this topic, [Billboard Revenue Potential](#).

Analysis and Options

Based on Council direction, further assessment of possible locations was completed including consideration of new city-owned sites, additional site visits, GIS mapping including radius impact analysis (250 metres from the subject property), and detailed area scans including surrounding land uses. A total of eighteen city-owned sites were identified and analyzed with the goal to mitigate any negative impact to the public.

A reduced list of three opportunity sites are proposed to be the initial market offering by the City in Year One of the digital billboard program. Another four (4) City-owned sites have been identified as Year 2 opportunities subject to public consultation and lessons learned from the Year 1 process.

Based on the results of this analysis and considering that this is a new initiative the City would be undertaking, a reduced list of seven opportunity sites have been proposed in Attachment 1. Given the discussion at the May 2018 Committee meeting, and the valuable feedback received from Council members on mitigating community impact, staff have prepared a digital billboard program that spans multiple years and is opportunity driven.

Therefore, this report recommends that in Year 1 three (3) City-owned sites be made available for lease to the industry through the City's request for proposals (RFP) process. Following deployment of Year 1 sites, staff would launch a public consultation in the respective neighborhoods and report findings to Council, on four (4) additional sites - known as Year 2 sites.

As per the original report, in addition to these digital signs displaying third party advertising, Staff would also request advertising time on the signs at no cost to the City, and request access to all signs for a prolonged period of time in the event of emergency to deploy important information, to increase safety and awareness for all citizens and better serve our community. The monetary value of these advertising opportunities (i.e., no cost to the City) was estimated to be up to \$350,000 per year once all seven sites are installed.

New revenues from this program shall be allocated based on the annual business planning and budget process, whereby service and infrastructure priorities shall be recommended by CMT and approved by Council.

Financial Impact

Assuming all seven (7) City-owned sites are developed in the future, the adjusted revenue potential has been estimated to be up to \$5.25 million over a 15-year term, subject to economic conditions, with third-party responsible for all costs

As noted in the original report, all costs and work associated with locates, permits, erecting the billboards, maintaining them, and the sales and management of the ads are the responsibility of the selected out-of-home advertising company. Based on industry standards, with the large investment required by the third party, the length of the lease of these parcels of lands would be anticipated at 15-years to justify the investment in the infrastructure by the successful procurement bidder. Given the consideration for the updated list of three sites in Year One (Attachment 1), the revenue potential is estimated to be up to \$150,000 per year pending any site limitations; with an additional four sites proceeding to RFP in Year Two pending public consultation and revenue-sharing for the one site under a management agreement with the TRCA. Over the term of the agreement, this could generate up to \$5.25 million dollars in non-taxation revenue for the City, and support Council's responsible financial management priority.

Broader Regional Impacts/Considerations

Although York Region has jurisdiction on region roads, it respects local municipal decisions to place advertising signs on their own property. Region of York road construction requirements shall be part of the approval process.

Conclusion

Digital advertising signs already exist in Vaughan located on land not owned by the City. Through assessment of City-owned lands, introducing a phased approach with three locations in Year One, and additional sites in the future, the City has the potential to build another non-taxation revenue source that will help Council manage ongoing financial pressures.

In conclusion, the strategic benefits of the proposed digital billboard program include the expansion of the City's communication asset inventory; addition of new ways to share information on City services, programs and announcements (including emergency notifications) with the public; and by increasing revenues that shall be allocated to investments in City services and the infrastructure priorities of Council.

For more information, please contact: Dennis Cutajar, Director of Economic and Cultural Development, dennis.cutajar@vaughan.ca, x8274.

Attachments

1. [Mar 4 FAA Billboard Presentation](#)

Prepared by

Dennis Cutajar, Director of Economic and Cultural Development
dennis.cutajar@vaughan.ca, x8274.

Digital Billboard Plan



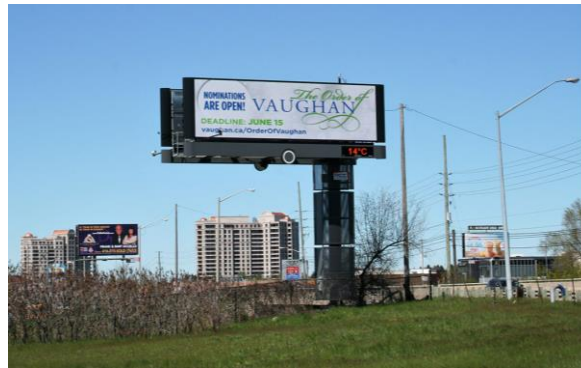
Background and Context

- May 2018 Committee Meeting
- Steps taken after May 2018 Meeting:
 - Due diligence - re-assessed site selection criteria
 - Identified seven (7) good opportunity sites across the City
 - Consulted with Mayor and Members of Council
- Developed Multi-Year Digital Billboard Plan

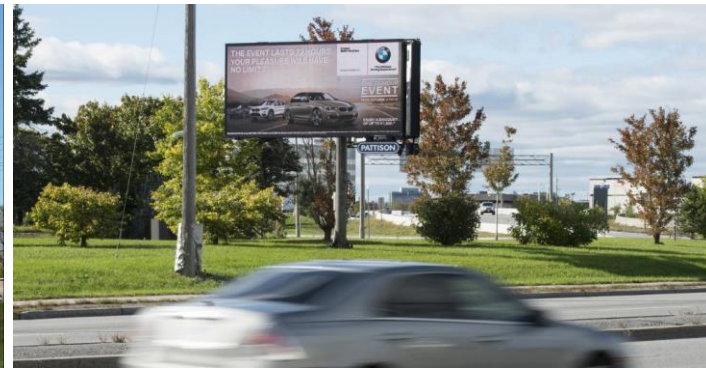
Why are we doing this?

- New communication vehicle and asset, at no cost
- Expand communication messages to public, at no cost
- New source of revenue for the City
- Revenues can be used to Maintain or Enhance City service levels, and infrastructure investments

What's out there?



Vaughan



Ottawa



Mississauga/Oakville



Milton

What did we hear?

- Overall, a strong sense of support for the proposal
- Important initiative to generate non-taxation based revenue for the maintenance and expansion of City services
- City is urbanizing and intensifying at a rapid rate. City should drive new innovative opportunities (private sector is already doing so)
- Using digital billboards as a communication vehicle is a community benefit
- Due diligence must be taken to mitigate community impact, including complying with City's sign by-law and industry standards as it relates to content, illumination, size and distance
- Openness and transparency with community and ratepayers associations
- Reviewing content of ads – support for a policy approach

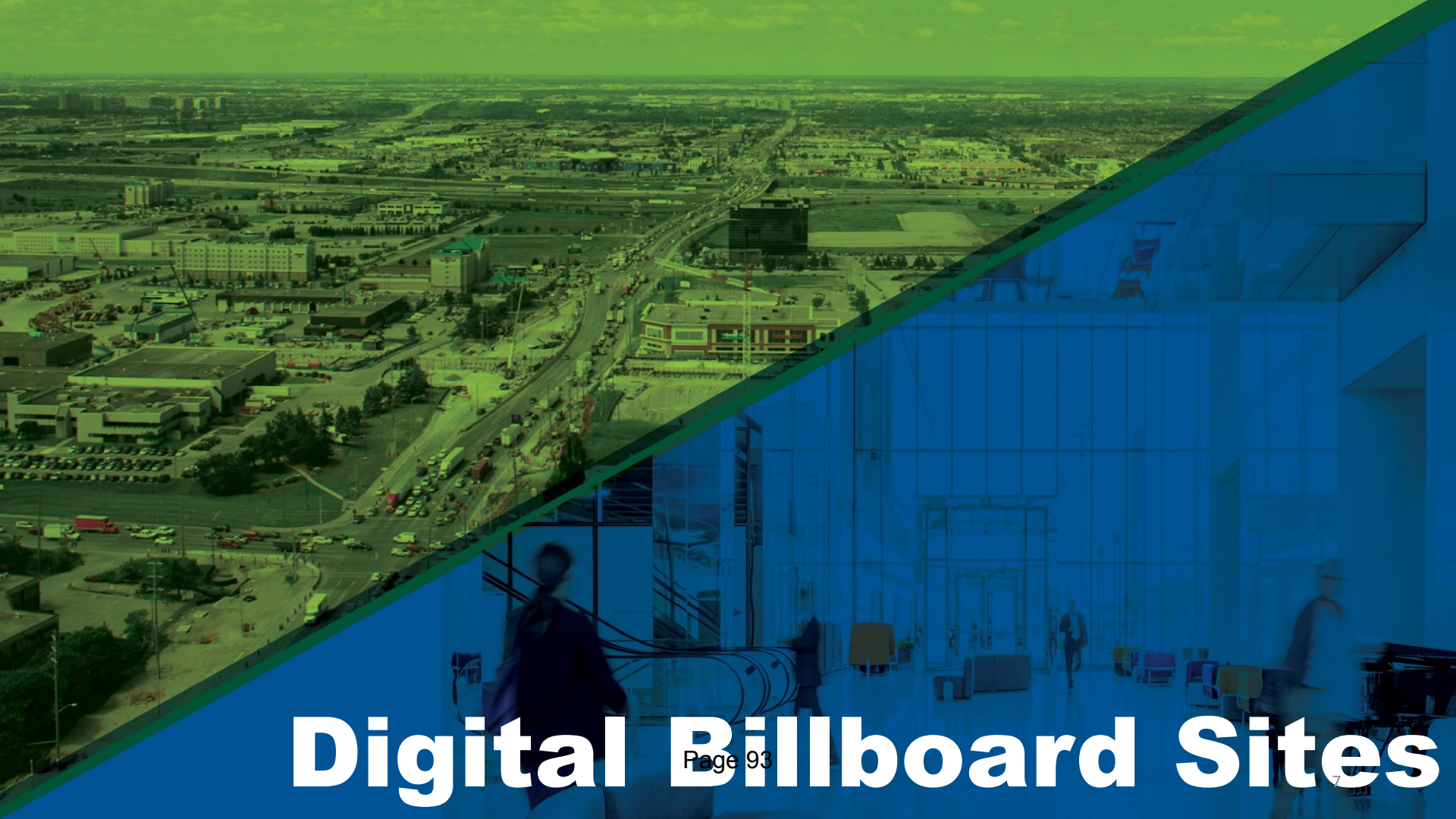
Business Model: Who does what?

City

- Owner of Land; Lease to 3rd Party Long-term
- Manage RFP Process, and Land-Lease Agreements
- Approval body - permits
- Receive share of revenue. Greater of: base fee or % of total earnings on ad sales
- Access to free ad spots for City messages

Out-of-Home Advertising Company

- All costs – design, build, finance, maintain and operate each digital billboard, including: risk, project management, permits, and management of ad sales
- Based on industry standards, the length of the lease is anticipated at 15 years to justify pay-back on capital (renewal options at the City's discretion)



Digital Billboard Sites

A Multi-Year Plan

Year One – Sites Recommended for Market

- Three (3) City-owned site locations
- Proceed to market competition (RFP)
- Award procurement contract to winning respondent/bidder(s)
- Negotiate and execute land-lease agreements
- Construction and operation (est. 2020)

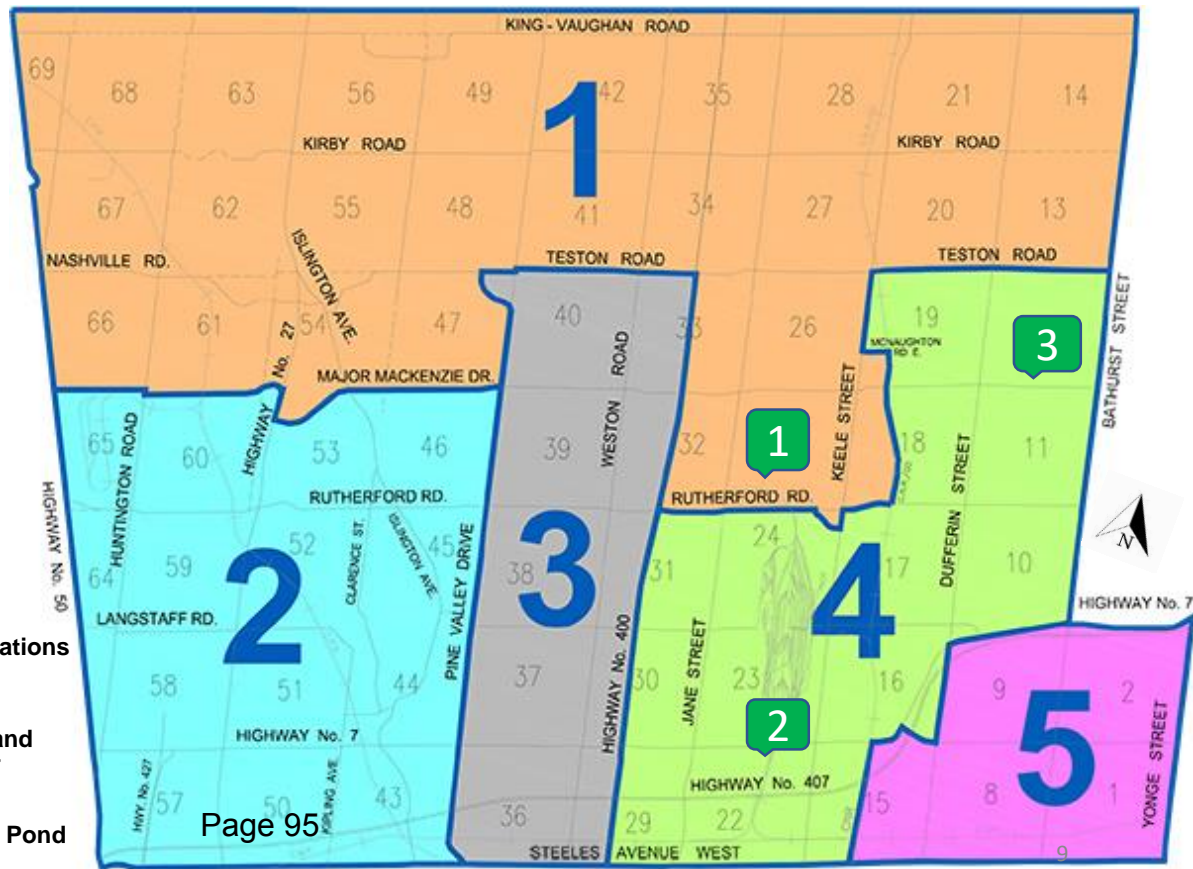
Year Two – Sites for Public Consultation

- Four (4) additional site locations identified
- Public consultation at neighbourhood level
- Report findings to Council, subject to approval
- Will not to proceed to RFP at this time

Future Years – Opportunity Driven

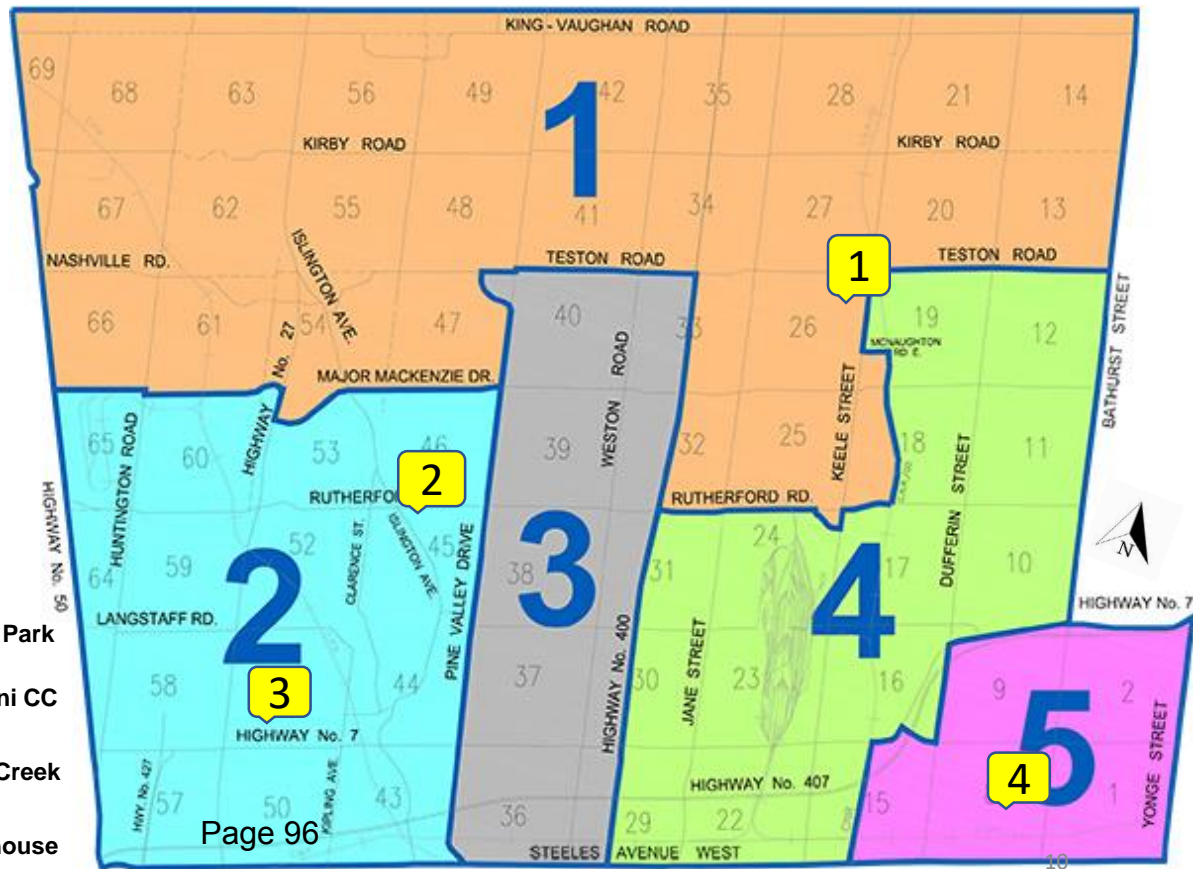
- Other locations will be considered on demand
- Presented to Council for approval

Year One



Year Two

- 1** Maple Reservoir Park
- 2** Al Palladini CC
- 3** Rainbow Creek
- 4** City Playhouse Theatre



Next Steps

- Council approval of staff recommendations (March 4, 2019)
- Staff will proceed to RFP process for Year One Sites
- Third party retained and billboards installed (est. 2020)
- Community consultations take place prior to Year Two locations are approved by Council (future staff report)
- Staff will bring forward additional sites on an individual basis in the future based on further review of site list
- Staff will be directed to prepare a Corporate Advertising Policy to present to policy review committee

Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

**TITLE: PROVINCIAL HOUSING SUPPLY ACTION PLAN
CONSULTATION – UPDATE**

FROM:

Michael Coroneos, Chief Financial Officer and City Treasurer

Jason Schmidt-Shoukri, Deputy City Manager, Planning and Growth Management

ACTION: FOR INFORMATION

Purpose

To provide Council with information regarding the provincial consultation document “Increasing Housing Supply in Ontario”.

Report Highlights

- The Province announced during the 2018 Fall Economic Statement that the Ministry of Municipal Affairs and Housing (MMAH) will launch a Housing Supply Action Plan in spring 2019 to increase housing supply by addressing barriers that inhibit the development of ownership and rental housing.
- The barriers have been categorized into five themes: speed, mix, cost, rent, and innovation.
- MMAH held technical consultations with select industry representatives with a focus on Ontario’s development charges framework.
- York Region, the designated Service Manager for York responsible for the provision of supported housing programs and development of housing policy, provided a response to the Increasing Housing Supply in Ontario Consultation to MMAH on January 25, 2019.
- Local municipal staff contributed comments to the Region that were submitted to MMAH.

Recommendations

1. THAT, Council receive this report for information; and
2. THAT, staff continue to monitor and review the proposed changes contemplated by the Housing Supply Action Plan and continue to work with the Region of York and other municipalities to provide comments on the proposed plan.

Background

In November 2018, the provincial government announced that the Ministry of Municipal Affairs and Housing (MMAH) will launch a Housing Supply Action Plan in the spring of 2019 to help housing affordability and increase housing supply by addressing barriers to new home ownership and rental housing. MMAH sought public input on the Increasing Housing Supply Consultation Document (Attachment 1); the consultation period closed on January 25, 2019. This consultation does not cover initiatives specifically related to community housing (e.g. social and supported housing).

The consultation focused on five broad themes which are considered to be barriers to increasing housing supply:

- Speed: It takes too long for development projects to get approved
- Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed
- Cost: Development costs are too high because of high land prices and government-imposed fees and charges
- Rent: It is too hard to be a landlord in Ontario, and tenants need to be protected
- Innovation: Other concerns, opportunities and innovations to increase housing supply

MMAH hosted further technical consultation meetings regarding the cost theme, particularly around development charges (DCs), with the development industry, municipal associations, and select municipalities by invitation. City staff did not receive an invitation to attend but were engaged in the consultation process through meetings with area treasurers and contributed comments to support York Region's response (Attachment 2). Finance staff also attended webinars hosted by the Municipal Finance Officers' Association (MFOA) and reviewed their response (Attachment 3).

Previous Reports/Authority

N/A

Analysis and Options

Development Charges and Housing Affordability – Technical Consultations

The body of this report provides a discussion on some of the key themes that emerged from the technical consultation regarding DCs and housing supply. Municipalities across Ontario are in general agreement that DCs are an important revenue tool to support the delivery of growth-related infrastructure. Any reduction to DC funding may negatively impact growth and lead to unintended consequences. It is staff's opinion that the key themes communicated by the various technical consultation participants are generally aligned to Vaughan's position.

There is no evidence that indicates lower DCs would increase housing supply and affordability.

Housing prices are driven by a multitude of factors and it is difficult to isolate the impact of a single variable such as DCs on housing prices. In the current climate of growth, Vaughan's real estate market is strong and there is no evidence that suggests reductions in DCs would reduce house prices or result in increasing housing supply.

DCs are an important revenue tool to ensure that growth pays for growth.

In its consultation document, the Province suggests that development costs are too high because of land prices and government-imposed fees and charges, including DCs. Development charges remain indisputably an important funding source for municipalities to support the delivery of growth-related infrastructure. Any changes to the current DC framework that would result in a reduction of DCs would negatively impact housing supply because the total cost of infrastructure needed to support growth would remain the same, likely requiring municipalities to recover costs from property taxes and user fees. This would result in significant funding challenges for municipalities and may have unintended consequences of restricting growth in order to maintain affordable tax and utility rates. It should also be noted that the *Development Charges Act* already requires existing taxpayers or ratepayers to subsidize a portion of growth-related expenditures by imposing ineligible services and providing a 10% discount.

This is especially true for a fast-growing municipality like Vaughan. Vaughan's unprecedented growth has presented challenges in planning for and funding different service requirements, particularly in areas of intensification as the City transforms from a bedroom community to a major urban centre with greater access to housing options. DCs are an important revenue tool to help fund growth driven transformative developments, such as the VMC, and signature amenities such as the Edgeley Pond and Park.

There are other more effective tools to affect housing supply and affordability than DCs.

Housing supply and affordability needs are different in each municipality and many municipalities have used a range of tools to incentivize certain types of development. For example, the City of Vaughan has a Community Improvement Plan (CIP) for the Vaughan Metropolitan Centre (VMC) and other intensification areas to attract office development. York Region also offers DC and property tax relief to certain qualifying developments to encourage affordable and purpose-built rental housing. The current DC framework provides flexibility for municipalities to introduce policy tools to meet their particular needs. Further information regarding the York Region Rental Housing Incentives Guideline is provided under the Broader Regional Impacts/Considerations section of this report.

Financial Impact

Legislation or policy changes that result in a reduction in DC funding, or other growth-related fees, including planning and building approval fees, would likely require the City to shift more of the recovery costs to property taxes and utility rates. This would negatively impact the City's ability to put in place the infrastructure required to support growth, challenge the City's long-term financial sustainability, and add pressure to the City's property tax and utility rate base.

Broader Regional Impacts/Considerations

As prescribed under the *Housing Services Act*, 2011, York Region is the designated Service Manager for York and is responsible for the provision of supported housing programs and development of housing policy. To support York Region in fulfilling this mandate, lower-tier municipalities provide input on a variety of housing initiatives.

In 2016, York Region established the York Region Local Municipal Housing Working Group to provide a forum for dialogue regarding housing matters relevant to the Region. The focus of the Working Group is the development of a Rental Housing Incentives Guideline, which was received by Regional Council in [draft form](#) on June 21, 2018. Vaughan staff provided comments from affected City Departments on the draft Incentives Guideline, which included consultation on aspects of the development review process such as DCs and application fees.

With respect to the Provincial Housing Supply Consultation, York Region provided a response to the Ministry of Municipal Affairs and Housing dated January 25, 2019 (Attachment 2). The response considers similar focus areas as the draft Incentives Guidelines. Some of the highlights of the Region's response to MMAH are as follows:

- there is a healthy supply of housing to accommodate growth in York Region, however there is a lack of affordable ownership and rental housing
- a number of factors contribute to the speed it takes to get development approvals, such as the quality and complexity of planning and development applications
- governments are increasingly using technology to improve the timing of development applications, such as developing programs for the digital submission of planning and development applications
- planning tools, such as inclusionary zoning and height and density bonusing, are available to municipalities to encourage the right housing mix and should continue to be used
- surplus publicly owned land, which is accessible to transit, community services and amenities, should be offered at no or minimal cost for affordable housing and surface parking lots at GO Transit stations could be used for affordable and subsidized rental housing and parking structures

Vaughan Council received a Staff Report “Housing for Persons with Disabilities Response to Council Resolution (Item 13, Report No. 44)” at the Committee of the Whole meeting on Tuesday, January 22, 2019:

<https://pub-vaughan.escrimemeetings.com/filestream.ashx?DocumentId=9568>.

City staff are currently working with York Region on several initiatives regarding affordable housing to develop the strategies and implementation tools necessary to achieve the affordable housing targets established in VOP 2010, including a provision for accessible units. As part of the Region’s Municipal Comprehensive Review (York Region Official Plan Review), City staff will participate in the review of the Housing Strategy for York Region, which will include an analysis of the affordable housing sector and policy framework in York.

Conclusion

City staff will continue to monitor the developments of the Housing Supply Action Plan and work with York Region and other municipalities across Ontario to consider ways to increase the housing supply and housing affordability within the existing framework.

For more information, please contact: Maggie Wang, Manager, Corporate Financial Planning and Analysis, ext. 8029 or Fausto Filipetto, Manager of Long-Range Planning, ext. 8699.

Attachments

1. Ministry of Municipal Affairs and Housing's Increasing Housing Supply in Ontario Consultation Document
2. York Region Staff Comments in Response to the Increasing Housing Supply in Ontario Consultation
3. MFOA Technical Response to: Increasing Housing Supply in Ontario, A Consultation Document

Prepared by

Heidi Wong, Financial Analyst, Fiscal Policies and Forecasting, ext. 8724

Maggie Wang, Manager, Corporate Financial Planning and Analysis, ext. 8029

Fausto Filippetto, Manager of Long-Range Planning, ext. 8699

Cameron Balfour, Planner, ext. 8411

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INCREASING HOUSING SUPPLY IN ONTARIO

Consultation Document



Find out more at:
www.ontario.ca/housingsupply

Increasing Housing Supply in Ontario

Consultation Document

About this consultation

A strong demand for housing and limited supply in Ontario has resulted in rapidly rising housing costs over the last few years. In high-growth urban areas, high prices and rents have made it too hard for people to afford the housing they need. High prices also affect other parts of Ontario, including northern and rural communities, where a lack of supply has made ownership more difficult and quality rental housing hard to find.



To help increase the supply of housing in Ontario, the government is developing a Housing Supply Action Plan that will address the barriers getting in the way of new ownership and rental housing.

To inform the Action Plan, the government wants to hear the views of all Ontarians on how to expand the housing supply in Ontario. Your input will provide important information about how we can make it easier for Ontarians to find an affordable place to call home.

Share your ideas by visiting ontario.ca/housingsupply or emailing housingsupply@ontario.ca by January 25, 2019.



Introduction

Housing is one of the largest cost burdens for households in Ontario, and an imbalance between strong demand for housing and limited supply means these costs have risen dramatically over the last few years. Across Ontario – in both urban and rural communities – high prices and rents have made it hard for people to afford the housing they need.

Creating more housing, of the types and sizes people need, will help make home ownership and renting more affordable and give people more choice.

The government is developing a Housing Supply Action Plan to address the barriers to creating more housing. It will include measures that the Province can take to increase the supply of new ownership and rental housing in Ontario. The Housing Supply Action Plan will support the government's commitment to reduce red tape and make it easier to live and do business in Ontario.

This consultation does not cover initiatives specifically related to community housing (e.g., social and supportive housing). However, the barriers and potential solutions being explored may have a positive impact on community housing providers, such as by either making it easier to develop new housing, or by easing some of the pressure on waitlists.



Barriers to new housing supply

The government has heard from many individuals and groups that it has become too complicated and expensive to build new housing in Ontario. There are five broad themes:

1. Speed: It takes too long for development projects to get approved.

To get a new home from the drawing board to the market, a number of different planning, building and site-specific approvals and permits are needed. These may be required by municipalities, provincial ministries, agencies, utilities, and occasionally federal authorities.

A single housing project may require approvals from many of these entities. Duplication, lack of coordination and delays add burden to the development process and increase costs for builders and homebuyers. Potential appeals of these decisions can add further delays and uncertainty.

The various regulatory requirements and approvals were established to serve specific public interests, policy objectives or government goals. For example, rules and processes exist to ensure the health and safety of residents, protect environmentally and culturally sensitive areas, and support economic development and a vibrant agricultural sector. Efforts to streamline these requirements need to balance these multiple goals.

What do you think?

- How can we streamline development approval processes, while balancing competing interests and the broader public interest?



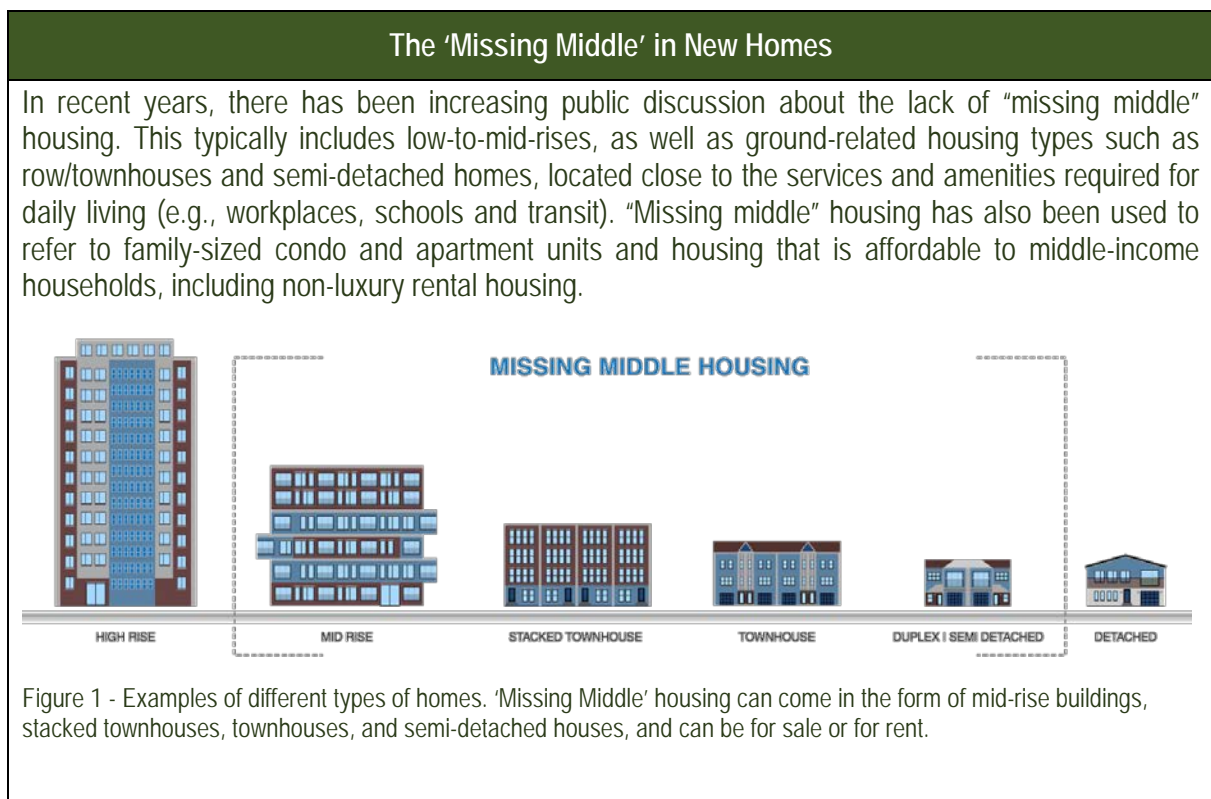
2. Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed.

Many people have pointed out that the mix of housing types being built does not fully reflect what people are looking for, and certain types of housing are not being built where demand is greatest. For example, the government has heard that not enough housing appropriate for families and seniors wishing to downsize is being built near transit, schools, workplaces and amenities.

Market conditions, provincial policies and plans, local planning priorities, and municipal zoning by-laws can all affect the type and location of housing.

Promoting “gentle” density and a mix of housing, and creative re-use of heritage properties and building design ideas can result in more housing, as well as economic and environmental benefits.

The character of some existing neighbourhoods will begin to change as new types of housing are built. The government has heard that plans to make more room for housing also need to respect the existing qualities of these neighbourhoods.



What do you think?

- How can we make the planning and development system more effective to build the kind of housing people want, and can afford, in the right places with the right supports (e.g., schools, transit and other amenities)?
- How can we bring new types of housing to existing neighbourhoods while maintaining the qualities that make these communities desirable places to live?
- How can we balance the need for more housing with the need for employment and industrial lands?

3. Cost: Development costs are too high because of high land prices and government-imposed fees and charges.

New housing development requires access to serviced land (land that has critical infrastructure like water and sewer lines in place). Some people have raised concerns that land prices are driven up because there is a lack of serviced land available for development in locations where people want to live. There have also been debates about how best to pay for that servicing and how to ensure it is done in the most cost-effective manner.

Development Charges

Under the Development Charges Act, 1997, municipalities are permitted to levy certain charges on new developments, including housing and commercial developments. These funds are designed to assist municipalities in paying a portion of the costs for growth related services, such as roads, water services, and police and fire services.

Under the Education Act, school boards may also levy education development charges. Education development charges are primarily levied by school boards that cannot accommodate new students in their existing schools and may only be used to purchase and prepare land for future school sites.

Government-imposed costs also make it more difficult and expensive to develop new housing. Examples include municipal and education development charges, planning and building approval fees and federal and provincial taxes.

Rental housing developers have noted that the challenges created by high land prices and government-imposed costs make some of their projects financially unfeasible due to the inability to attract investment capital.

Many of the investments in public infrastructure (e.g., sewer and water services, roads, etc.) needed to support housing development are funded by these fees and charges. There is a need to balance efforts to lower the costs of development with building and maintaining vital public infrastructure.



What do you think?

- How can we lower the cost of developing new housing while ensuring that funds are available for growth-related infrastructure (e.g., water and sewer systems, fire and police services, schools, roads and transit)?
- How can we make sure that serviced land is available in the right places for housing?

4. Rent: It is too hard to be a landlord in Ontario, and tenants need to be protected.

It is hard for Ontarians to find rental housing that is affordable and meets their needs. In many urban areas, vacancy rates have fallen to historic lows. In northern and rural communities, a long-term shortage of suitable rental units has made it difficult for renters to find a home in their communities.

A rental unit can be an apartment, a house, a condominium unit, a unit in a retirement or care home, or a home in a mobile home park or land lease community.

Landlord and Tenant Board

The Landlord and Tenant Board (LTB) is an adjudicative tribunal that is accountable to Ontario's Ministry of the Attorney General, and makes decisions independent of government.

The LTB adjudicates disputes and also provides information to landlords and tenants about their rights and responsibilities under the Residential Tenancies Act, 2006.

Over the past few years, wait times for hearings and orders have increased at the LTB.

In Ontario, rental housing is regulated by the *Residential Tenancies Act, 2006*. This Act establishes rules for landlords and tenants, including rent increase rules. It also establishes the Landlord and Tenant Board, which helps landlords and tenants resolve disputes.

Many small landlords say the Act makes it difficult to be a landlord. On the other hand, tenants have said they need stronger protections against unlawful evictions and poorly maintained rental housing.

Second units, such as basement apartments, are an important part of the rental market and can make better use of existing homes. Yet creating new legal second units is difficult because of government requirements, such as the Building Code and local bylaws/restrictions.

What do you think?

- How can we make the current system work better for landlords?
- What additional protections should be provided for tenants?
- How do we encourage homeowners to create legal second units and new rental supply?

5. Innovation: Other concerns, opportunities and innovations to increase housing supply.

The government is interested in other creative ideas to help increase the supply of housing. Some examples include:

- Innovative forms of homeownership
- State-of-the-art building designs and materials.
- Creative building design ideas to improve the quality of the community.

The government is also interested in hearing your input about other issues that people face when trying to find or afford a home, including issues that new home buyers face.

What do you think?

- How do we encourage innovation in the building industry while maintaining high standards of safety and efficiency?
- Are there any innovative forms of homeownership (e.g., shared ownership or rent-to-own models) that you feel could help make housing more attainable?
- Do you have any creative ideas to make better use of existing homes, buildings and neighbourhoods to increase the supply of housing?
- What other creative solutions could help increase the supply of housing?
- What type of protections would help new home buyers?



Your privacy matters

Your privacy is important to us. By participating in this consultation through the online survey or sending your submission, you may be sharing some personal information with the Ministry of Municipal Affairs and Housing. Any personal information collected will be handled according to our [Privacy Statement](#) and used only for research and housing policy development purposes. This information is collected pursuant to section 4 of the Ministry of Municipal Affairs and Housing Act. Questions about the collection of personal information may be directed to:

Director, Market Housing Branch
Ministry of Municipal Affairs and Housing
777 Bay Street, 14th Floor
Toronto, Ontario M5G 2E5
Phone: 416-585-6872
Email: housingsupply@ontario.ca



Increasing Housing Supply in Ontario
ontario.ca/housingsupply



January 25, 2019

BY E-MAIL ONLY (housingsupply@ontario.ca)

Rachel Simeon
Director, Housing Division
Market Housing Branch
Ministry of Municipal Affairs and Housing
777 Bay Street, 14th Floor
Toronto, Ontario M5G 2E5

Dear Ms. Simeon,

RE: York Region Staff Comments in Response to the Increasing Housing Supply in Ontario Consultation (ERO #013-4190)

In response to the Provincial Government's consultation on "Increasing Housing Supply in Ontario", York Region staff are pleased to provide input to inform development of the Ontario Housing Supply Action Plan.

This letter summarizes considerations to help address challenges and eliminate barriers to increasing housing supply in Ontario. Detailed staff input related to the five consultation themes (Speed, Mix, Cost, Rent and Innovation) are provided in the attachment. Regional staff and local municipal staff within York Region contributed to the comments consolidated below and attached.

York Region has a healthy housing supply to accommodate growth, but there is a lack of affordable ownership and rental supply

With a five year supply of draft approved and 20 to 23 year supply of designated land for housing, York Region has a healthy housing supply to accommodate growth. The problem is that most developments are geared to the ownership market and there is a shortage of rental housing supply that has the best opportunity to help address affordability. Provincial and Federal programs and investments would make the biggest impact to increase rental supply. Municipalities also need appropriate tools and flexibility to incentivize purpose-built rental developments. All levels of government need to combine efforts to address affordability. No one level of government can do it alone.

Housing affordability is deteriorating in York Region. Between 2007 and 2017, resale home prices in York Region increased by 154 per cent while average household income grew by only 14 per cent. The demand for rental housing is increasing due to rising ownership costs, demographic shifts of an aging population, and an increasingly mobile workforce. Lack of affordable ownership and rental housing makes it difficult for the Region to attract and retain talent needed to maintain a strong economy. One suggested funding tool is to provide municipalities a share of the Non-Resident Speculation Tax (NRST) collected within their jurisdictions from property transactions to support affordable and rental housing. In York Region alone, the Province collected \$53 million in NRST revenue between April 2017 and February 2018.

The Province is also requested to continue its work on modernizing the social housing system in Ontario, including introducing flexibility to the *Housing Services Act, 2011* to deliver rent subsidies and administer housing wait lists. The Region recommends the Province continue its work with the Federal government to implement the Canada-Ontario Bilateral Agreement under the National Housing Strategy to provide much needed housing options to York Region residents.

All parties involved in the submission and review of development proposals can contribute to a more timely review and approval process

York Region staff acknowledge the importance of reviewing applications for approval in a timely manner and has recently invested and undertaken a number of initiatives to streamline the review process. Process improvements include the development of a new application tracking system. We recognize all parties involved in the submission and review of development proposals from the official plan, secondary plan, block plan through to zoning by-law amendment stages can improve review timelines. The Region is committed to working expeditiously with our provincial, municipal, agency, development industry, and other partners to advance development approvals that are in the public interest.

The Province should streamline approvals of infrastructure projects to provide servicing capacity required to unlock designated housing development

Timely Provincial approvals of critical infrastructure such as water and wastewater services are necessary to support development of new housing in some York Region communities. Without timely approvals, infrastructure project delivery such as the Upper York Sewage Solutions (UYSS) project has been stalled for four or more years, increasing project costs substantially and leaving three of York Region's growing municipalities without capacity in the next three to five years. Provincial approvals of infrastructure projects to unlock servicing capacity have become critical to bring designated housing supply to market.

Reductions in development charges would transfer growth costs to all residents, resulting in significant water rate increases

Funding for infrastructure is another key consideration to ensure growth pays for growth. Development charges (DCs) are a major source of funding for required infrastructure to accommodate growth, including water, wastewater, roads, transit and public health services. DCs demonstrate fairness for taxpayers/ratepayers by ensuring that growth pays for the infrastructure required to service growth, providing a direct benefit to homebuyers.

Regional development charges only represent approximately five per cent of the price of a new home in York Region, which is significantly less than the cumulative fees and taxes levied by other levels of government. Any change to the development charge eligibility of water and wastewater services which significantly shifts the burden of new growth to existing ratepayers, could slow the building of new infrastructure and growth due to funding issues. Elimination of DCs for water and wastewater also has potential to nearly double water rates for all water users in York Region.

Consistent region-wide data can help identify key issues and generate effective solutions

The Greater Golden Horseshoe Housing Supply Data and Evidence Working Group was established to develop a framework for collecting and reporting on region-wide housing supply data. We encourage the Province to implement the recommendations from this working group. Consistent regional data will facilitate a better understanding of the housing supply situation and help the Province apply an evidence-based approach to addressing issues and identifying solutions.

York Region staff would be happy to discuss these comments further with Provincial staff. For questions regarding the above and attached comments, please contact me at paul.freeman@york.ca or Sandra Malcic, Director of Long Range Planning at sandra.malcic@york.ca.

Yours truly,



Paul Freeman, MCIP, RPP

Chief Planner

Planning and Economic Development Branch

The Regional Municipality of York

Attachment – York Region Staff Comments on the “Increasing Housing Supply in Ontario” Consultation

York Region Staff Comments on the “Increasing Housing Supply in Ontario” Consultation

General Comments

Increasing housing prices in the Greater Toronto Hamilton Area are largely influenced by demand-based pressures

Between 2007 and 2017, resale home prices in York Region increased by 154 per cent while average household income grew by 14 per cent. Both supply and demand-based pressures influence housing prices, some of which are beyond a municipality's control. Factors that contribute to increases in housing costs include:

- Demand for locating in highly desirable locations like the GTHA
- A favourable lending environment (e.g. low interest rates and accessibility of mortgages)
- Investment housing rather than for shelter
- Population growth and changes in demographic composition
- Rise in development costs, including land and construction costs
- Land supply and regulations

Staff recommend the Province consider all factors impacting housing supply and those truly causing affordability challenges when generating solutions to address challenges and barriers. It is imperative that we tackle the right factors with solutions that have the biggest impact on the problem.

York Region has an adequate housing supply to accommodate short and long term growth

York Region staff have been monitoring the Region's housing supply on a regular basis. Currently, there is a healthy supply of lands designated for both ground-related and high-rise housing to accommodate short and long term growth. Specifically, the Region has approximately five years of supply in registered and draft approved units (about 40,000 units), exceeding the minimum three year supply required by Provincial policy. The majority of these units have servicing capacity. A further 40,000 units are being reviewed at the proposal stage. Analysis reveals the 21 to 23 years of designated supply surpassing the ten year Provincial policy requirement.

York Region has a shortage of rental housing

Despite a healthy designated residential supply, York Region currently has the lowest proportion of rental households in the GTHA. Further, the share of rental supply in York Region grew by only two per cent (from 12 per cent of the total housing stock to 14 per cent) within the last decade. There has been very limited new purpose-built rental construction, placing increasing pressure on the Region's subsidized housing system. Demand for rental housing is increasing due to demographic shifts, such as an aging population, and rapidly increasing home prices that

have outpaced increases in income by a factor of ten times. Despite the need for rental options, the majority of new units built are ownership units. While the Region is working with our local municipalities to identify ways to encourage construction of rental housing, the Provincial and Federal governments are encouraged to increase investment in rental housing, including through revenues generated under the Non-Residential Speculation Tax.

Theme 1 - Speed

Development proposals that reflect the approved planning policy framework, and contain complete and comprehensive submissions can expect more expeditious review

Applications that seek to amend the approved planning policy framework can significantly lengthen the development approval timeframe for such proposals. Proposals that are consistent with existing up-to-date policies and zoning requirements reflects the community's vision and direction for growth and development.

The quality of the development submissions and resubmission delays can impact review timing. Information gaps and the absence of a comprehensive assessment may result in multiple submissions, adding to overall review time. Staff recognize that all parties involved in the submission and review of development proposals can make positive contributions to speed up the process. York Region acknowledges the importance of efficient application review timeline and has recently undertaken initiatives to facilitate a streamlined review process. A number of process improvements have been implemented in recent years, including development of a new application tracking system discussed below.

The Province and municipalities can leverage digital solutions to manage workflow and strengthen coordination as part of the development review process

Governments are increasingly leveraging technology to improve coordination and reduce circulation timeframes in the development review process. In 2017, York Region launched a Growth and Development Tracking Software Solution (YorkTrax) to strengthen coordination among internal departments involved in development application review. The solution automates workflow and facilitates collaborative electronic document sharing across the corporation, eliminating duplication and improving transparency. YorkTrax is ultimately moving the application process to a paperless environment and provides a single source of development data used by multiple departments across the corporation.

Since delivery of this corporate-wide solution, York Region has reduced circulation time and improved commenting coordination among departments. The Region is striving to create a single, web-based, online (24/7), integrated development tracking solution shared with York Region's municipalities, with a vision to link Regional-Local tracking systems. Further efficiencies will be realized as YorkTrax expands to serve local municipalities, other review agencies, developers and the public.

More complex development applications may require extensive review

Municipalities receive development applications of varying scale and complexity. Since developments have lasting impacts on the community and surrounding land uses, a reduction to development review timelines should be weighed against the need for careful and detailed impact assessments. This includes ensuring a development proposal is consistent with the approved planning framework and in the public interest. In this regard, we do not believe reductions to the current *Planning Act* approval timelines should be made. Improved coordination among review agencies and efforts to streamline the review process can facilitate more efficient review and approval of applications from official plan amendments and secondary plan through to the zoning by-law amendment stage.

Development review and approval timeframes are not always controlled by the approval authority

When commenting agencies and approval authorities process a development application, time spent awaiting resubmission of supporting documentation can add unnecessary delays. Municipalities should have the ability to “stop the clock” on the legislated development review timeframe or discount re-submission wait times controlled by a development proponent. This approach would more accurately reflect the total development review and approval timeframe within the commenting agency’s and/or approval authority’s control.

The Province should uphold non-appealable matters under Bill 139 and further expand the list of matters sheltered from appeal

Costly and lengthy appeals can cause significant delays to approval of new developments that conform with Council-approved policies. The Province should uphold sheltering provincially approved Official Plans, Official Plan amendments including conformity exercises, and Official Plan policies and zoning in Major Transit Station Areas from appeals. This adds more certainty to the review and approval timeline avoiding lengthy appeal processes. The Province should further expand non-appealable matters to include local municipal official plan updates that conform to a Regional Official Plan in a two-tiered system. It has been York Region’s experience that provincially-approved urban expansion lands were appealed at the Regional and local level, delaying opportunities for housing development in these areas.

Theme 2 – Mix

Municipalities can leverage planning tools and community development models to provide more housing in appropriate locations for people of all ages

The Province should continue to support use of planning tools such as inclusionary zoning, the Community Planning Permit System (CPPS) and density bonusing to deliver affordable housing as a community benefit in appropriate locations for individuals, families and seniors. Inclusionary zoning supported by the existing regulation (with no mandatory offsets requirements to deter municipal use) can ensure new housing stock is offered at affordable prices and rents. CPPS can support family-sized units in intensification areas. Density bonusing

provisions in the *Planning Act* should be tightened to support affordable housing. For older adults and seniors striving to age in the same community, the Province should partner with municipalities to establish Service/Community Hub models that incorporate housing. This will provide a central access point for a range of housing mix alongside needed health and social services, and cultural, recreational, and green spaces.

Updating zoning provisions can introduce gentle intensification to increase housing supply while maintaining compatibility

Municipalities have traditionally prioritized the protection of low-density single detached dwelling neighbourhoods. To avoid the emergence of new oversized housing forms replacing older and smaller structures, municipalities can employ zoning tools to limit the size of new or redeveloped dwellings, or permit change on the edge of neighbourhoods in transit-supportive locations.

Zoning that focuses on built form rather than the number of units contained within a structure provides residents the ability to divide their houses to suit various life stages (i.e. adding a second unit to rent for income, to accommodate an elderly parent). This would reduce barriers for property owners to stratify an existing home into multiple units (i.e. micro-suites) to promote more flexible use of existing homes and increase housing supply. This can benefit seniors wanting to add a second rental unit for income, and new homebuyers wanting to purchase a smaller dwelling within an established neighbourhood.

The Province should legislate affordable and rental housing targets in new secondary and block plan areas

Municipalities across Ontario are struggling to attract new affordable and purpose-built rental housing in their communities. The Province should legislate requirements for affordable and rental housing targets in new greenfield communities. The Province can also encourage municipalities to introduce policies where affordable and/or rental units would constitute early phases of a multi-phase development. Legal requirements can ensure these units remain as rental and/or affordable for a certain period of time.

More effective use of surplus public lands can contribute to housing supply

Publicly owned properties that offer good access to transit, community services and amenities are suitable locations for housing development. The Province should offer surplus provincial properties at these locations at no or minimal cost for affordable housing development. The Province can also leverage public sector lands for redevelopment in partnership with the private sector and non-profit developers.

Some of the most valuable land in the GGH are those in direct proximity to major transit stations, providing access to transit and services. Provincially owned surface parking lots at GO Transit stations can be made available for affordable and subsidized rental housing and structured parking. The Province can develop these lands through public-private partnerships to ensure the best use of these lands.

The Province should raise awareness of non-traditional housing arrangements to increase supply

Home share programs and co-housing arrangements support more efficient use of land, provide housing options, and encourage social support and interaction in a home or community setting. Provincial efforts should be directed to educating the public and raising awareness on housing opportunities stemming from non-traditional living arrangements. Partnering with home matching service providers can help connect individuals seeking and offering housing opportunities. The Province can also reinforce benefits of living in rental housing for seniors, as a viable option to accrue capital and prepare for retirement.

A healthy supply of rental and affordable housing and employment lands can attract and retain talent to support the Region's growing economy

A diverse supply of employment lands helps to create a competitive and flexible economic environment that welcome investments, attracts high quality employers, and offers diverse employment opportunities to residents. A healthy supply of affordable housing options and diverse job opportunities in specific locations can attract and retain a talented workforce. Provincial efforts should be made to promote live-work opportunities in urban growth centres and intensification corridors supported by transit, by attracting quality office jobs and directing residential growth to these areas. Municipalities should continue to have the autonomy to identify and protect strategic employment areas with access to highways for goods movement.

Increased Provincial investment in a GGH-wide transportation and transit network system would help facilitate development of new housing in strategic growth areas

When transit is accessible, it promotes more compact development in intensification areas and corridors, providing more housing opportunities. With multiple levels of government and agencies having jurisdiction over different components of the transportation and transit network, increased investment and collaboration can ensure effective and efficient delivery of an interconnected transit system for those living and travelling within the GTHA.

Theme 3 - Cost

Streamlining Provincial approvals on infrastructure projects can help unlock infrastructure capacity necessary to facilitate housing development

A significant challenge for municipalities is obtaining Provincial approvals for vital infrastructure to support growth and development. For example, York Region has experienced a four year delay over and above legislative timelines in the Provincial review and approval of the Environmental Assessment related to the Upper York Sewage Solutions project. These delays have increased project and infrastructure delivery costs. The Region has invested \$75 million to date, with still no approval from the Province despite having a positive Provincial government in 2016. Delays to the Upper York Sewage Solutions project has limited the ability to bring servicing capacity online to accommodate the supply of housing on designated lands. This leaves three of York Region's communities without servicing capacity in the next three to five years.

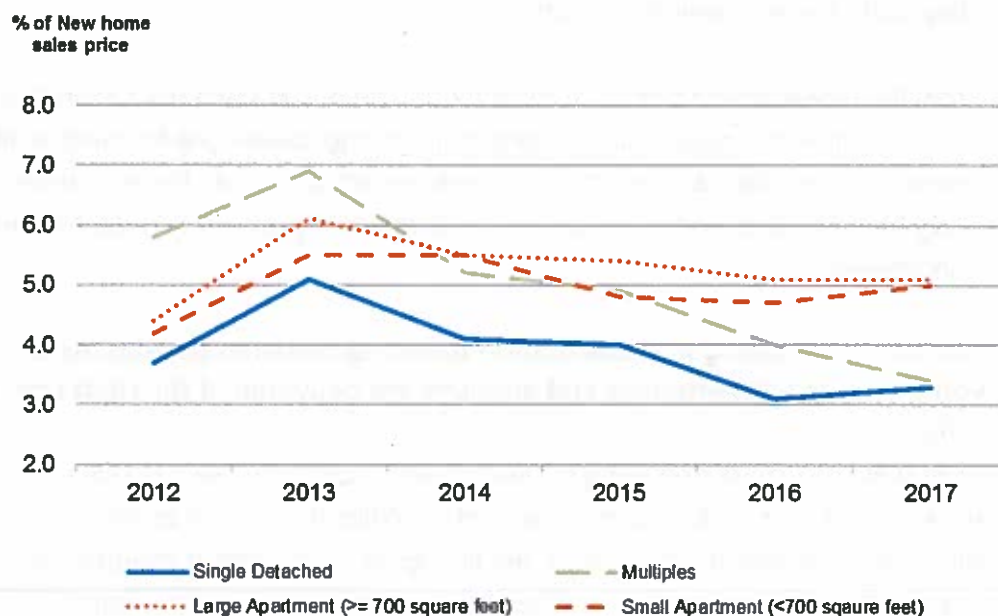
Streamlining Environmental Assessment (EA) and other provincial infrastructure approval processes should be a Provincial priority in order to unlock infrastructure capacity to support growth and housing development. The Province should introduce a regulation to expedite water, wastewater and road infrastructure which mirrors Ontario Regulation 355/11: Transit Projects and Metrolinx Undertakings. This regulation recognizes timely delivery of transit infrastructure as a priority for the Province and provides a streamlined process to fulfill EA requirements limited to six months.

Regional development charges represent approximately five per cent of new housing prices, far lower than provincial and federal tax rates

Development charges demonstrate respect for taxpayer by ensuring growth pays for only the infrastructure required to service that growth. Between 2012 and 2017, historical Regional development charges, for all classes of residential development, averaged just under five per cent of new home sale prices (as illustrated in Figure 1). Water and wastewater development charges only account for two to three per cent of new home prices. For ground-related products (i.e. single detached, semi-detached and townhouses), increases in home sale prices have significantly outpaced increases in Regional development charges.

Figure 1

York Region Development Charges as a Percentage of New Home Sale



Source: RealNet and York Region Finance Department

New homebuyers pay provincial and federal taxes on a new home. The Harmonized Sales Tax (HST) and provincial land transfer taxes applied to new residential dwellings account for approximately 14 per cent of the purchase price. Unlike development charges that provide a

direct benefit to homebuyers, provincial tax rates do not fund services related to bringing new housing stock online. Although there are rebate programs for the HST and the provincial land transfer taxes, not all new homebuyers are eligible. These rebates mainly benefit first time home buyers and/or those purchasing a new or significantly renovated unit. Staff recommend the Federal and Provincial governments consider additional tax relief mechanisms to lower the cost of housing rather than constraining development charges.

Development charges are necessary to ensure that growth pays for growth and not charge the broader tax/rate payers for services they do not benefit from

Development charges remain an important funding source to support the delivery of growth-related infrastructure. A reduction in eligible development charges, such as water and wastewater, would not reduce the total cost of the infrastructure needed to support growth. In addition, if the statutorily prescribed methodology for calculating development charges were to change, resulting in less development charge-eligible costs, those costs would also have to be funded by other sources. Funding shortfalls would need to be filled by the tax levy and/or through user rates, which is inappropriate.

If growth-related costs were no longer eligible for development charges, it has the potential to nearly double water rates. From a transportation perspective, increasing property costs for road projects requires corresponding increases in development charges or residential tax rates. Reducing development charges can limit the Region's ability to deliver annual road capital programs to adequately support planned growth.

Shifting away from the development charge funding model, premised upon the notion that "growth should pay for growth", could result in significant funding challenges for municipalities. Untenable increases to user rates and/or property taxes, necessary to pay for growth-related infrastructure, may have the unintended consequence of restricting growth in order to control or limit rate or tax increases.

Firmer commitments on housing implementation timelines from the development community would ensure infrastructure and services are delivered at the right time and place for housing

One issue that impacts the cost of delivering infrastructure to support growth is lack of certainty of when, where, and what type of development will occur. While the Region designs, implements, and finances infrastructure upfront, the timing for development charges payment, development construction and occupancy is driven by the market and the development industry.

Given timelines associated with designing infrastructure, obtaining approvals, acquiring lands, and constructing systems, York Region has to build infrastructure based on assumptions for residential development that could change. Firmer commitments from the development community would help municipalities ensure that infrastructure is delivered at the right scale and time. For example, if the pace of development lags, early stage servicing issues could result

with low sewage flows directed to treatment plants creating significant operating difficulties and associated costs. Similar impacts occur for drinking water, where low water consumption creates high water age and consequently water quality issues in local water distribution systems.

A further risk that significantly impacts cost effectiveness of system planning and service delivery is the deviation of development types, location and timing from planned assumptions. Strengthening the certainty of and commitment to planned development would result in more efficient planning and delivery resulting in cost savings.

Development charge and property tax relief can stimulate affordable and purpose-built rental housing development

Since 2001, York Regional Council has provided a full development charge exemption for low-income housing built by Habitat for Humanity. The Region can also provide full, or partial, property tax and development charge exemptions for qualifying private and non-profit affordable rental housing providers. Finally, private purpose-built high density rental buildings in York Region can also apply for a 36 month, interest-free, development charge deferral.

It is recommended that the Province expand financial incentive programs to bring more new affordable and purpose-built rental housing to Ontario communities.

Changes to the Harmonized Sales Tax policies can incentivize rental developments

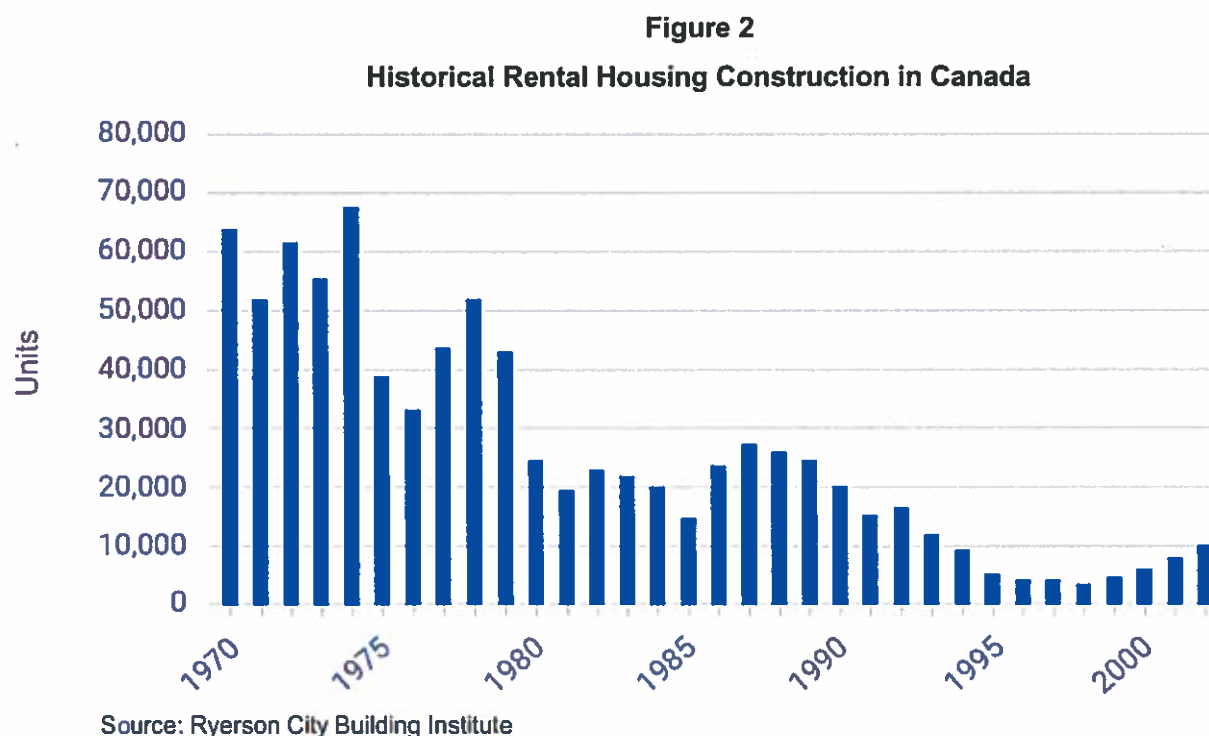
Under the current tax system, rental housing developers pay Harmonized Sales Tax (HST) when purchasing goods and services to construct and operate rental buildings. Yet, these developers cannot charge HST on residential rents and need to pay HST for completed rental units they will own and maintain. Existing tax policies create financial disincentives for investment in purpose-built rental housing projects. An alternative tax scheme is needed to reduce the cost of building and maintaining rental supply. The Province should advocate to the Federal government for changes to the tax treatment of purpose-built rental housing or, as an alternative, offer an HST rebate to purpose-built rental building developers.

Non-Resident Speculation Tax revenue can fund affordable and rental housing development

The Provincial Non-Residential Speculation Tax (NRST) is a 15 per cent land transfer tax applied to the purchase of a residential property by non-Canadian citizens or permanent residents in the Greater Golden Horseshoe. Between April 2017 and February 2018, \$173 million was collected in NRST with \$53 million from York Region property transactions. The British Columbia government has committed to reinvesting revenues from their Foreign Buyers Tax into affordable housing projects. We recommend the Ontario government direct funds equivalent to the share of NRST collected from York Region properties to support affordable and rental housing development in the Region.

The Provincial and Federal governments should reinstate programs to support and promote rental housing development

Several higher level government policies and programs incentivized rental housing development in Ontario between the 1970s and 1980s. When policies changed and programs were discontinued, the nation saw a decline in purpose-built rental development as shown in Figure 2.



To increase housing supply, we encourage senior levels of government to reintroduce similar programs to bring more rental housing online. A strong and diverse rental housing supply makes our communities attractive to living and working locally, and provides housing options for people of all ages and in different life stages.

Theme 4 - Rent

The Province should consider changes to the Rent Increase Guideline to better reflect landlord costs and maintain the existing supply of rental housing

Currently, the Rent Increase Guideline is based on the Ontario Consumer Price Index, which measures the change in price of all goods and services. As an alternative, the Province should return to a weighted calculation of the Rent Increase Guideline that applies only the relevant sub-measures of the Consumer Price Index such as the insurance and utilities indices, to typical operating costs. An industry working group should inform the development of the updated weighting. The Province should also eliminate the two per cent rent increase maximum in years when actual costs increase to a greater degree. Instead, the Province should increase the renter's tax credit inline with the Rent Increase Guideline. We also urge the Province to consider

effective rent controls similar to those used in other jurisdictions such as the Republic of Ireland where rent controls are utilized when needed and are applied to areas with low vacancy rates.

The Province should develop resources and policies to inform and protect landlords and tenants

The Province, in consultation with stakeholders, should develop a Renters Guide to inform and educate landlords and tenants on their roles and responsibilities, provide tips for resolving issues, and include contacts for support services. The target audience should include actors in both the primary and secondary rental markets. This resource guide can also raise awareness on housing needs of marginalized groups and educate housing providers and tenants on their rights and responsibilities under the *Residential Tenancies Act, 2006* and the Human Rights Code.

The Province should introduce a policy that regulates unauthorized subletting of a dwelling and provides subletting households with better tenant protections. Currently, tenants that are subletting a dwelling without the landlord's agreement have limited protections under the *Residential Tenancies Act, 2006*. Subletting households are often the most vulnerable with limited financial resources and housing options.

Updates to the Ontario Building Code should include rough-in, framing and access requirements to encourage the creation of legal second suites

Secondary suites contribute to the supply of housing by optimizing use of the existing housing stock and infrastructure offering more affordable housing options. To encourage new homeowners to create legal second suites, the Province should consider changes to the Ontario Building Code. These changes may include requirements for bathroom and kitchen sink rough-ins where second suites can locate in a new home, and installation of flexible framing and safe access to facilitate adaptive housing designs.

The Province can employ financial incentives, and education and awareness strategies to stimulate the creation of second suites in existing and new residential development

Currently, the *Development Charges Act* provides a statutory exemption for the creation of a secondary suite in an existing property (subject to certain restrictions). This exemption applies to all types of residential buildings and can exempt up to a maximum of two additional units (for a single detached dwelling). The *Promoting Affordable Housing Act, 2016* (also known as Bill 7) amended subsection 2(3) of the *Development Charges Act* by adding an additional development charge exemption for the creation of a second dwelling unit in prescribed classes of proposed new residential buildings, subject to restrictions prescribed in regulations. The Province has yet to provide the enabling regulations. Staff encourage the Province to release enabling regulations to implement this change.

The Province should also partner with municipalities to encourage and educate homeowners on the benefits of converting un-used spaces into second suites. One of the key deliverables can

be a comprehensive resource guide to assist municipalities in delivering education and training for homeowners interested in creating second suites. The Province can also work with municipalities to streamline processes for creating and registering second suites in their jurisdictions.

The Province should continue to work with the Federal Government to implement the Bilateral Agreement under the National Housing Strategy

The National Housing Strategy contains several important initiatives designed to support development of new rental housing by private and non-profit developers, as well as programs to maintain the existing rental supply. Additional programs, such as the Canada Housing Benefit, will support York Region in achieving its housing priorities as defined in our 10-year Housing and Homelessness Plan. The Region looks forward to working with the Province and the Federal government on implementing the Bilateral Agreement to create housing options that meet the needs of our residents.

In addition to the market housing supply discussion and given the lack of rental housing in the Region, staff offer the following comments related to subsidized housing which contributes to the Region's overall housing supply.

Modernized subsidized housing legislation enables housing providers to serve tenants and members more effectively and efficiently

Through partnerships with community non-profit and co-operative housing providers, York Region provides affordable homes to more than 6,700 households. The social and affordable housing portfolio is a vital part of overall rental housing stock. The Region asks that the Province continue its work on modernizing the *Housing Services Act, 2011*, including introducing simplified rules for delivering rent-geared-to-income subsidies and flexibility on how the Region manages the centralized wait list. Housing providers also need flexibility to leverage funding opportunities available under the National Housing Strategy, including the Co-Investment Fund. These changes would help to preserve and optimize the existing social and affordable housing portfolio.

The *Residential Tenancies Act, 2006* and Ontario Regulation 516/06 contain a number of exemptions to support legacy social housing providers under the *Housing Services Act, 2011* in delivering rent subsidies. These include exemptions from requiring tenants to sublet, rent increase guidelines and timing around when rent increases can take place. The exemptions only apply to projects with original operating agreements. Clarity is needed on what happens to exemptions when the agreements expire. Further, the Province should consider expanding the *Residential Tenancies Act, 2006* exemptions to all social and affordable housing programs, not just projects with operating agreements. This will improve delivery of subsidy programs by housing providers after their operating agreements expire.

Theme 5 - Innovation

The Province should explore innovative housing tenure, design, construction techniques and programs to meet the housing needs of all life stages with industry and municipal partners

Alternative housing tenure arrangements such as life leases, co-housing and collaborative housing can increase affordable housing supply and options for individuals and families. The Province should provide infrastructure funding for these housing options, including rental, affordable retirement homes and secondary suites. The Province should also explore incentives to promote these alternate tenure forms and examine the opportunity for home share programs and accredited reverse mortgage programs to improve access to housing.

Intergenerational campuses should be considered as a viable community development model for bringing housing, services and meeting spaces to residents of all ages. Modular construction techniques and other options available to the development industry can reduce construction cost. Innovative housing design such as flexible housing, tiny homes and laneway housing are adaptable to the changing needs of residents. Staff encourage the Province to explore mechanisms that will promote the development of innovative housing forms to increase affordable housing supply.

The Province should introduce legislation to protect homebuyers from development project cancellation

In light of the cancellation of housing projects in the GTHA, the Province should explore mechanisms to reduce the risk homebuyers would bear in the event of a cancelled project. Legislation should be introduced to prevent the sales of unbuilt residential units unless key approvals are obtained, and servicing capacity and financing have been secured. The Province can empower municipalities to issue penalties to developers that fail to meet pre-defined requirements before selling unbuilt residential product to purchasers.

The Province should partner with the development industry to introduce or expand financial programs to increase home ownership

A number of developer-led homeownership financing models are helping Ontarians become homeowners. These include rent to own programs, second mortgage options for affordable units, and interest-free down payment assistance programs. The Province should partner with developers to promote existing programs, offering support and facilitating knowledge sharing among developers interested in pursuing similar models or programs.



MFOA Technical Response to: Increasing Housing Supply in Ontario, A Consultation Document

Municipal Finance Officers' Association

January 2019

Table of Contents

<u>I. INTRODUCTION.....</u>	<u>3</u>
<u>II. PRINCIPLES AND PRIOR POSITIONS.....</u>	<u>3</u>
II.I. COMPLETE COMMUNITIES.....	4
II.II. MUNICIPAL AUTONOMY	4
II.III. MUNICIPAL FINANCE	4
SOCIAL HOUSING	5
MUNICIPAL INFRASTRUCTURE	5
II.IV. POLICY APPROACH.....	5
PRIOR MFOA POSITIONS ON DEVELOPMENT CHARGES.....	6
<u>III. CONSULTATION THEMES.....</u>	<u>7</u>
III. I. SPEED	7
III. II. MIX.....	9
III.III. COST	16
III.IV. RENT	18
III.V. INNOVATION.....	20
<u>IV. CONCLUSION.....</u>	<u>21</u>

I. Introduction

The Municipal Finance Officers' Association of Ontario (MFOA), established in 1989, is the professional association of municipal finance officers. We represent more than 2300 individuals who are responsible for handling the financial affairs of municipalities and who are key advisors to councils on matters of finance policy.

MFOA promotes the interests of our members in carrying out their statutory and other financial responsibilities through advocacy, information sharing, networking opportunities, and through the promotion of fiscal sustainability. We also provide members with training and education to enable continuous professional development and to support excellence in municipal finance.

In December of 2018 the Province issued a discussion paper on housing supply entitled: *Increasing Housing Supply in Ontario*.¹ This document is a foundational piece supporting a broad consultation in the Province to address housing supply and related issues of affordability to ensure that Ontario has the right housing in the right places with the necessary infrastructure. The results of the consultation will shape a Housing Supply Action Plan, which will address barriers to new ownership and rental housing in Ontario.

This paper sets out MFOA's views on the important issues and questions raised in the consultation document as well as some that were not. We very much appreciate the opportunity to provide our perspectives and look forward to working with the Province on solutions that will build strong vibrant communities.

II. Principles and Prior Positions

MFOA has previously taken a position and made recommendations to the Province on some of the issues raised in the consultation paper. For some of the other issues, we have not. Either way, we believe that policy recommendations should be anchored in principles that are explicitly set out for the Province as well as our members. The remainder of this section sets out our principles and, in some cases, previously stated positions, in the following areas:

- Complete Communities
- Autonomy
- Financing
 - Social and Affordable Housing
 - Infrastructure Financing
- Policy Approach

¹ This document, and a supporting presentation, is available at <http://www.ontario.ca/housingsupply>.

II.i. Complete Communities

MFOA supports the creation of complete, strong and vibrant communities. Such communities require a “range and mix of housing options, including secondary units and affordable housing, to serve all sizes, incomes and ages of households.”² Complete communities require employment opportunities and a significant array of municipal infrastructure to service residents and businesses. The importance of complete communities that support healthy and active living in municipalities is noted in the provincial growth plan and in the federal government’s recent National Housing Strategy.³

II.ii. Municipal Autonomy

The Province’s discussion paper rightly notes that there is a delicate balancing act in the housing market and in setting and implementing housing policy. A multitude of governmental approvals are required for new housing to come on stream. As noted in the consultation document:

The various regulatory requirements and approvals were established to serve specific public interests, policy objectives or government goals. For example, rules and processes exist to ensure the health and safety of residents, protect environmentally and culturally sensitive areas, and support economic development and a vibrant agricultural sector. Efforts to streamline these requirements need to balance these multiple goals.⁴

Municipal approval of building permits, severances, subdivision agreements and a variety of other planning applications are vital tools for municipalities to ensure that communities develop in ways that promote sound planning principles and produce vibrant, sustainable and complete communities. While MFOA supports efforts from all levels of government and developers for greater coordination and streamlining of approvals, we do not support reducing or eliminating municipal approval powers with respect to development or restrictions on revenue raising capacity to finance housing and infrastructure. Municipalities must have the powers and tools to ensure sound development and growth in their own communities.

II.iii. Municipal Finance

Housing affects municipal finance in a number of ways. For example, some municipalities incur significant capital and operating costs as direct providers of social and affordable housing infrastructure. Ontario is the only province where municipalities have significant social housing responsibilities and costs. Indirect costs are also incurred for a range of supportive services for many social housing

² Ontario, Growth [Plan for the Greater Golden Horseshoe](#), May 2017, p. 6

³ Ontario, [Growth Plan for the Greater Golden Horseshoe](#), May 2017, p. 5. See also Canada, [National Housing Strategy: A Place to Call Home](#), 2017, p. 5.

⁴ Ontario, [Increasing Housing Supply in Ontario](#), December 2018, p. 3

residents. In addition, municipalities provide a range of infrastructure which is needed to support housing and businesses. The municipal finance implications of social housing and infrastructure are expanded on below.

Social Housing

As direct providers of social housing, “municipalities contribute more than \$1.2 billion to social housing every year, which is more than federal and provincial housing funding combined.”⁵ The level of municipal contribution to social housing was also noted in the 2017 Annual Report of the Ontario Auditor General.⁶ The numerous issues related to social housing are beyond the scope of this consultation; however, consistent with our support of “complete communities”, we would urge that social and affordable housing remain a strong focus of housing policy. We are encouraged by the emphasis social and affordable housing issues have received under the federal housing strategy, and we support continued efforts to ensure that all Ontarians have adequate housing. As a starting principle we agree with AMO’s (Association of Municipalities of Ontario) position that, “with respect to social and affordable housing, senior governments must commit to ‘dedicated, permanent, predictable and sustainable funding’”.⁷ Municipalities do not have the financial resources to carry the burden of social and affordable housing costs alone.

Municipal Infrastructure

Municipalities also provide infrastructure that supports housing and employment in Ontario communities. MFOA promotes financial sustainability and long-term financial planning. This includes, among other things, strong support for asset management planning since local governments provide services through a very substantial range of assets that include water and waste water facilities, recreation centers, libraries, roads, transit, police and EMS infrastructure, to name a few. An important tool that contributes to long-term planning and sustainability is the *Development Charges Act, 1997*, which permits the partial recovery of growth-related capital costs. The significance of this tool will be discussed further.

II.iv. Policy Approach

The Province’s consultation paper is a wide-ranging document that touches on a number of complex policy issues including multi-level approvals, development

⁵ Association of Municipalities of Ontario, [Housing in Ontario: A Primer for AMO Members](#), January 2017.

⁶ The Auditor General found that about \$1.35 billion has been spent annually over the past five years to support social housing in Ontario. This money is provided by the federal (29%) and municipal (service manager) governments (70%); the Province only contributes about 1% toward social housing costs, most of which relates to Indigenous social housing in Northern Ontario. Auditor General, [2017 Annual Report: Social and Affordable Housing](#), 2017, p. 710.

⁷ Association of Municipalities of Ontario, [National Housing Strategy: Submission to the Government of Canada](#), 2061, p. 7.

mix, the impact of provincial policies on land supply and housing costs, government charges on development and several more. We feel that the policy changes that the Province opts for in its Housing Supply Action Plan need to be mutually supportive of each other. It is counterproductive to initiate reforms that solve one problem but exacerbate another. Our main concern is that any attempt to address housing affordability by restricting municipal use of development charges (DCs) will only make it more difficult for municipalities to emplace the needed capital works to support housing. Restrictions on DCs can, and will, have major implications for housing supply if the required infrastructure cannot be emplaced. Further, it is important for policy changes to recognize the critical roles played by each of the main parties to development – the Province, the municipality, and the developer. A comprehensive approach involving all three levels of government and key stakeholders is needed to ensure that municipalities can fund the infrastructure our communities require.

Prior MFOA Positions on Development Charges

The first *Development Charges Act* (DCA) in Ontario came into force in 1989. It set out rules to enable municipalities to collect growth-related capital costs created from new development. The Act did not permit the recovery of operating costs, rehabilitation or replacement costs for assets. This legislation was very broad and allowed municipalities to recover 100% of growth-related capital costs.

The Act was amended in 1997, and a number of provisions were introduced that resulted in lower levels of cost recovery for municipalities, which significantly shifted growth-related costs from the development that created the costs to existing property tax and ratepayers.

In 2016, the Province conducted a review of the DCA. At that time, MFOA's position regarding DCs was that:

- Growth should pay for growth;
- There should be no ineligible services under the DCA;
- There should be no service “discounts”;
- Service levels should be forward looking and not based on historic service averages.

MFOA continues to support these positions.

MFOA has observed continuous pressure to expand mandatory exemptions from DCs to promote a variety of planning objectives. MFOA has argued that the DCA is a blunt policy tool to achieve these goals when compared to various planning tools. In addition to the position on DCs noted above, MFOA also recommends no new mandatory exemptions for DCs. Municipalities already have flexibility to make DC exemptions and some do for various reasons. However, exemptions merely reduce revenues, not growth-related costs. Exemptions must be funded

from existing taxpayers. Municipalities are best positioned to know if this is affordable and desirable in their jurisdiction.

III. Consultation Themes

The Province's December 2018 discussion paper on housing supply presented five broadly themed barriers to new housing supply: speed, mix, cost, rent, and innovation. For each theme, a number of issues and questions were raised, which we have responded to in the subsequent thematic sections. The discussion questions posed by the province are presented in bold.

III. i. Speed

The consultation document notes that in Ontario, multiple approvals of varying types are required under a myriad of statutes and by-laws from several levels of government. The complexity, uncertainty and length of these processes have been identified as a problem that increases costs for developers, builders and homebuyers.

A single housing project may require approvals from many of these entities. Duplication, lack of coordination and delays add burden to the development process and increase costs for builders and homebuyers. Potential appeals of these decisions can add further delays and uncertainty.⁸

We agree that the various approvals processes can be time consuming, difficult to navigate and involve significant compliance costs.

The development approval process in Ontario was complex and lengthy prior to the 2005 Planning Act and the 2006 Growth Plan changes requiring additional process. It now generally requires 8-10 years to complete the initial stages of policy and development planning prior to the first building permits emerging on vacant land in new communities. Beyond this initial timeframe, communities can take 15-20 years or longer to be fully built out as municipalities require time to process development applications and integrate growth with the delivery of community infrastructure (e.g. schools, parks, community centres).⁹

A recent study of the building permit approval process found similar problems with long approval times that appear to be more protracted than other parts of Canada and other cities in the world.

⁸ Ontario, [Increasing Housing Supply in Ontario](#), 2018, p. 3

⁹ Malone Given Parsons, [Greater Toronto & Hamilton Area, Simcoe County, Barrie and Orillia Land Supply Analysis](#), November 2018, p. 4

These unnecessary delays in approval have significant impacts. A Fraser Institute report that examined building regulatory regimes in different Canadian communities found that every 6-month delay in approvals reduces growth in new housing supply by 3.7%. This is not just a delay in approvals but it also results in a reduction of new supply. Additional reductions in housing supply growth occur when there is considerable uncertainty regarding approval timeframes which is another feature of Ontario's building approval process.¹⁰

In late 2017, the Province hosted a roundtable to discuss the development approvals process and to develop actionable recommendations for streamlining.¹¹ Several of the recommendations that came out of the roundtable were captured in Ontario's Fair Housing Plan.¹² A number of additional recommendations have since been submitted to the Province by the Residential Construction Council of Ontario.¹³ These exercises contain a number of useful suggestions for streamlining approvals processes without sacrificing the rigorous review needed to ensure adherence to planning principles, the public interest, public safety and other vital public sector priorities. Governments (federal, provincial, municipal), the development industry and other key stakeholders will have to work together to achieve streamlined processes that continue to protect homeowners and residents.

MFOA supports efforts to streamline development approvals processes. However, changes to development approvals processes must be made with the agreement of municipal planning staff and building officials to ensure that municipalities retain the authority to ensure that develop plans conform to local standards.

We are of the view that the issues related to the speed of development approvals need to be viewed more broadly. Development approval timelines **are** overly lengthy, but so too are various infrastructure approvals that municipalities must obtain due to the current provincial legislative framework. For example, environmental assessment processes can take significant lengths of time. In cases where approvals are required for critical infrastructure, such as water or wastewater services, the lack of an approval, or a delay of an approval, can bring development to a virtual halt with obvious housing supply implications.¹⁴

¹⁰ Amborski, David and Duong, Lynn, Centre for Urban Research and Land Development, [Modernizing Building Approvals in Ontario: Catching Up with Advanced Jurisdictions](#), July 2017, p. 2

¹¹ Ontario, [Development Approval Roundtable: Action Plan](#), November, 2017

¹² Ontario, [Ontario's Fair Housing Plan](#), April 20, 2017

¹³ Residential Construction Council of Ontario, [Streamlining the Development and Building Approvals Process in Ontario](#), July 2018

¹⁴ Dave Wilkes, BILD, Toronto Star, July 21, 2018. This article mentions the Upper York Sewage system that has been almost a decade in the planning and approvals process and has yet to be built.

Actions of the development community can also lengthen the development approvals process period. Developers need to reflect on and review how their activities contribute to the issue. For example, developers do not uniformly submit completed applications. This requires municipal staff to spend additional resources on select applications. Developers may also engage in a hurry up and wait approach to the approvals process. Developers are highly engaged at the beginning of the process, but then wait to develop until such a time as they deem the market ready for investment. The length of the process could be misleading due to uneven engagement through the approvals process period.

Development approvals should, therefore, not only be faster, but they should also be “smarter.” Ontario has been committed to smart growth principles for many years and these principles can be found in numerous provincial planning statements and documents. It nevertheless remains the case that sometimes development and infrastructure placement are not well aligned. This issue will be addressed more fully in the following sections on mix and cost.

How can we streamline development approval processes, while balancing competing interests and the broader public interest?

Process re-engineering with respect to development approvals should only be made through collaborative exercises that ensure all views are heard. Top down changes that do not include municipal planning, building, and/or other municipal officials risk significant implementation challenges and, more importantly, risk departing from sound and accepted planning principles and locally determined planning priorities.

III. ii. Mix

The provincial discussion paper raises a number of issues related to housing mix that have been identified by various stakeholders in recent years. These include problems related to housing types, housing location and local amenities to support housing (e.g. schools, transit, workplaces). The complex interaction of housing markets, provincial policies, local planning priorities and a myriad of other factors all play a part in determining the location and types of housing and the types and location of public infrastructure to service the development.

How can we make the planning and development system more effective to build the kind of housing people want, and can afford, in the right places with the right supports (e.g. school, transit and other amenities)?

This single question touches on a number of important points, including:

- Make planning and development more effective
- Building housing that:
 - people want (matching housing types with housing needs)

- is affordable
- is in the right places
- has the right supports (public infrastructure)

Planning and development system that is more effective

Ontario has complex and lengthy approval processes that, in many cases, also have mechanisms to appeal decisions that have been publicly made, which in turn have their own lengthy and expensive processes. Several observers have noted that these processes have become more complex as efforts are made to incentivize certain types of development through the provincial growth plan.

Unfortunately, it is unlikely that any attempts to streamline complex processes, while ensuring protections for key stakeholders and governments, will result in short-term solutions to housing supply issues or price challenges faced by many in Ontario. The fact that these solutions probably have significant lead times is not, of course, a reason to avoid making improvements in the way that developments are approved and built. We would caution against quick fixes that might seem to make the development process more effective but actually run the risk of unintended consequences and create new problems or exacerbate existing ones. Ontario municipalities are incredibly diverse in terms of geography, population, and economy. A fix geared to a growing urban environment may not be relevant for a rural community with a declining population. One size does not fit all.

Rural Communities

Affordable housing issues in urban municipalities in the GTHA currently receive the lion's share of media attention. This is likely due to staggering jumps in house prices over the last ten years. Less attention is paid to the issues faced by smaller, more rural communities where house prices as well as household incomes are often lower. Housing in rural communities is also disproportionately impacted by factors outside of municipal control, such as the closing of the main local employer.¹⁵

These rural communities often face different obstacles when trying to attract a mix of housing that meets the needs of their residents. Many of these obstacles are related to geography.¹⁶

These factors include a low population density that restricts transportation options, limited access to contractors and poor housing conditions. Additionally, the low income of rural residents also puts them at a disadvantage in finding suitable accommodations in the event of resort or retirement development and the subsequent inward migration of urban

¹⁵ Paddison, Laura, "[America's Affordable Housing Crisis isn't Just Hitting Cities](#)", Huffington Post, October 2, 2018.

¹⁶ Rural Ontario Institute, [Under Pressure: Affordable Housing in Rural Ontario](#), December 2009.

residents that raises housing prices through increased demand for accommodations.¹⁷

Rural housing mix also includes types of shelters not seen in urban environments, such as mobile homes and trailer parks. Some of these shelters are unlikely to benefit from repair and rehabilitation further exasperating the affordability crisis.¹⁸

Provincial policies should consider these differences when formulating strategies.

Urban Communities

Matching housing types with housing needs

It is often suggested that in recent years new housing developments in the GTHA have either been “tall” or “sprawl.” In other words, there is a “missing middle” of housing types, which includes rowhouses, town-houses, walk-up apartments and low to mid-rise buildings. The term describes housing types that fall somewhere between high rise apartments/condos and single-family homes.

The majority of new housing built and under construction is either “tall”—one-bedroom condos at high density nodes—or “sprawl”—single-family homes at increasingly distant locations on the urban fringe. This has left households with little choice in the housing market. The options are a small condo in a high-rise tower close to amenities and transit, or a single-family home not served by either transit or amenities and requiring a long commute.¹⁹

A case study of Mississauga conducted by the Ryerson City Building Institute found that the potential for adding “missing middle” housing in Mississauga was significant and that such housing reduces land consumption, makes more efficient use of infrastructure and offers housing that focuses on middle income families. In 2017, Mississauga identified a number of initiatives to encourage a broader range of “missing middle” housing. The recommendations taken together are ambitious, but the benefits will be significant if successful.²⁰

The case of Mississauga and others suggests that a full range of housing is the result of a deliberate and coordinated focus to ensure that housing types are built for households of all incomes. Coordination means that various departments in

¹⁷ Rural Ontario Institute, [Under Pressure: Affordable Housing in Rural Ontario](#), December 2009, p. 4.

¹⁸ Waegemakers Schiff, J., Schiff, R., Turner, A., & Bernard, K. (2015). [Rural homelessness in Canada: Directions for planning and research](#). The Journal of Rural and Community Development, 10(4), 85-106.

¹⁹ Ryerson City Building Institute, [Finding the Missing Middle in the GTHA: An Intensification Case Study of Mississauga](#), October 2018, p. 1

²⁰ City of Mississauga, [Making Room for the Middle: A Housing Strategy for Mississauga](#), 2017.

municipalities need to work together (e.g. planning, public works, finance) and work with the development industry as well as various advocacy groups. Getting a range of housing that is affordable and in the right places doesn't just happen; it happens when builders, planners and others work together to make it happen.

Building housing in the right places

A variety of studies have suggested that development does not always occur in the right places to permit it to be fully supported by public infrastructure.

Major investments to transportation infrastructure have been made since the release of the first Growth Plan in 2006. However, much of the Designated Greenfield Areas are not proximal to existing or planned higher-order transit. This has resulted, in some cases, development being limited due to the lack of sufficient transportation capacity in the surrounding network.²¹

A study by Neptis Foundation that compared development in Vancouver to the GTA found that:

Growth in the GTHA is going mainly to areas without transit, and outside Urban Growth Centres: Only 18% of net new residents were located in areas within easy walking distance of frequent transit (corridors with transit service every 15 minutes or less), while the areas around GO stations accommodated 10% of the region's net new population. Urban Growth Centres identified in the Growth Plan for the Greater Golden Horseshoe, which are supposed to accommodate significantly higher amounts of intensification, accounted for only 13% of net new residents across the region.²²

It is obviously important to have an array of housing types to accommodate the range of housing demand by income, demographic groups as well as those requiring assisted living arrangements or other supports. However, it is also important that development occur in areas where needed infrastructure is in place. Similar to the previous point, in urban settings, ensuring that development complements the location of existing municipal and other public sector infrastructure is often about actively searching for intensification opportunities that will offer a range of housing that goes beyond condominium towers.

²¹ Malone Given Parsons, [Greater Toronto & Hamilton Area, Simcoe County, Barrie and Orillia Land Supply Analysis](#), November 2018, p. 4

²² Neptis Foundation, [Misalignment of growth and infrastructure means Growing Pains for the GTHA](#), May 2015

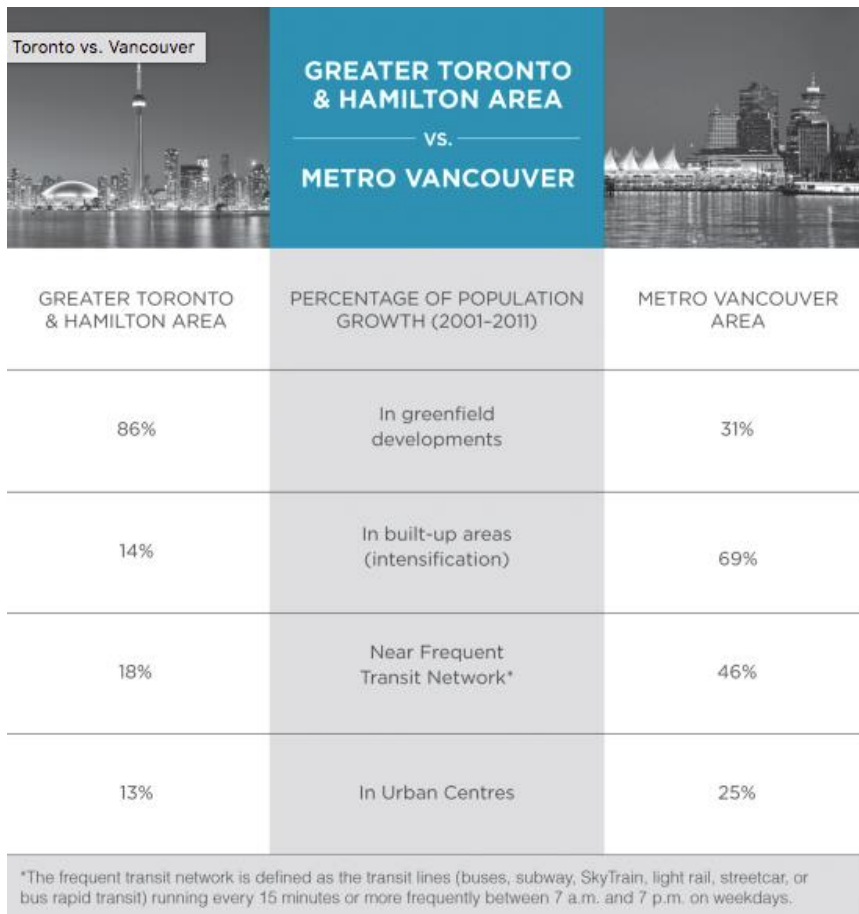


Figure 1: Location of new development, GTHA and Metro Vancouver compared (Neptis Foundation, 2015)

Housing affordability

Housing affordability is, in part, the result of a number of supply and demand considerations. As noted by the Fraser Institute, when explaining house prices it is:

...unwise to focus on any single element of housing demand when trying to explain rapid price growth. Rather, it helps to remember the fundamentals, which include population growth, income growth, housing supply and—of course—interest rates.²³

Numerous macro-economic factors are relevant in any discussion of housing affordability, though they are not the focus of the Province's discussion paper. For example, a number of observers have noted that incomes of millennials have remained stagnant, notwithstanding higher levels of education than earlier generations of the same age. Others have expressed concerns that rising

²³ Josef Filipowicz, "[When explaining home prices, the fundamentals matter](#)," in Fraser Forum, December 21, 2018.

interest rates will negatively impact housing affordability. Many of these factors are beyond the control of municipalities or even the Province (e.g. interest rates).

Supportive public infrastructure to service housing and its occupants

Most public infrastructure in Ontario is owned and operated by municipalities.²⁴ Municipalities face significant challenges to fund emerging asset management plans to maintain it in a state of good repair.²⁵ In addition, municipalities in high growth areas, such as the GTHA, face the financial challenges of providing growth-related infrastructure to service new populations and developments. Development charges have been a vital revenue tool to enable municipalities to finance this growth-related capital work. Any attempts to reduce DCs to make housing more affordable will NOT reduce housing prices but WILL mean that municipalities will be less able to emplace requisite infrastructure to accommodate growth.

How can we bring new types of housing to existing neighbourhoods while maintaining the qualities that make these communities desirable places to live?

Notwithstanding numerous economic considerations (e.g. incomes, interest rates, supply, demographics, etc.), the provision of affordable housing can be enhanced when it is made a priority of governments, including municipalities, as well as developers and builders. New approaches such as inclusionary zoning and efforts to locate “missing middle” housing near existing infrastructure result in an array of housing choices at a variety of prices than would occur when such a focus is absent.²⁶ Additionally, builders and planners can look to underutilized sites and surplus properties in existing developed areas, or explore the potential of permitting accessory dwelling units.²⁷ These approaches often result in changes to approvals processes and thinking differently about providing housing for all income levels. The policy changes required to facilitate this may differ from place to place but without a change in culture or thinking about development of complete communities, we will not get the type of housing needed in the places that it is needed. In short, affordable housing needs to be established as a primary planning goal in the GTHA.²⁸

²⁴ Francine Roy, [From Roads to Rinks: Government Spending on Infrastructure in Canada, 1961 to 2005](#), Statistics Canada, 2008; A more recent citation: [Statistics Canada, Canada's Core Public Infrastructure Survey: Roads, bridges and tunnels, 2016](#)

²⁵ [Canadian Infrastructure Report Card](#), 2016

²⁶ Clayton, Frank; Schwartz, Geoff, [Is Inclusionary Zoning a Needed Tool for Providing Affordable Housing in the Greater Golden Horseshoe?](#), Ryerson University, 2015

²⁷ McKinsey & Company, Housing affordability: A supply-side tool kit for cities, McKinsey Global Institute, 2017.

²⁸ Amborski, David; Clayton, Frank, [The Need to Make Housing Affordability a Primary Goal in Regional Planning for the Greater Golden Horseshoe](#), Centre for Urban Research and Land Development, 2016.

We think there are also parallels between asset management with respect to affordable and “missing middle” housing. Successful asset management planning requires input from all departments in a municipality and it needs to be viewed as a priority by council and senior management. In short, asset management often involves new ways of thinking about assets (e.g. life cycle costs, asset procurement, new technologies, etc.). Municipalities that are actively pursuing these types of options are re-engineering approaches to planning processes, approvals, capital planning etc. Processes that are better informed by planning, public works and finance considerations will yield better results with respect to having a full range of housing options located in the right places where they are supported by needed infrastructure. MFOA has played a leading role in promoting asset management planning at the municipal level in Ontario.

How can we balance the need for more housing and the need for employment and industrial lands?

Building “missing middle” housing can have the benefit of reducing land consumption for housing. Building housing that makes better use of existing infrastructure by locating it near growth nodes and existing development can also contribute to a more efficient use of lands. These policies can help strike a balance between residential lands and employment and industrial lands.

Designating employment and industrial lands does not, of course, guarantee that employment will be created. A recent study of “complete communities” in the Greater Golden Horseshoe found a very uneven record of job creation among municipalities.²⁹ “Complete communities” have a robust mix of residential and employment uses where “people can live, work, shop and play locally without having to rely on automobile use.”³⁰ The study concludes that:

If employment growth continues to concentrate in a few municipalities (Toronto especially), but residential growth continues to be more widely dispersed, it becomes much more challenging for municipalities outside of Toronto, and especially in the Outer Ring, to attract adequate employment to ensure a local mix of uses.³¹

In other words, employment in the GGH has not occurred as projected in the Growth Plan and has not been distributed in a way that supports complete communities. The study does not offer explanations for the distribution of employment, but it does suggest that the employment objectives in the growth plan be revisited. Efforts should be devoted to understanding what types of policies might be needed to achieve a more even distribution of employment growth in the Greater Golden Horseshoe.

²⁹ Complete communities are an explicit objective of the Ontario Growth Plan.

³¹ Ibid., p. 8

III.iii. Cost

The provincial discussion paper identifies a number of issues that stakeholders have brought forward to government around the scarcity of serviced land and its impact on housing prices as well as the economic viability of development.

A claim is made in the discussion paper that development costs in Ontario are too high because of high land prices and government imposed-fees and charges. Development charges, in particular, are identified as a charge that increases the costs of serviced land and housing.³² This is a significant concern for us, as noted several times in previous sections, and our view is that this claim is based on inaccurate assumptions. DCs represent approximately 5-7% of the price of a new single-family home in the GTA and Ottawa. A recent study by the Royal Bank and Pembina Institute that examined the factors affecting home prices in the GTA concluded that, with respect to DCs, “the increase in these charges accounts for only a small fraction of the increase in home prices.”³³

How can we lower the cost of developing new housing while ensuring that funds are available for growth-related infrastructure (e.g. water and sewer systems, fire and police services, roads and transit)?

It has been suggested that lowering DCs would make housing more affordable.³⁴ MFOA is of the view that reducing DCs will **not** lower housing prices nor increase land supply. Reducing DCs may actually result in complexities that could further exacerbate housing issues and create problems for municipal finance. MFOA is of the view that reducing DCs would be:

- Counterproductive:
 - Reducing or further restricting development charges would reduce supply, not increase it. Less funding from DCs means more competition for projects from other demands on property taxes and municipal revenue streams. Unless a priority, municipalities may not have the funds available to put the infrastructure in place needed for development to occur in a timely way.
- Inefficient
 - We are not aware of any evidence that shows reductions in DCs being passed directly to homebuyers through drops in house prices.

³² See a report prepared by the Altus Group for BILD, [Government Charges and Fees on New Homes in the Greater Toronto Area](#), April 2018.

³³ Cherise Burda, *Priced Out: Understanding the factors affecting home prices in the GTA*, Royal Bank of Canada and the Pembina Institute, November 2013, p. 15

³⁴ Ibid.

- Ineffective
 - Taxpayers and ratepayers would have to cover funds for infrastructure not recovered through DCs. This would result in higher property taxes and utility rates for municipalities with new development and create a disincentive for residents to support new housing.
- Expensive
 - Reducing DCs does not decrease the cost of growth-related infrastructure. Instead it transfers the cost to existing homeowners, which includes low income families and seniors. Significant increases in the whole cost of housing would be unaffordable for many.

Development charges are not a root cause of the affordable housing and supply challenge. As noted above, they represent approximately 5-7 percent of the price of a new single-family home in the GTA and Ottawa. This share has been relatively stable for many years.

The construction of every new house, especially in high growth areas, comes with a direct cost for serviced land and the community facilities demanded by homeowners (e.g. parks, libraries, recreation facilities). Reducing DCs does not reduce the need for the growth-related works. It merely reduces municipal revenues to pay for them and shifts costs to existing taxpayers and ratepayers. Additionally, reducing the development charge does **not** guarantee lower house prices. If more municipal operating revenues are needed to cover the cost of growth, it will be at the expense of maintaining existing capital assets, services, or current property tax rates. Shortchanging the public services Ontarians depend on is no way to build the communities people want to live in. Development charges are the right tool to fund the services and growth Ontarians depend on.

It has also been suggested that DCs should not be used to recover growth-related capital costs associated with water and waste-water infrastructure.³⁵ Reducing DCs for key services such as water and waste-water will reduce a municipality's ability to finance these works and will reduce the supply of serviced land. Other issues related to this approach include:

- It is unfair to existing homeowners and businesses, as they would see very large increases in their water rates to pay for infrastructure that does not benefit them. Municipalities, such as the City of Markham, have forecast significant utility rate and property tax hikes in a future without

³⁵ Dachis, Benjamin, [Hosing Homebuyers: Why Cities Should Not Pay For Water and Wastewater Infrastructure with Development Charges](#), C. D. Howe Institute, August, 2018

DCs, while the Region of Peel forecast huge increases in their top five business water accounts if water and wastewater DCs are eliminated.

- Municipal governments' efforts to properly fund their asset management plans would likely be compromised. The rate increases necessary for both growth and asset management would likely be unacceptable.
- Opposition to growth may increase as homeowners become aware that growth is causing increases in their water rates.
- There would be significant transitional issues as many municipalities have debt that is funded by future development charge revenue.
- Higher water rates would reduce affordability for lower income residents.

Rural Communities

In addition, it is important not to lose sight of the specific housing cost challenges faced by rural and northern communities in Ontario. Costs can be higher in more rural communities due to:

- Less existing transportation infrastructure,
- Fewer economies of scale,
- Longer distances travelled by materials and professionals,
- Shorter construction seasons (in the North),
- Fewer suppliers,
- More complex geographies,
- Bigger economic swings due to less diversified economies, and
- Smaller populations.³⁶

Many of these challenges can increase the costs of development, as well as create obstacles for the construction of growth-related infrastructure.

III.iv. Rent

The discussion document identifies a number of issues the government has heard about rental housing and landlord/tenant relations. For example:

- There is a shortage of affordable rental housing, especially in northern and rural communities;
- Some small landlords claim that requirements on landlords under the *Residential Tenancies Act, 2006* are onerous; and
- Creating new legal secondary units in existing dwellings is difficult because of Building Code requirements and local by-laws.

As noted above in Section II, MFOA supports full communities with a full range of housing options that are affordable as well as communities that provide

³⁶ Woodrow, Maureen, [Challenges to Sustainability in Northern Ontario](#), Environmental Commissioner of Ontario, May, 2002.

employment and supportive public infrastructure and services to serve diverse communities in Ontario. This includes adequate rental housing choices for individuals, couples and families in all parts of Ontario.

We recognize, however, the additional difficulties in getting rental housing into northern and rural communities. Barriers include the difficulty for developers to find financing for rental housing, the smaller size of development coupled with the complexity of financing arrangements, the limited number of specialist developers in rural communities, and the availability of water/wastewater systems with needed capacity.³⁷

How can we make the current system work better for landlords?

Being a landlord is a complex undertaking that requires expertise in a wide range of skills including an understanding of:

- Statutory obligations and municipal by-laws
- Landlord Tenant Board procedures and documents
- Insurance
- Accounting
- Property management and maintenance
- Relationship management, including tenant communications strategies with tenants who might have challenges paying rent or meeting other obligations
- Dispute resolution mechanisms

In addition to these and other skills, landlords work in a changing environment. For example, the legalization of cannabis and changing provisions related to rent controls in Ontario are just two recent examples of challenges with which landlords, and tenants, will have to adjust.

The current system can be made to work better for landlords through a system of landlord education. Large landlords are likely well organized and resourced to undertake the various activities noted above. However, smaller landlords might benefit from services designed to educate and provide best practices on the range of issues landlords and their tenants face. There are organizations that already provide resources and education for landlords.

What additional protections should be provided for tenants?

We are aware of a number of recent initiatives to enhance protections for tenants. For example, easy to understand leases for landlords of most private

³⁷ Paddison, Laura, "[America's Affordable Housing Crisis isn't Just Hitting Cities](#)", Huffington Post, October 2, 2018.

residential rental units can help tenants understand their obligations and rights.³⁸ Provincial initiatives to disseminate information on tenant rights is also useful.

Helping tenants with understandable leases and streamlined procedures for landlord tenant disputes is laudable, significant issues for many tenants are not addressed through such mechanisms.

Some Ontarians are unable to find or pay for market based housing or rental units given their incomes. Others require social service supports to live independently in their housing. The provision of these supports is not the responsibility of landlords but of government at all three levels in Canada (i.e. federal, provincial and municipal). Recent initiatives in Ontario and from the Canada Mortgage and Housing Corporation (CMHC) have recognized the need to view housing in a comprehensive fashion that includes public, private and non-profit stakeholders in providing solutions.

How do we encourage homeowners to create legal second units and new rental supply?

MFOA supports creative housing solutions and a range of housing options that can include legal second units on or in existing properties. Municipalities should be encouraged to work with various groups to see if such housing is workable in their communities. However, second units must not by-pass Building Code requirements and municipal by-laws intended to provide for the health and safety of tenants. Any efforts to streamline the process of creating second units should not be done by reducing the review and approval powers of municipal planning staff or building officials. Second units should also not be exempt from DCs since second unit occupants generate growth-related capital needs.

III.v. Innovation

The consultation document seeks other creative ideas to help increase the supply of housing, offering up the following examples:

- Innovative forms of home ownership;
- State of the art building designs and materials;
- Creative building design ideas to improve the quality of the community.

In addition, the government is interested in gathering input on other issues that people face when trying to find or afford a home, including issues faced by new home buyers.

MFOA supports innovation in housing whether it involves innovative materials, designs, planning, financing or public sector supports for homeowners and renters. However, as a finance organization, MFOA defers to others on matters such as building industry innovation, new ownership forms, and the like. We

³⁸ Ontario, [Renting in Ontario: Your rights](#)

support a number of recent initiatives that will result in innovation and benefits for those looking for housing.

As noted several times in this paper, our view is that the most significant innovations will be in the development of creative housing strategies that specifically address issues of housing mix, location and affordability for all incomes and housing needs. These strategies emphasize partnerships and working with development industry leaders to expedite new approaches to the provision of housing and more efficient use of existing infrastructure. The strategies that will emerge in municipalities that pursue them will be varied, as the circumstances they face will be different. However, without focusing on these issues and making them policy priorities, it is less likely a change in an approval process will produce the results we want from a holistic housing approach.

IV. Conclusion

Numerous questions raised in the consultation paper are best dealt with by municipal planners and building code officials. MFOA supports efforts to streamline approvals, promote affordable housing and promote innovation. However, we also caution that municipal powers to promote sound planning and protect the public interest not be eroded as we adopt new policies and approaches.

Our most pressing concern in the current debate deals with infrastructure financing. We are concerned about any new initiative that would reduce development charge revenues by expanding mandatory exemptions or other means. Further, development charges do not drive house prices. Therefore, reducing DCs will not reduce house prices. **Reducing development charges, however, will reduce municipal revenues and negatively impact a municipality's ability to finance growth-related capital works and negatively affect its long-term sustainability.** A reduced ability to finance growth-related works will only serve to delay or halt development and exacerbate housing supply problems. We conclude by repeating our position on development charges:

- Growth should pay for growth;
- There should be no ineligible services under the DCA;
- There should be no service “discounts”;
- Service levels should be forward looking and not based on historic service averages;
- There should be no new mandatory development charge exemptions.

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

**TITLE: STATEMENT OF REMUNERATION AND EXPENSES FOR
MEMBERS OF COUNCIL AND COUNCIL APPOINTMENTS TO
BOARDS AND OTHER BODIES FOR THE YEAR 2018**

FROM:

Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

To report the Statement of Remuneration and Expenses for Members of Council and Council appointments to Boards and other Bodies for the year 2018.

Report Highlights

- The *Municipal Act, 2001* requires that, in each year on or before March 31, the Treasurer provide Council with the Statement of Remuneration and Expenses paid in the previous year to members of Council and Council appointed members of Boards and other Bodies.
- A mandatory item of the statement is to identify the by-law under which the remuneration and or expenses were authorized.
- The attached schedule shows remuneration and expenses paid for the year ended December 31, 2018.

Recommendations

1. That the report titled Statement of Remuneration and Expenses for Members of Council and Council Appointments to Boards and Other Bodies for the Year 2018, be received.

Background

Section 284(1) of the *Municipal Act, 2001* requires that:

“The Treasurer of a municipality shall in each year on or before March 31 provide to the council of the municipality an itemized statement on remuneration and expenses paid in the previous year to,

- (a) each member of council in respect of his or her services as a member of the council or any other body, including a local board, to which the member has been appointed by council or on which the member holds office by virtue of being a member of Council;
- (b) each member of council in respect of his or her services as an officer or employee of the municipality or other body described in clause (a); and
- (c) each person, other than a member of council, appointed by the municipality to serve as a member of any body, including a local board, in respect of his or her services as a member of the body.”

Previous Reports/Authority

[2017 Report](#)

Analysis and Options

This report supports the Council Priorities, in particular to continue to advance a culture of excellence in governance.

The Municipal Act, Section 284(1) requires that the Treasurer of every municipality submit a Statement of Remuneration and Expenses, for the preceding year, paid to the Members of Council and Council appointments to Boards and other Bodies. A mandatory item of the statement is to identify the by-law under which the remuneration and or expenses were authorized.

The Municipal Act, Section 283(1) provides authority for the Remuneration and Expenses to Council, Boards and other Bodies. The Remuneration and Expenses of Council are authorized by By-Law Number 251-2005 as amended, the Council Member Expense Policy, and the annual budget process. By-Law Number 88-2009 authorizes the remuneration of members for the Committee of Adjustment, By-Law Number 40-2007 for Heritage Vaughan, By-Law Number 41-2007 for Property Standards Committee, Confirming By-Law Number 053-2014 for Vaughan Holdings Inc. and Hydro Vaughan Energy Corp. Ontario Libraries Act Section 18 authorizes reimbursement of

proper travelling and other expenses of members. The Statement of Remuneration and Expenses paid during the year 2018 is attached.

Financial Impact

All Council expenses are within their individual approved 2018 budgets.

Broader Regional Impacts/Considerations

Regional remuneration and expenses for the Mayor and Regional Councillors are reported separately by the Region of York and therefore not included in the Statement of Remuneration provided by the City.

Conclusion

The Statement of Remuneration and Expenses for Members of Council and Council appointments to Boards and other Bodies for the year 2018 is presented, as per requirements of the Municipal Act, 2001, Section 284(1).

For more information, please contact:

Maggie Wang, Manager, Corporate Financial Planning & Analysis, Ext. 8029

Attachments

1. Statement of Remuneration and Expenses for Members of Council and Council appointments to Boards and other Bodies for the year 2018.

Prepared by

Greg Eleftheriou, CPA, CMA, Senior Corporate Financial Planning Analyst
Maggie Wang, MBA, CPA, CGA, A.I.M.A.,
Manager, Corporate Financial Planning & Analysis
Ext 8029

City of Vaughan

STATEMENT OF REMUNERATION AND EXPENSES FOR MEMBERS OF COUNCIL AND
COUNCIL APPOINTMENTS TO BOARDS AND OTHER BODIES FOR THE YEAR 2018

<u>COUNCIL</u> By-Law # 251-2005 as amended ⁽¹⁾	Remuneration	Benefits	Total Compensation	Expenses ⁽²⁾	Sub-Total	Other Charges	Total ⁽³⁾
Mayor Bevilacqua	128,619.12	31,464.97	160,084.09	71,114.40	231,198.49	0.00	231,198.49
Regional Councillor Jackson	6,686.34	2,482.95	9,169.29	6,858.88	16,028.17	0.00	16,028.17
Regional Councillor Ferri	88,260.00	21,117.37	109,377.37	72,156.72	181,534.09	0.00	181,534.09
Regional Councillor Rosati	80,236.08	9,320.55	89,556.63	58,129.58	147,686.21	0.00	147,686.21
Regional Councillor Singh	83,044.33	18,465.06	101,509.39	68,733.40	170,242.79	0.00	170,242.79
Councillor Iafrate	73,858.34	23,156.57	97,014.91	45,915.99	142,930.90	0.00	142,930.90
Councillor Carella	80,236.08	9,320.55	89,556.63	43,722.17	133,278.80	0.00	133,278.80
Councillor DeFrancesca	80,236.08	24,299.12	104,535.20	52,504.24	157,039.44	0.00	157,039.44
Councillor Yeung Racco	80,236.08	24,299.12	104,535.20	47,054.87	151,590.07	0.00	151,590.07
Councillor Shefman	80,236.08	20,543.75	100,779.83	47,945.89	148,725.72	0.00	148,725.72

(1) As amended through By-Law # 316-2007, Confirming By-Law # 023-2013 (Finance & Administration Committee Item 4, Report No. 14 adopted by Council on December 11, 2012) & Confirming By-Law # 177-2013 (Committee of the Whole (Closed) Item 5, Report No. 53 adopted by Council on December 10, 2013)

(2) Corporate shared costs not included in these amounts. Expenses are net of any sponsorships received.

(3) All Council expenses are within their individual approved budget

COMMITTEE OF ADJUSTMENT
By-Law No. 88-2009 & Confirming By-Law*

	Remuneration	Expenses
Sue Perrella	4,200.00	-
Hao Zheng	4,200.00	-
Robert Buckler (Vice-Chair)	4,000.00	-
Joe Cesario (Chair)	5,114.00	-
Mary Mauti	4,034.00	-

No benefits applied to non employees

* Confirming By-Law 022-2015 (Committee of the Whole Item 10, Report No. 2 adopted by Council on January 20, 2015)

HERITAGE VAUGHAN
By-Law No. 40-2007 & Confirming By-Law**

	* Remuneration	Expenses
Tony Marziliano (Chair)	420.00	-
Christine Radewych (Vice-Chair)	350.00	-
Frank Alaimo	200.00	-
Robert M. Brown	250.00	-
Sandra Colica	350.00	-
Lelio DeCicco	50.00	-
David Grossman	-	-
Nick Pacione	350.00	-
Fadia Pahlawan	100.00	-
Giacomo Parisi	350.00	-
Pankaj Sandhu	250.00	-
Antonella Strangis	250.00	-
Claudio Traverso	250.00	-
Henry Xu	300.00	-
Councillor Rosanna DeFrancesca	-	-
Councillor Alan Shefman	-	-

* Members of Council are excluded from honorarium payments.

No benefits applied to non employees

** Confirming By-Law 022-2015 (Committee of the Whole Item 10, Report No. 2 adopted by Council on January 20, 2015)

PROPERTY STANDARDS COMMITTEE
By-Law No. 41-2007 & Confirming By-Law*

	Remuneration	Expenses
Nancy Van Kessel (Chair)	60.00	-
David Fogel	110.00	-
Vince Martino	50.00	-
Brian Risman	50.00	-
Mae-Tuin Seto	100.00	-

No benefits applied to non employees

* Confirming By-Law 022-2015 (Committee of the Whole Item 10, Report No. 2 adopted by Council on January 20, 2015)

VAUGHAN PUBLIC LIBRARY BOARD
Ontario Libraries Act & Confirming By-Law*

	Remuneration	Mileage Expenses
Mubarak Ahmed	-	-
Lynne Axmith	-	54.97
Ralph Cinelli	-	-
Councillor Rosanna DeFrancesca	-	-
Ugo Di Federico	-	126.58
Councillor Mario Ferri	-	-
Maya Goldenberg	-	54.86
Councillor Marilyn Iafrate	-	-
Manjit Kaur	-	-
Jane Kelly	-	73.45
Steve Kerwin	-	133.21
Palma Pallante	-	-
Loreta Pavese	-	82.97
Cristina Rizzuto	-	-
Suri Rosen	-	-
Devender Sandhu (Chair)	-	2,500.00
Rose Savage (Vice Chair)	-	-
Gary Thompson	-	-
Councillor Sandra Yeung Racco	-	-

* Confirming By-Law 022-2015 (Committee of the Whole Item 11, Report No. 2 adopted by Council on January 20, 2015)

VAUGHAN HOLDINGS INC
By-Law No. 053-2014

	Remuneration	Benefits	Expenses
Maurizio Bevilacqua	13,750.00	268.13	-
Mario Ferri	14,000.00	273.00	-
Gino Rosati	14,000.00	273.00	-
Sunder Singh	12,625.00	246.19	-
Marilyn Iafrate (Chair)	15,854.24	309.16	-
Tony Carella (Vice-chair)	15,700.16	306.15	-
Rosanna DeFrancesca	14,000.00	273.00	-
Sandra Yeung Racco	14,000.00	273.00	-
Alan Shefman (Second Chair)	14,000.00	273.00	-

HYDRO-VAUGHAN ENERGY CORP.
By-Law No. 053-2014

	Remuneration	Benefits	Expenses
Mario Ferri	5,000.16	97.50	-
Gino Rosati	5,000.16	97.50	-
Sunder Singh	4,583.26	89.37	-
Marilyn Iafrate	4,999.92	97.50	-
Tony Carella	6,499.92	126.75	-
Rosanna DeFrancesca	5,000.16	97.50	-
Sandra Yeung Racco	5,000.16	97.50	-
Alan Shefman	5,749.92	112.12	-

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

TITLE: PROCUREMENT ACTIVITY REPORT – Q4 2018

FROM:

Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

This report provides details of the Procurement Activities undertaken in Q4 2018.

Report Highlights

- Total procurement spend for Q4 2018 was \$20.7 million.
- 89 contracts were awarded for \$17.5 million.
- Departments processed an additional \$1.2 million in PCard transactions and \$1.9 million in Low Dollar Module purchases.
- The City participated in one (1) Co-operative contract with the York Purchasing Co-operative (YPC) totaling \$103,400.
- Average cycle time to award contracts improved by 7.1 business days, or 10.1%, when compared to the first quarter.

Recommendations

1. The Q4 2018 Procurement Activity Report be received.

Background

This report has been prepared in compliance with the City's Corporate Procurement Policy.

The Policy sets out the Delegation of Authority to Award at various levels of the organization for procurement related activities, and requires the Director of Procurement Services to report the awards to Council on a quarterly basis.

The following table provides a summary of the Delegation of Award Authority per the Policy.

	Competitive Procurement	Non-Competitive Procurement		
	Tenders/RFP/RFQ	Sole Source	Single Source	Emergency
Manager	≤\$25,000	Nil	Nil	≤\$10,000
Director	\$25,001-\$100,000	≤\$25,000	≤25,000	≤25,000
Deputy City Manager/ Chief	\$100,001-\$500,000	\$25,001-\$50,000	\$25,001-\$50,000	\$25,001-\$50,000
City Manager	>\$500,000	>\$50,000	\$50,001-\$100,000	>\$100,000
Council	Quarterly Reporting		>\$100,000	

Previous Reports/Authority

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=8787>

Item 6, Report No. 29, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2018.

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=8789>

Item 7, Report No. 29, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2018.

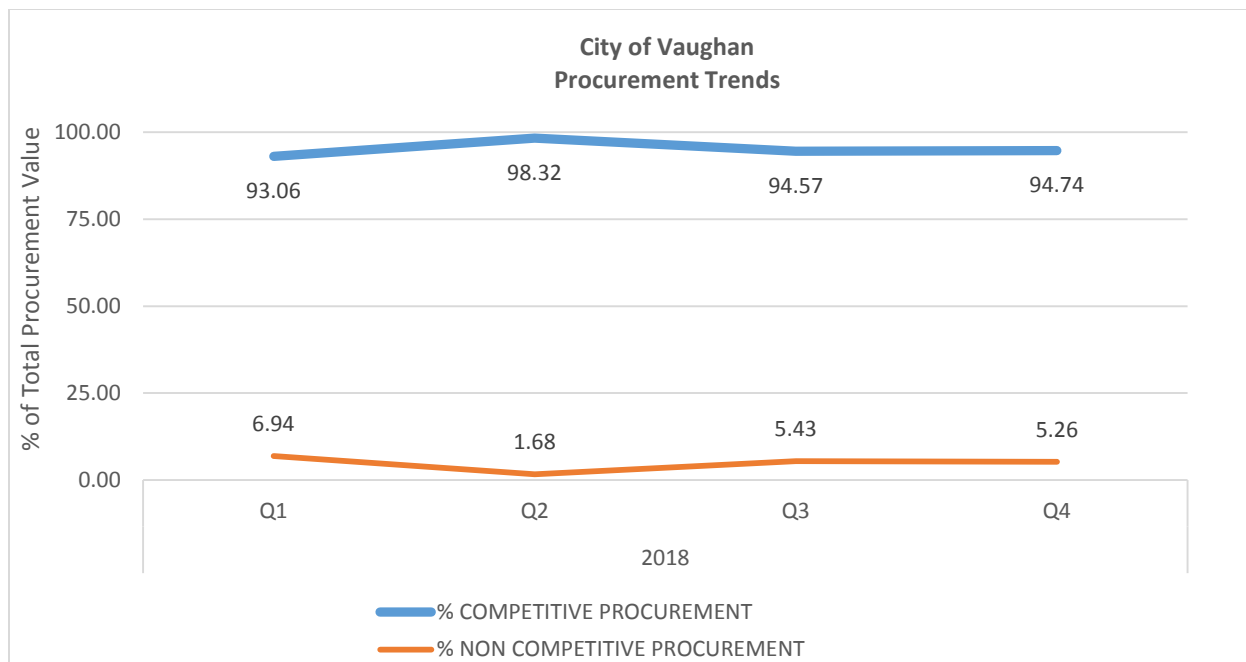
Analysis and Options

89 Procurement contracts worth \$17.5 million were processed in the fourth quarter

Procurement Services processed 50 competitive bids valued at \$16.6 million and 39 non-competitive bids valued at \$0.9 million. Competitive bids comprise 94.74 per cent of the total approved award value, while Non-Competitive bids account for 5.26 per cent.

Competitive procurement values expressed as a percentage of total procurement spend has increased from 93.06 per cent in the first quarter to 94.74 percent in the fourth quarter, representing a 1.81 percentage increase.

The following chart shows the Fiscal 2018 Competitive vs Non-Competitive trends, expressed as a percentage of the total procurement value.



Q1 and Q2 adjusted for Council-approved Single Source awards for supply/delivery of VFRS Fire Apparatus

Procurement Services will continue to work with client departments to further improve the competitive procurement awards, while reducing the non-competitive spend.

Attachment 1 provides a breakdown of the 89 procurements by type, and by delegated authority, that were awarded during the fourth quarter.

Attachment 2 categorizes the 89 procurements by Portfolio/Office, and by procurement type, that were awarded during the fourth quarter.

Attachment 3 summarizes the competitive and non-competitive procurement activity for the fourth quarter and year-to-date ending December 31, 2018.

Departments processed an additional \$1.2 million in Purchasing Card (PCard) transactions

To provide City employees with the flexibility to conduct day-to-day business, departments have the authority to purchase low value goods and services using PCards. As of December 31, 2018, there were 268 approved PCard holders throughout the City of Vaughan and Vaughan Public Libraries, compared to 279 PCard Holders during the first quarter.

The City of Vaughan implemented the PCard Program to transition from manual-intensive processes to a more efficient and cost-effective method of purchasing low value goods and services, reducing overall transaction time while improving transparency, visibility, monitoring and reporting.

During the fourth quarter, departments processed 3,079 PCard transactions worth \$1.2 million, averaging \$389 per transaction. Analysis shows that over 80 percent of the PCard transactions were primarily for low value operating supplies, advertising, professional memberships, training, seminars and travel-related services.

As a result, the City has realized administrative and transactional savings through the significant reduction of cheque payments to multiple vendors, and to employees for reimbursements of out-of-pocket costs.

Departments processed an additional \$1.9 million in Low Dollar Module (LDM) Purchase Orders

LDMs were introduced on April 1, 2017 for the purpose of providing departments operational efficiency to acquire low value, non-recurring, purchases.

During the fourth quarter, there were 1,915 LDM purchase orders issued, totaling \$1.9 million with an average of \$992 per transaction. Over 60 percent of the LDM procurements were for materials and supplies. The remaining 40 percent relates to vehicle maintenance and repairs, furniture and equipment purchases and training and development fees. Procurement Services staff continue to review and monitor these transactions with client departments to determine if alternative procurement methods could be considered.

The introduction of LDM Purchase Orders through JDE has provided a more robust reporting tool, allowing the distribution of monthly reports to departments with information on their LDM purchases. It also provides Procurement Services with the ability to review the types of procurements made, and engage in meaningful conversations with departments regarding spend patterns and alternate procurement methods that could be thoughtfully considered. This will help facilitate the departments' procurement needs while leveraging the City's buying capacity to obtain the best value for money spent.

One (1) Co-operative contract valued at \$103,400 was awarded

The City may participate with other levels of government, municipalities, boards, agencies, commissions or public-sector entities where such plans are determined to be

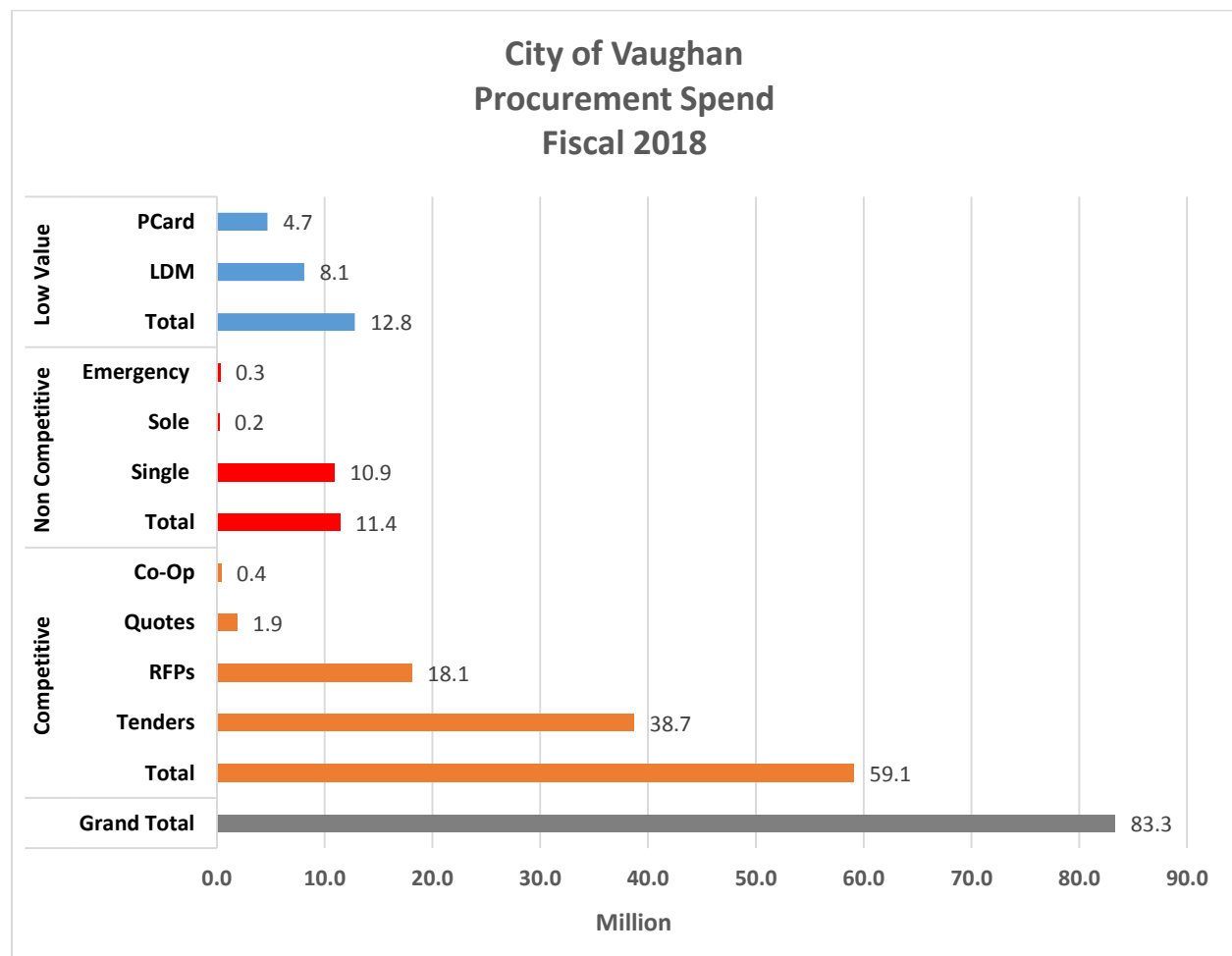
in the best interests of the City. Co-operative contracts are competitive procurements undertaken by other agencies. If the City participates with another organization, the City shall adhere to the policies of the organization calling the Co-operative bid.

During the fourth quarter, the City participated in one (1) Co-operative contract with the York Purchasing Co-operative (YPC). The Vendor, James Dick Construction Limited, will supply and deliver screened sand for the City of Vaughan, for a three (3) year contract term, with an option for two (2), additional one (1) year terms.

Attachment 4 provides a summary of Other Procurement Activity for the fourth Quarter and year-to-date ending December 31, 2018.

Total Procurement spend for Fiscal 2018 was \$83.3 million

The Procurement spend for Fiscal 2018 included Competitive awards worth \$59.1 million, Non-Competitive awards worth \$11.4 million and Low Value Purchases worth \$12.8 million.



Average cycle time to award contracts improved by 7.1 business days, or 10.1%, when compared to the first quarter.

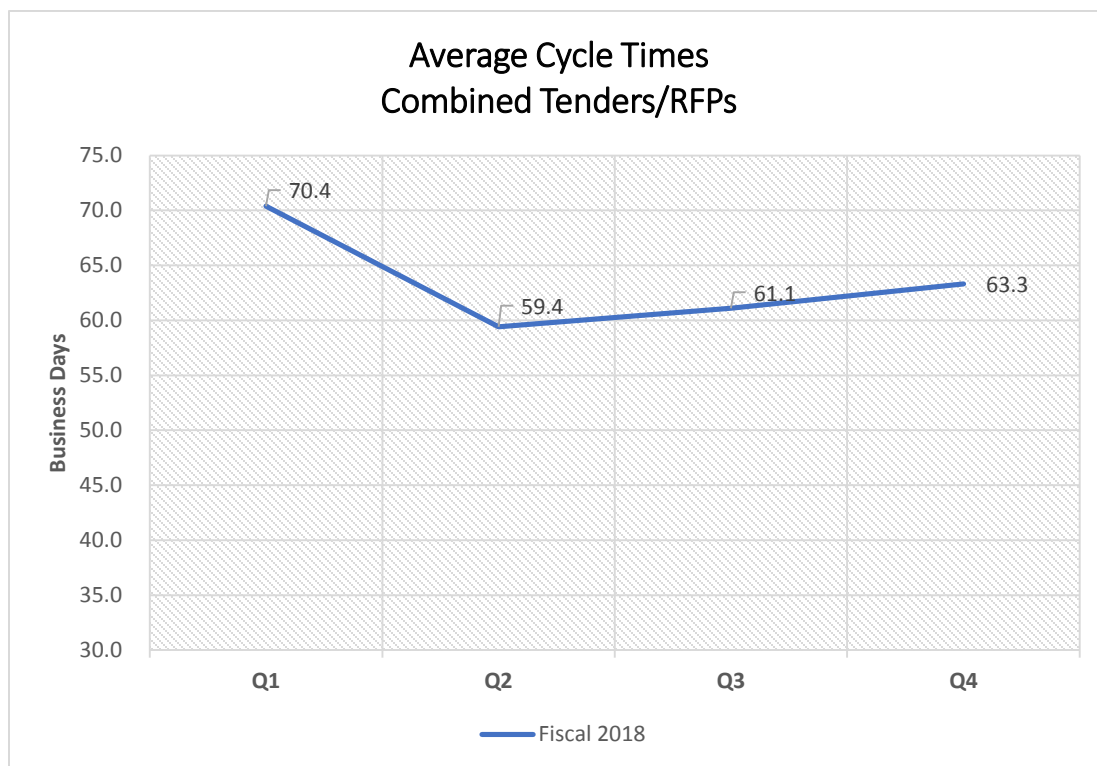
The Council-approved revised Corporate Procurement Policy, with the new delegation of award authority, enabled the City to procure and award its goods, services and construction within shorter timeframes.

The fourth quarter average cycle time to award Tenders and Request for Proposals (RFPs) contracts improved by 7.1 business days, or 10.1%, when compared to the first quarter. The improvement was primarily driven by a 26.1% decrease in average bid close to contract award time; from 44.5 business days in Quarter 1 to 32.9 business days in Quarter 4.

Procurement Services will continue to work with client departments to further improve the cycle time to award contracts and improve project deliver time.

The Fiscal 2018 quarterly cycle time trends are depicted in Graph 1.

Graph 1: Combined Tenders/RFPs Average Cycle Times



Average Cycle Time: Average business days from receipt of approved specs to contract award

Financial Impact

There is no financial impact resulting from receipt of this report.

Broader Regional Impacts/Considerations

There are no impacts to other governments/organizations resulting from the receipt of this report.

Conclusion

This report has been prepared in compliance with the Procurement Policy approved by Council April 1st, 2017.

For more information, please contact:

Asad Chughtai, Director of Procurement Services, ext. 8306.

Attachments

1. Attachment 1: Procurement Activity – Procurements by Type, and by Delegated Authority, Awarded During the Fourth Quarter
2. Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Fourth Quarter
3. Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for the Fourth Quarter and Year-to-Date Ending December 31, 2018
4. Attachment 4: Other Procurement Activity – Fourth Quarter and Year-to-Date Ending December 31, 2018

Prepared by

Mary DiGiovanni, Manager, Business Support and Supplier Relationship, ext. 8020.
Nick LaRocca, Business Analyst, ext. 8018.

Attachment 1: Procurement Activity – Procurements by Type, and by Delegated Authority, Awarded During the Fourth Quarter

Procurement Type		City Manager	Deputy City Manager /Chief	Director	Manager	VPL Board	Total
Tender	\$	5,566,456	1,842,567	445,916			7,854,939
	#	7	9	4			20
Request for Proposal	\$		1,282,185		246,700	6,700,000	8,228,885
	#		6		1	2	9
Request for Quote	\$			343,416	138,460		481,876
	#			6	12		18
Request for Pre-Qualification	\$			0			0
	#			2			2
Request for Information	\$				0		0
	#				1		1
Competitive	\$	5,566,456	3,124,752	789,332	385,160	6,700,000	16,565,700
	#	7	15	12	14	2	50
Sole Source	\$			79,416			79,416
	#			9			9
Single Source	\$	178,000	212,674	279,851			670,525
	#	3	5	20			28
Emergency Purchase	\$	109,750	56,683				166,433
	#	1	1				2
Non-Competitive	\$	287,750	269,357	359,267	0	0	916,374
	#	4	6	29	0	0	39
Grand Total	\$	5,854,206	3,394,109	1,148,599	385,160	6,700,000	17,482,074
	#	11	21	41	14	2	89

Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Fourth Quarter

Portfolio/Office		Tender	Request for Proposal	Request for Quote	Request for Pre- Qualification	Request for Information	Sole Source	Single Source	Emergency Purchases	Grand Total
City Manager	\$									0
	#									0
Public Works Portfolio	\$	5,948,950	946,244	123,785	0		36,186	219,809	166,433	7,441,407
	#	13	3	5	1		4	10	2	38
Planning & Growth Management Portfolio	\$	1,460,073	129,840				12,000	116,820		1,718,733
	#	3	1				1	4		9
Community Services Portfolio	\$	113,278	200,840	224,832		0	7,920	106,900		653,770
	#	3	2	6		1	1	5		18
Corporate Services Portfolio	\$	332,638		103,104	0			102,166		537,908
	#	1		4	1			4		10
City Solicitor	\$									0
	#									0
Office of the Chief Corporate Initiatives & Intergovernmental Relations	\$						15,940	58,500		74,440
	#						2	2		4
Office of the Chief Financial Officer & City Treasurer	\$		251,961					11,700		263,661
	#		1					1		2
Transformation & Strategy	\$									0
	#									0
Vaughan Public Libraries	\$		6,700,000	30,155			7,370	5,100		6,742,625
	#		2	3			1	1		7
Integrity Commissioner/Lobbyist Registrar	\$							49,530		49,530
	#							1		1
Grand Total	\$	7,854,939	8,228,885	481,876	0	0	79,416	670,525	166,433	17,482,074
	#	20	9	18	2	1	9	28	2	87

Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for the Fourth Quarter and Year-to-Date Ending December 31, 2018

Bid Type	Q4 2018		Year-to-Date	
	No. of Awards	Value (\$)	No. of Awards	Value (\$)
Competitive				
Tenders	20	7,854,939	61	38,651,486
RFPs	9	8,228,885	39	18,046,314
Quotes	18	481,876	82	1,959,804
RFPQ (VOR)	2	0	9	0
RFEOI	0	0	0	0
RFI	1	0	5	0
Sub-Total Competitive	50	16,565,700	196	58,656,603
Non-Competitive				
Sole Source	9	79,416	22	265,770
Single Source	28	670,525	99	10,859,201
Emergency Procurement	2	166,433	9	289,110
Sub-Total Non-Competitive	39	916,374	130	11,414,081
Total	89	17,482,074	326	70,070,684

Attachment 4: Other Procurement Activity – Fourth Quarter and Year-to-Date Ending December 31, 2018

Low Value Purchases	Q4 2018		Year-to-Date	
	#	Value (\$)	#	Value (\$)
Low Dollar Module (LDM) Purchase Orders	1,915	1,941,421	8,071	8,057,521
Purchasing Card Transactions	3,079	1,192,300	12,114	4,749,062

York Region	Q4 2018		Year-to-Date	
	#	Value (\$)	#	Value (\$)
York Purchasing Co-Operative	1	103,400	2	379,084