

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

**Monday, May 6, 2019**

**9:30 a.m.**

**Committee Rooms 242/243**

**2nd Floor, Vaughan City Hall**

**2141 Major Mackenzie Drive**

**Vaughan, Ontario**

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	<b>Pages</b>
<b>1. CONFIRMATION OF AGENDA</b>	
<b>2. DISCLOSURE OF INTEREST</b>	
<b>3. COMMUNICATIONS</b>	
<b>4. DETERMINATION OF ITEMS REQUIRING SEPARATE DISCUSSION INCLUDING MEMBERS RESOLUTION(S)</b>	
1. INTERNAL AUDIT REPORT - 2018 ANNUAL REPORT Report of the Director of Internal Audit with respect to the above.	3
2. MASTER FIRE PLAN 2018-2028 IMPLEMENTATION STRATEGY Report of the Deputy City Manager, Community Services with respect to the above.	45
3. BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2018 Report of the Deputy City Manager, Planning and Growth Management with respect to the above.	49
4. FISCAL HEALTH REPORT – FOR THE YEAR ENDING DECEMBER 31, 2018 Report of the Chief Financial Officer and City Treasurer with respect to the above.	53
5. SHORT-TERM RENTAL REGULATION Report of the Deputy City Manager, Community Services with respect to the above.	83

6.	THE LONG-TERM WATER FINANCIAL PLAN, 2020-2031 AS PART OF THE MUNICIPAL DRINKING WATER LICENCE RENEWAL Report of the Interim Deputy City Manager, Public Works and the Chief Financial Officer and City Treasurer with respect to the above.	106
7.	SUMMARY OF LEASE AND LICENCE AGREEMENTS OPERATING IN CITY OWNED FACILITIES Report of the Deputy City Manager, Community Services with respect to the above.	129
8.	CAPITAL BUDGET AMENDMENT FOR FL-5411-18 - REPLACEMENT FORESTRY BUCKET TRUCK WITH CHIPPER BODY; AND, FL-5215- 19 - PKS-ADDITIONAL 2 TON 4X4 CREW CAB DUMP TRUCK Report of the Interim Deputy City Manager, Public Works with respect to the above.	136
9.	MAYOR MAURIZIO BEVILACQUA'S 2018-2022 TERM OF COUNCIL PRIORITY TASK FORCES Resolution of Mayor Maurizio Bevilacqua with respect to the above.	141
10.	COUNCIL STAFF RELATIONS POLICY Report of the Deputy City Manager, Corporate Services with respect to the above.	143
5.	<b>ADOPTION OF ITEMS NOT REQUIRING SEPARATE DISCUSSION</b>	
6.	<b>CONSIDERATION OF ITEMS REQUIRING SEPARATE DISCUSSION</b>	
7.	<b>PRESENTATIONS AND DEPUTATIONS</b>	
8.	<b>CONSIDERATION OF STATUTORY/AD HOC COMMITTEE REPORTS</b>	
9.	<b>NEW BUSINESS</b>	
10.	<b>CLOSED SESSION RESOLUTION FOR COMMITTEE OF THE WHOLE (CLOSED SESSION)</b>	
11.	<b>ADJOURNMENT</b>	

ALL APPENDICES ARE AVAILABLE FROM THE CITY CLERK'S OFFICE  
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AND VIDEO BROADCAST

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## Finance, Administration and Audit Committee Report

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: INTERNAL AUDIT REPORT – 2018 ANNUAL REPORT**

**FROM:**

Kevin Shapiro, Director of Internal Audit

**ACTION:** FOR INFORMATION

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**Purpose**

This report outlines the activities of the Internal Audit Department for the period January 1 through December 31, 2018. It is not a report on the results of the audits conducted, as this information is presented separately throughout the year.

**Report Highlights**

- The Internal Audit Department provides independent, objective assurance and consulting activity designed to add value and improve the City's operations.
- Internal Audit helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- Internal Audit's functional reporting relationship to Council through FA&A helps ensure that the department is free to work independently and objectively.
- The Internal Audit Department continues to be able to carry out its activities free from interference and remains organizationally independent.
- Any threats to the Internal Audit Department's independence or objectivity, whether perceived or actual, will be managed at the individual auditor, engagement, functional, and organizational levels, and be brought to the attention of Council should it occur.

**Recommendations**

1. That the attached report, Internal Audit Department 2018 Annual Report be received.

## **Background**

In accordance with the City's Internal Audit Policy, an annual report shall be submitted to the Finance, Administration and Audit Committee outlining the annual activities of the Internal Audit Department.

## **Previous Reports/Authority**

Not applicable.

## **Analysis and Options**

The report covers several topics, including:

- An overview of the Internal Audit Department's purpose, governance structure and organizational interrelationships.
- An update on the Department's status as it relates to completing the projects on the 2015 – 2018 Internal Audit Risk Based Work Plan, staffing, meeting deliverables and performance management.
- An analysis of common themes and issues from prior audit reports.
- The annual update on the status of completed and outstanding management action plans to address audit report recommendations.
- The Anonymous Reporting System annual update, including a summary of the issues raised, trend analysis and performance comparison against the NAVEX Global Benchmark.

## **Financial Impact**

There are no direct economic impacts associated with this report.

## **Broader Regional Impacts/Considerations**

Not applicable.

## **Conclusion**

The Internal Audit Department continues to be able to carry out its activities free from interference and remains organizationally independent.

Any threats to the Internal Audit Department's independence or objectivity, whether perceived or actual, will be managed at the individual auditor, engagement, functional, and organizational levels, and be brought to the attention of Council should it occur.

In 2019, Internal Audit will conduct the scheduled engagements as per the Council approved Internal Audit Risk Based Work Plan, which provides a combination of risk and control advice and assurance designed to add value and improve the City's operations.

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

### **Attachments**

1. Internal Audit Report – 2018 Annual Report

### **Prepared by**

Kevin Shapiro, Director of Internal Audit, ext. 8293



# INTERNAL AUDIT

**Annual Report:**

**January 2018 – December 2018**

**April 2019**

**TABLE OF CONTENTS**

<b>Purpose of Internal Audit</b>	3
<b>Internal Audit – Governance Structure</b>	3
<i>Functional Reporting Relationship</i>	3
<i>Administrative Reporting Relationship</i>	4
<i>Internal Audit Policy</i>	5
<i>Annual Declaration of Organizational Independence</i>	5
<i>Three Lines of Defense Model</i>	6
<i>Governance Interrelationships</i>	7
<b>Role and Expected Outcome of a Full Service Internal Audit Function</b>	8
<b>Measuring Performance</b>	9
<i>Service to Stakeholders</i>	10
<i>Technical Development</i>	14
<i>Staff Development</i>	15
<b>Common Themes and Issues – Analysis of 2018 Internal Audit Reports</b>	16

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

---

<b>Anonymous Reporting System – Annual Update</b>	17
<i>Background and Purpose</i>	17
<i>Performance Criteria</i>	17
<i>Report Volume per 100 Employees</i>	18
<i>Report Allegation Categories and Substantiation Rates</i>	18
<i>Reporter Follow-up Rate</i>	19
<i>Anonymous vs Named Reporters</i>	19
<i>Case Closure Time</i>	20
<b>Status of Management Action Plans – Annual Update</b>	21
<b>2015 – 2018 Internal Audit Work Plan Status and Schedule</b>	29
<b>Audit Client Survey Results</b>	Appendix A
<b>List of Completed Audit Projects and Status of MAPs</b>	Appendix B



## **INTERNAL AUDIT REPORT**

### **2018 ANNUAL REPORT**

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#### **PURPOSE OF INTERNAL AUDIT**

The Internal Audit Department provides independent, objective assurance and consulting activity designed to add value and improve the City's operations. The Department helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The department's core responsibilities are to conduct risk based operational and compliance audits and provide advisory services where requested.

The Internal Audit Department's activities support the City's Term of Council Service Excellence Strategy of "Good Governance".

#### **INTERNAL AUDIT – GOVERNANCE STRUCTURE**

Internal Audit reports functionally to Council through the Finance, Administration and Audit Committee (FA&A) of Council and administratively to the City Manager.

According to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Audit (Attribute Standards 1110 - Organizational Independence), the chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. Appropriate reporting lines are critical to achieve the independence, objectivity, and organizational stature for an internal audit function necessary to effectively fulfill its obligations. Reporting lines are also critical to ensuring the appropriate flow of information and access to key executives and managers.

#### **Functional Reporting Relationship:**

The functional reporting relationship to Council through FA&A helps ensure that the Internal Audit Department is free to work independently and objectively, and is ultimately responsible for ensuring that Internal Audit has the resources and access to information to enable it to fulfil its mandate. These functional responsibilities include:

- Approving the Internal Audit Charter and Internal Audit Risk Based Work Plan.
- Ensuring that Internal Audit is appropriately resourced, and has sufficient authority and standing to carry out its tasks effectively.
- Making appropriate inquiries of management and the Director of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- Ensuring that the Director of Internal Audit has direct access to the FA&A Chair and FA&A committee members, and is accountable to the Committee.
- Receiving communications from the Director of Internal Audit on the Department's activities relative to its risk based work plan and other related matters.
- Reviewing and monitoring management's responsiveness to audit findings and recommendations.

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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- Monitoring and assessing the quality and effectiveness of Internal Audit, and its role in the overall context of the City's governance framework.
- Approving decisions regarding the appointment and removal of the Director of Internal Audit.
- Approving the compensation of the Director of Internal Audit.

The Director of Internal Audit assists Council in fulfilling their functional responsibilities by:

- Reviewing the Internal Audit governance structure and attesting to the Department's organizational independence on an annual basis.
- Providing feedback on the sufficiency of internal audit resources through the Term of Council Risk Based Work Plan and through participation in the City's annual budgeting process.
- Providing briefing sessions to the Mayor and Members of Council on emerging risks.
- Presenting reports related to the Department's activities through FA&A.
- Providing an annual update on the status of all outstanding management action plans so that Council can review and monitor management's responsiveness.
- Providing an annual update on the effectiveness of the City's Anonymous Reporting System.
- Reporting annually on the Department's performance. This information can be used by Council to gauge the quality, efficiency and effectiveness of the Internal Audit Department and the Director of Internal Audit.

#### Administrative Reporting Relationship:

The administrative reporting relationship to the City Manager helps facilitate the day-to-day operations of the Internal Audit Department. This includes:

- Providing appropriate office space, supplies and equipment.
- Human Resources, Information Technology, and Purchasing support.
- Internal communications and information flow.
- Administration of the Internal Audit activity's policies and procedures.

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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#### Internal Audit Policy:

The Internal Audit Charter was developed and approved by FA&A on October 2012. The Charter was revised and renamed the Internal Audit Policy, and approved by Council in June 2014.

The Internal Audit Policy is a formal document that defines the Internal Audit Department's purpose, authority, and responsibility. It establishes the Internal Audit Department's position within the City, including the nature of the functional reporting relationship with Council; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The policy requires that it be reviewed at least once a year to ensure that it is up-to-date and effective. Based on the review Internal Audit conducted in December 2017 and December 2018, the policy remains effective. However, it should be updated to reflect Internal Audit's role with respect to administration of the City's Anonymous Reporting System. A revised Internal Audit Policy will be brought forward to a future FA&A meeting for consideration and approval.

#### Annual Declaration of Organizational Independence:

According to both the City's Internal Audit Policy and IIA Attribute Standards 1110 - Organizational Independence, the Director of Internal Audit must confirm to FA&A at least annually, the organizational independence of the internal audit activity. In addition, IIA standard 1110.A1 states that the "internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications."

***This statement confirms that the Internal Audit Department has been able to carry out its activities free from management interference and remains organizationally independent.***

***Any threats to the Internal Audit Department's independence or objectivity, whether perceived or actual, will be managed at the individual auditor, engagement, functional, and organizational levels, and be brought to the attention of the FA&A Committee should it occur.***

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

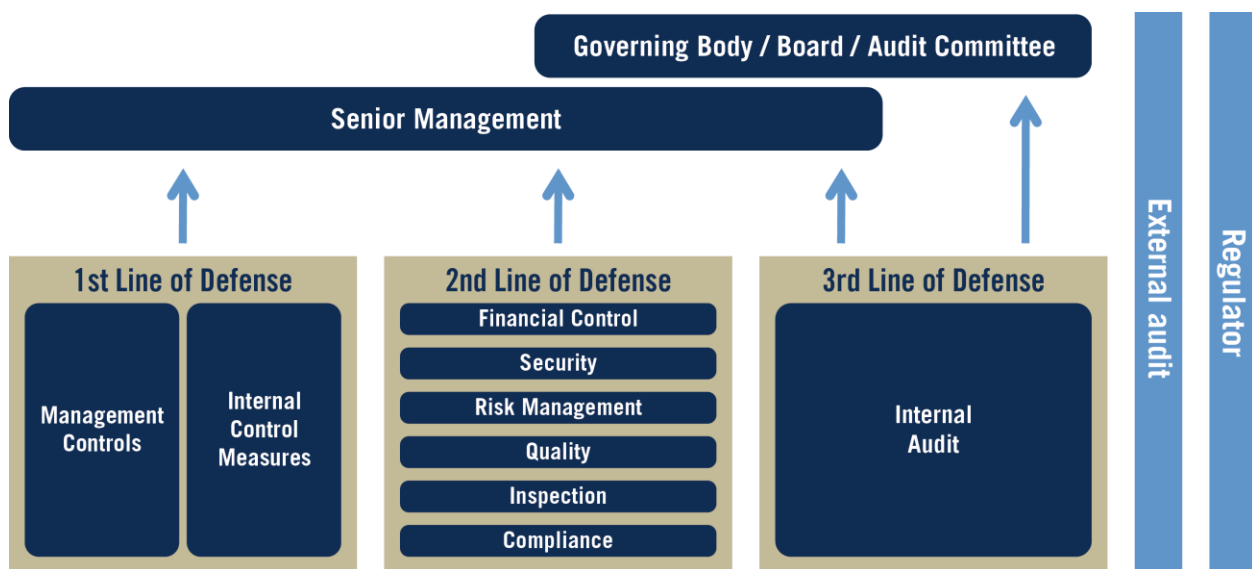
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#### Three Lines of Defense Model:

The IIA's Three Lines of Defense model helps illustrate the interrelationships of organizational risk and control.

The Model distinguishes among three groups (or lines) involved in effective risk management:

- Functions that own and manage risks.
- Functions that oversee risks.
- Functions that provide independent assurance.



According to the model, Council is responsible for providing direction to management with respect to the City's risk appetite. Council would delegate to the City Manager primary ownership, accountability, and responsibility for operational risk management and control. It is management's responsibility to provide direction to staff with respect to risk management and ensure that the City's activities are in line with the City's overall risk appetite.

Under the first line of defense, management would have ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

The second line of defense consists of activities covered by several components of internal governance. This line of defense monitors and facilitates the implementation of effective risk management practices by assisting management in reporting adequate risk related information up and down the organization.

Internal audit forms the City's third line of defense. Through a risk-based approach, Internal Audit provides assurance on how effectively the City assesses and manages its risks and the efficiency and effectiveness of the first and second lines of defense. Internal Audit is also well-placed and equipped to fulfil an advisory role on the coordination of assurance, effective

## INTERNAL AUDIT REPORT

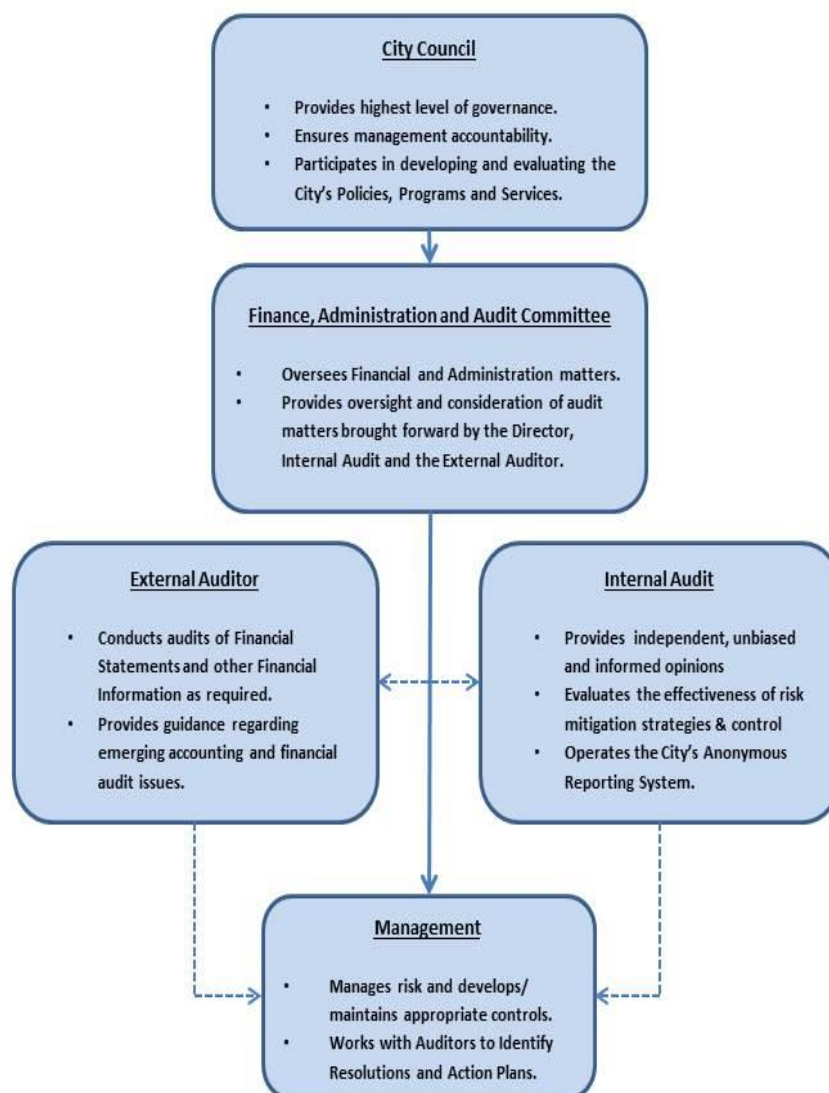
### 2018 ANNUAL REPORT

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ways of improving existing processes, and assisting management in implementing recommended improvements.

#### Governance Interrelationships:

The diagram below provides a high-level overview of the roles, responsibilities and the interrelationships of City Council, the Finance, Administration and Audit Committee, Management, the Internal Audit Function and the External Auditor. Each group, both individually and collectively supports the City in effectively meeting its goals while providing assurance that City operations are being managed under the principles of good governance, effective risk management, relevant and value-added controls and cost effectiveness.



**ROLE AND EXPECTED OUTCOME OF A FULL SERVICE INTERNAL AUDIT FUNCTION**

The following are the expected outcomes for a well-functioning internal audit function:

- Providing assurance that key risks that could harm the City are effectively managed.
- Providing assurance that key controls function as intended and support value to the City.
- Providing advice to City departments to help them develop risk mitigation strategies to better serve the public in service delivery.
- Providing education to support other departments in establishing and maintaining good governance, accountability and control.
- Supporting the City in its objective to maintain transparency and openness.

Internal Audit achieves these outcomes through two primary roles:

1. **Stewardship Role** – These are engagements and projects designed to provide reasonable assurance, through review of existing operations and processes, that the City is managing resources effectively and efficiently, is in compliance with policies and legislation and that controls are properly functioning as intended.
2. **Agent of Change Role** – This role is proactive and forward thinking consisting of engagements and projects that focus on strategic and operational risk and control. These are primarily advisory assignments that offer a better opportunity to serve the changing needs of the City and help support better management of organizational risk.

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

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**MEASURING PERFORMANCE**

The following table outlines the Internal Audit Efficiency and Effectiveness Performance Metrics:

Performance Measurement Category	Measures of Efficiency	Measures of Effectiveness	Measures of Efficiency and Effectiveness
Service to Stakeholders	<ul style="list-style-type: none"> <li>• Number of internal audit reports issued vs. planned engagements (100% initiation rate)</li> <li>• Anonymous Reporting System annual median case closure time (equal to or less than the NAVEX Global median average)</li> <li>• Average actual hours vs. budgeted hours, by project (target within 10%)</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of audit recommendations accepted by management (100% target)</li> <li>• Review of Internal Audit governance structure (annual)</li> <li>• Acknowledgement of organizational independence (annual)</li> <li>• Successfully passing the Institute of Internal Auditors Quality Assurance and Improvement Program External Assessment (every 5 years)</li> </ul>	<ul style="list-style-type: none"> <li>• Client survey scores (positive average result)</li> <li>• Corporate management team survey scores (positive average result)</li> <li>• FA&amp;A committee survey scores (positive average result)</li> </ul>
Technical Development		<ul style="list-style-type: none"> <li>• Number of hours spent in industry or other specialized training (minimum of 40 hours for Certified Internal Auditors and 20 hours for Certified Fraud Examiners)</li> <li>• Percent of auditors involved in professional organizations (100% target).</li> </ul>	
Staff Development	<ul style="list-style-type: none"> <li>• Tracking of development plan (plan vs. actual, on an annual basis)</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of auditors with professional certifications (100% target)</li> </ul>	

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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Internal Audit should effectively demonstrate its value as a key component of the City's governance framework and lead by example with strong, relevant and reliable performance measures. To maintain and enhance Internal Audit's credibility, its effectiveness and efficiency should be evaluated.

Both qualitative and quantitative metrics are important in demonstrating Internal Audit's performance.

Quantitative performance metrics are often based on existing or obtainable data and are easily understood. They often require less effort to collect and are readily comparable, year over year.

Qualitative metrics are often based on the collection of unique information through more time intensive methods such as survey research or interviews. They offer a broad view of performance on a range of topics that can provide depth to quantitative metrics.

#### Service to Stakeholders:

There are ten metrics under the Service to Stakeholders Performance Measurement category. Three of them are efficiency measures, four are effectiveness measures and three measures both efficiency and effectiveness.

#### ***Number of Internal Audit Reports Issued vs. Planned Engagements (100% Initiation Rate)***

The Term of Council Internal Audit Risk Based Work Plan for 2015 to 2018 was developed using a risk assessment process that combined financial, reputational, compliance and operational criteria.

Sources for determining risk and plan priorities included discussions with senior management, insight from Council, financial significance, current and emerging risks in the local government sector, high profile issues in other municipalities, staff requests, themes from previous audits and investigations and significant change initiatives.

Based on current staffing levels, the Risk Based Work Plan will typically include between six and ten projects a year. As internal auditing is a year-round activity, it is to be expected that some projects starting in the latter half of the year will extend into the next calendar year. However, it is expected that all projects will commence in the year that they are scheduled.

In 2018, six of the seven (86%) scheduled engagements were initiated. The time allocated to perform the Corporate Security Audit had to be repurposed to accommodate the additional resources required to finish the Water, Wastewater and Stormwater Audit. An update on the Water, Wastewater and Stormwater Audit was provided at the September 17, 2018 Committee of the Whole Closed Session.

Based on the resource constraints and in consultation with the Deputy City Manager (DCM) of Community Services, the decision was made to cancel the Corporate Security Audit. According to the DCM of Community Services, staff have engaged the services of a consultant to commence work on developing a Corporate Security Strategy & Implementation



## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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Plan. The scope for the Security Strategy is to provide direction and guidance for a security framework reflecting perspectives from across the City using a strategic approach.

A total of seven reports were completed, presented and approved by Council in 2018. There are five projects remaining from the 2015-2018 Work Plan that will be presented for approval in 2019. These include the Legal Services Audit (presented at FA&A on March 4 and approved by Council on March 19, 2019), Water, Wastewater and Stormwater Audit (scheduled to be presented to FA&A on June 5, 2019), Consulting and Professional Services Audit (scheduled to be presented to FA&A on October 7, 2019), and Facility Maintenance Services Audit (Q4). The Construction Audit of Fire Station #7-4 will encompass the complete lifecycle of the project. It is anticipated that audit reports will be issued after the completion of the Planning and Design, and Bid and Procurement Phases, Construction Phase and the Close Out Phase. The timing of these reports is dependent on the actual construction project timing. The audit of the Planning and Design and Bid and Procurement Phases was presented to FA&A on June 6 and approved by Council on June 19, 2018. The audit of the Construction Phase is estimated to be completed in Q4.

Internal Audit's role in advisory/consulting engagements is typically reported on by the process owner who engaged the service. In 2018, Internal Audit provided Project Risk Management Training sessions as part of the Corporate Project Management Office's Project Management Training Program. Internal Audit also supported the City Manager's Office by providing risk-based consulting services as it relates to the development and implementation of the City's Service Excellence Strategic Initiatives.

#### ***Anonymous Reporting System Annual Median Case Closure Time (Equal to or Less than the NAVEX Global Median Average)***

Since the system was launched, there have been significant year over year improvements in the ability to address reporter's concerns in a timely manner. In 2018, reports were investigated and closed 28.5 days faster than the Global Benchmark. The ability to investigate and close cases in a timely fashion helps foster a culture where concerns are taken seriously and builds organizational trust in the system.

#### ***Actual Hours vs. Budgeted Hours, by Project (within 10% variance)***

Budgeted project hours are based on best estimates and reflect historical experience. Risk based Internal Audits require significant client participation to identify risks, agree on issues and develop relevant and feasible management action plans.

Internal Audit has a time docketing process that effectively tracks engagement hours by project, by activity type.

In 2018, the average budgeted time allocated to a project was 477 hours. Actual average time allocated to a project was 483 hours, a difference of 1.26%.

#### ***Percentage of Audit Recommendations Accepted by Management (100% Target)***

This metric helps demonstrate the collaborative nature of a risk based internal audit. Internal audit engagements can be deemed successful when management participates in the process,

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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concurs with the observations and recommendations, and is committed to addressing them through management action plans.

In 2018, Internal Audit achieved a 100% acceptance rate for all audit recommendations.

#### ***Review of Internal Audit Governance Structure and Acknowledgement of Organizational Independence (Annual)***

Ensuring that the Internal Audit Department can perform its duties independently is vital to the effectiveness of the function. Further information on this topic can be found on pages 3 – 8 of this report.

#### ***Successfully Passing the Institute of Internal Auditors Quality Assurance and Improvement Program External Assessment (Every 5 Years)***

Internal Audit conforms to the International Standard for the Professional Practice of Internal Auditing and the Code of Ethics adopted by the IIA, as well as the City's Code of Conduct and the Internal Audit Procedure Manual.

As part of conformance, the Director of Internal Audit is responsible for developing and maintaining a quality assurance and improvement program that covers all aspects of the internal audit activity. It is designed to enable an evaluation of the internal audit activity's conformance with the IIA Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The quality assurance and improvement program must include both internal and external assessments.

Internal assessments are conducted by the Director of Internal Audit and are an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the Code of Ethics and the Standards; the external assessment may also include operational or strategic comments.

Over the past two years, Internal Audit has been performing an internal readiness assessment to prepare for the City's first external assessment, which we expect to perform in 2021.

The following outline the internal readiness assessment activities conducted to date:

- Developed standard tools, templates and a quality assurance checklist to conduct the assessment.

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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- Updated and revised the department's standards and practices manual to reflect changes in the IIA's IPPF framework.
- Starting with the Social Media Audit in 2017, all completed audits have been assessed using the quality assurance checklist and are in conformance with the International Standards for the Professional Practice of Internal Auditing.
- The Annual Review Checklists for 2017 and 2018 have been complete, and Internal Audit is in conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards.

The following outline the internal readiness assessment activities that are still outstanding:

- Developing and implementing a formal Audit Committee Charter that sets out the authority of the FA&A committee with respect to audit related matters. A proposed Audit Committee Charter will be brought forward to a future FA&A meeting for consideration and approval.
- Updating the City's Audit Policy to reflect Internal Audit's role with respect to administration of the City's Anonymous Reporting System. A revised Internal Audit Policy will be brought forward to a future FA&A meeting for consideration and approval.

#### ***Client, Corporate Management and FA&A Committee Survey Scores (Positive Average Result)***

Surveys are an important tool that can be used to assess proficiency in certain skills, competencies, or knowledge exhibited by the Internal Audit Department staff. Survey feedback is an important element of our Quality Assurance and Improvement Program and helps measure satisfaction with the quality of services delivered and identify potential opportunities for improvement.

After the completion of each audit project, members of the management team directly involved in the audit process are asked to complete an Audit Client Survey. The 15-question survey asks for feedback on our performance and to identify areas where we can improve our operations. The survey focuses on how well we communicated throughout the audit, our understanding of the client's issues, the professionalism of our audit staff, and the quality of our findings. The survey results help Internal Audit determine whether the goals and objectives of the audit were met and measure client satisfaction with the quality of services delivered.

Internal Audit distributed a total of eight audit client surveys for the three completed 2018 audits and received responses from all eight respondents. Out of the 15 questions, 14 received 100% positive scores, while the remaining question received an 88% score. This is a very strong indicator that Internal Audit is effectively delivering value added services to the organization. The detailed results of this survey are summarized in Appendix A, which can be found at the end of the report.

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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Due to the significant turnover of staff on the Corporate Management team and the 2018 municipal elections, Internal Audit did not administer the Corporate Management team and the FA&A Committee member annual surveys. Both surveys will be administered again in 2019.

#### Technical Development:

There are two effectiveness metrics under the Technical Development Performance Measurement category.

#### ***Number of Hours Spent in Industry or Other Specialized Training (Minimum of 40 Hours for Certified Internal Auditors and 20 hours for Certified Fraud Examiners)***

Currently, Internal Audit staff possess one or more of the following professional certifications:

- Certified Internal Auditor (CIA)
- Certification in Risk Management Assurance (CRMA)
- Certified Fraud Examiner (CFE)
- Chartered Professional Accountant (CPA)

The IIA oversees several well-respected auditing certifications including the CIA designation. The CIA designation is the only globally accepted certification for internal auditors and remains the standard by which individuals demonstrate their professionalism in the internal audit field.

The CRMA is designed for internal auditors and risk management professionals with responsibility for and experience in providing risk assurance, governance processes, quality assurance, or control self-assessment. It demonstrates an individual's ability to evaluate the dynamic components that comprise an organization's governance and enterprise risk management program and provide advice and assurance around these issues.

Individuals who have achieved the CIA and/or any other IIA designation are required to complete a minimum of 40 hours of Continuing Professional Education (CPE) every year. Of these 40 hours, 2 must relate directly to ethics.

The CFE credential denotes proven expertise in fraud prevention, detection and deterrence. CFEs are trained to identify the warning signs and red flags that indicate evidence of fraud and fraud risk. CFEs around the world help protect the global economy by uncovering fraud and implementing processes to prevent fraud from occurring in the first place. On an annual basis, CFE's must obtain a minimum of 20 credit hours of CPE; at least 10 of these must relate directly to the detection and deterrence of fraud and 2 must relate directly to ethics.

The CPA designation was created by the unification of Canada's three independent legacy accounting professions (CA, CGA and CMA) into the CPA, now Canada's only business and accounting profession. Working in collaboration with its provincial member organizations, the CPA supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government, and develops and delivers education programs. It also provides a range of member services and professional literature; undertakes research and development of intellectual property; issues guidance on risk management and governance; and fosters relationships with key stakeholders nationally and internationally.

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

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CPA and its provincial member organizations mandate is to protect the public interest by setting and enforcing the highest professional and ethical standards, to ensure that members are recognized as Canada's preferred financial leaders and advisors, and to support its members in their efforts to enhance their capabilities.

CPA's are required to complete a minimum of 20 hours of Continuing Professional Development (CPD) a year. The CIA CPE requirements fulfil the CPA CPD requirements.

#### ***Percent of Auditors Involved in Professional Organizations (100% Target)***

In addition to the professional organizations mentioned above, all members of the City of Vaughan's Internal Audit Department are members of the Municipal Internal Auditors Association (MIAA). The purpose of MIAA is to provide a professional forum for the purposes of networking, continuing education and exchanging ideas and best practices with other municipal internal auditors. MIAA hosts educational events twice a year.

The completion of the yearly CPE requirements and maintaining active membership in the associated professional organizations helps ensure that the City's Internal Audit Department staff remain up to date on the latest municipal, business, auditing, risk management, fraud prevention and detection techniques and trends.

In 2018, all Internal Audit staff met their respective CPE/CPD requirements and all members are in good standing with their respective professional organizations.

#### ***Staff Development:***

There are two metrics under the Staff Development Performance Measurement category. One is an efficiency measures and one is an effectiveness measure.

#### ***Tracking of Development Plan (Plan vs Actual, Annual Basis)***

The Director of Internal Audit is responsible for evaluating staff performance on an annual basis, using the City's existing Talent Management Program. The City's Talent Management System integrates employee goals, competencies, performance feedback, appraisal, and learning and development. It provides integrated and timely information, feedback, communication and reporting.

Through the performance planning and evaluation process, Internal Audit aligns work activities to the Department's Risk Based Work Plan while developing and monitoring individual performance, achievements, competencies and opportunities for development.

#### ***Percent of Auditors with Professional Certifications (100% Target)***

All Internal Audit staff are required to possess at least one certification. Through the City's Talent Management Program, staff are encouraged to continue to explore development opportunities and additional certifications.

**COMMON THEMES AND ISSUES – ANALYSIS OF 2018 INTERNAL AUDIT REPORTS**

Individual internal audit reports can be useful in advising management and Council on risk and control issues that may affect the successful operation of a program, process or department. Individual reports, however, do not always address broader risk and control themes. Similar issues may arise over a series of reports that could point to a more systemic or reoccurring set of issues requiring a more organizational or holistic perspective of risk and control. Identifying themes and addressing them holistically helps better address systemic causes.

A total of seven reports were completed, presented and approved by Council in 2018.

The top themes that emerged are:

1. Developing processes to periodically evaluate direction, strategy, programs and service delivery to ensure efficient and effective deployment of resources to achieve the City's Term of Council Priorities and Strategic objectives.
2. Improving budgeting and forecasting processes to better align Council directives and corporate strategy with resource allocation.
3. Improving project management, contract administration and management oversight.
4. Updating the content of City policies, procedures and guidelines while providing more clarity on roles, responsibilities and expectations of stakeholders.

Internal Audit will continue to report on reoccurring themes on an annual basis, as per the City's Internal Audit Policy.

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

---

**ANONYMOUS REPORTING SYSTEM – ANNUAL UPDATE**

**Background and Purpose:**

The City's Anonymous Reporting System was implemented on April 15, 2014 as an additional mechanism for employees to confidentially and anonymously report suspected fraud and code of conduct violations.

Report intake is operated independently by a third party and is accessible by internet and toll-free phone number. It is available 24 hours a day, 7 days a week.

An employee who chooses to file a report is asked to create a password and is provided with a unique case tracking number so that they can log back into the system to follow the progress of their report, provide further details and to answer any questions posed by the investigator, a member of the City's Internal Audit team. Depending on the nature of the issue, management may be required to assist Internal Audit with an investigation.

The City's service provider, NAVEX Global, maintains a Global Database of performance metrics based on all the clients they serve. NAVEX issues an annual report that compares data from its participating clients against the industry benchmarks. For statistical accuracy, the analysis includes only those organizations that received 10 or more reports in 2018. The resulting database includes 2,738 customers that received a total of 1,032,953 individual reports.

Comparing the City's anonymous reporting use to the NAVEX Global Database is a good indicator to help gauge the success of the City's program and opportunities for improvement.

**Performance Criteria:**

Overall, staff use of the Anonymous Reporting System continues to meet expectations based on the measurement criteria used to benchmark the City's use to the Global Database.

The criteria include:

- Report Volume per 100 Employees
- Report Allegation Categories and Substantiation Rates
- Reporter Follow-up Rate
- Anonymous vs Named Reporters
- Case Closure Time



## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

---

#### ***Report Volume per 100 Employees***

Report volume per 100 employees is a measurement that enables the City to estimate the number of potential reports it will receive in a given year.

In 2018, the Global Database median reports per 100 employees remained unchanged at 1.4. Based on this statistic and the number of full-time employees in the City of Vaughan and Vaughan Public Libraries [approximately 1500], we would have required 21 reports in 2018 to be at the median.

The City received a total of 30 reports in 2018, up from 19 in 2017. Since the system was introduced, we have received a total of 95 reports, which averages to approximately 19 reports a year.

Due to the dynamic nature of a hotline program, it is expected that there may be report volume fluctuations from year to year. Therefore, the year over year increase in reporting activity and being over the median in overall report volume for the year should not be viewed as a concern.

#### ***Report Allegation Categories and Substantiation Rates***

Allegation category reporting helps identify themes and trends. In addition, comparing the results to those of the Global Database helps determine if the City has different themes that might point to specific issues. Substantiation Rate is a measurement that reflects the rate of allegations made which could be determined to have at least some merit. At the City, all allegations are initially considered to have merit until they have been concluded. During the investigation process, some reporters may not have provided enough information or not responded to questions posed by the investigator. This may shift the allegation to the unsubstantiated category. In addition, if the conclusion does not support the allegation, then the case is considered unsubstantiated.

Based on the 30 reports received:

- None of the reports received were related to accounting, auditing and financial reporting issues such as financial misconduct, internal controls and expense reporting. The 2018 Global Database median comparison for this category is 2%. The 2018 Global Database substantiation rate for this category is 50%.
- Four cases (or 13%) related to business integrity issues such as conflict of interest, policy violation and vendor/customer issues. The 2018 Global Database median comparison for this category is 16%. One (or 25%) of these reports was substantiated. The 2018 Global Database substantiation rate for this category is 50%.
- Seventeen cases (or 57%) related to HR, diversity and workplace respect issues such as hiring irregularities, discrimination, harassment and favouritism. The 2018 Global Database median comparison for this category is 70%. Two (or 12%) of these reports were substantiated. The 2018 Global Database substantiation rate for this category is 40%.



## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

---

- Two cases (or 7%) related to environmental, health and safety. The 2018 Global Database median comparison for this category is 6%. One (or 50%) of these reports was substantiated. The 2018 Global Database substantiation rate for this category is 50%.
- Seven cases (or 23%) related to the misuse or misappropriation of corporate assets including theft and time abuse. The 2018 Global Database median comparison for this category is 5%. Two (or 29%) of these reports were substantiated. The 2018 Global Database substantiation rate for this category is 50%.

In 2018, six (or 20%) of the thirty reports received were substantiated. The 2018 Global Database overall substantiation rate comparison is 42%. Our overall substantiate rate since the system was implemented is 23%.

It should be noted that not all substantiated reports reflect unethical conduct. It may reflect the absence of or non-enforcement of policy/procedure or improper application of a business process. In addition, an unsubstantiated report does not necessarily mean that the report was without merit. For a majority of the unsubstantiated cases, we were unable to substantiate the report due to insufficient details or evidence. An unsubstantiated report can still highlight potential risks and control weaknesses that may need to be addressed.

#### ***Reporter Follow-up Rate***

Another measurement that has a direct impact on Substantiation Rates is the Reporter Follow-up Rate. This rate indicates the percentage of reporters who followed-up on their report submission. There is a greater risk that cases will be deemed unsubstantiated when reporters do not follow up on their reports, as specific detail that may be required to conduct a thorough investigation may inadvertently be withheld. In 2018, 83% of all reporters logged back in to follow-up on their report. This compares favorably to the 2018 Global Benchmark Rate of 20%.

#### ***Anonymous vs Named Reporters***

The Anonymous vs Named Reporters rate shows the percentage of all reports submitted by individuals who chose to withhold their identity.

The trend of reporters choosing to remain anonymous continues as 29 of the 30 (or 97%) reporters chose to remain anonymous. The 2018 Global Benchmark Rate is 57%. Factors influencing anonymity include the level of trust participants have that their information will remain confidential, the significance of the issue being reported and the confidence that the report will be acted on. The preference for anonymity illustrates that without access to an Anonymous Reporting System, there is increased risk that staff may not report important issues such as code of conduct violations, suspected fraud or misappropriation, privacy issues and inappropriate relationships between employees and contractors/vendors.

***Case Closure Times***

Case Closure Time is the number of calendar days it takes an organization to complete an investigation and close a case.

Earning employee trust is not a simple task, especially when it comes to many of the sensitive topics that are reported. Ensuring that employees know their concerns are important and are being seriously considered is a vital step towards that task. If months go by without resolution, or weeks go by without indication of action, reporters can feel that their concerns are not being heard and the credibility of the program can be damaged or lost.

Since the system was launched, there have been significant year over year improvements in the ability to address reporter's concerns in a timely manner. In 2018, our median case closure time was 11.5 days. This compares favourably to the 2018 Global Benchmark median case closure time of 40 days. The ability to investigate and close cases in a timely fashion helps foster a culture where concerns are taken seriously and builds organizational trust in the system.

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

---

**STATUS OF MANAGEMENT ACTION PLANS - ANNUAL UPDATE**

**Background and Purpose:**

Follow up of Internal Audit recommendations through Management Action Plans (MAPs) is performed to ensure that management actions have been effectively implemented and appropriate controls and processes have been put in place to mitigate risks identified during the audit.

For every recommendation, management provides Internal Audit with the name of the individual who is accountable and responsible for implementing the MAPs and an estimated completion date. Internal Audit assesses the estimated completion date for reasonableness and timeliness of the action, based on the assessed risk.

The individual who is accountable for implementing the MAPs provides Internal Audit with a written update on their progress shortly before the implementation deadline approaches. The update includes whether each MAP has been completed, is still in progress, or is not yet started. If a MAP has been completed, Internal Audit will verify that the action plan addresses the risk outlined in the report.

Management provides a detailed explanation if an action plan is still in progress or not yet started and provides a new estimated completion date. Internal Audit assesses the new estimated completion date for reasonableness and timeliness, based on the assessed risk.

Council requested that Internal Audit provide an annual report on the status of completed and outstanding management action plans to address audit report recommendations.

**Scope:**

The scope of this update includes 14 audit reports containing 78 recommendations presented to the Finance, Administration and Audit Committee (FA&A) from October 2012 through December 2018. As of April 15, 2019, management has fully implemented 51 of those MAPs, or 65%. A total of 27 MAPs, or 35% are in progress. A table summarizing the number of audits completed and recommendations issued by report is included as Appendix B, which can be found at the end of the report.

The following are comments regarding those MAPs that are in progress:

**PARKS AND FORESTRY OPERATIONS AUDIT**

The Parks and Forestry Operations Audit report was presented to FA&A on October 15, 2012. The report contained five recommendations. All recommendations have now been fully implemented.

**ACCOUNTS PAYABLE AUDIT**

The Accounts Payable Audit report was presented to FA&A on February 11, 2013. The report contained four recommendations. All recommendations have now been fully implemented.

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

---

#### RECREATION AND CULTURE REVENUE AUDIT

The Recreation and Culture Revenue Audit report was presented to FA&A on March 9, 2015. The report contained twelve recommendations.

One (or 8%) of the audit recommendations remain outstanding.

According to the Director of Financial Services and Deputy Treasurer, the Accounts Receivable Supervisor meets quarterly with the Client Services Manager of Recreation Services to review the aging report produced by CLASS to assess collectability. Any accounts deemed uncollectible are handed over to Financial Services for further action. This may include the use of a collection agency and thereby ensures that we are using one agency. Recreation Services accounts submitted for collection have been of minimal dollar amounts. Financial Services has been consolidating collection activities and will review establishing a collection agency policy once consolidation has been completed (expected completion in 2019).

#### ROAD OPERATIONS AUDIT

The Road Operations Audit report was presented to FA&A on September 8, 2015. The report contained seven recommendations.

Five (or 71%) of the audit recommendations remain outstanding.

According to the Manager of Parks and Roads, Parks and Forestry Operations, the Occupational Health and Safety Training draft training matrix is complete and compliance is being monitored based on the training matrix and training recorded in Halogen. The last step is to develop the outline of the entire training plan, prior to implementation in Q2, 2019.

The Road Patrol Management System is currently being implemented. The software ensures that patrol frequencies meet legislative requirements. Feasibility of integration with the asset management is still ongoing. Similar to the Road Patrol Management System, the Work Order Administration recommendation is a project between TSPFO and Infrastructure Planning and Corporate Asset Management with the anticipated roll out in 2021.

The recommendations associated with Policies and Procedures are almost complete. The SOPs will go forward in September 2019 for approval.

According to the Director of Fleet Management Services, the tool for evaluating leasing versus purchasing of assets has been completed and communicated to all stakeholders. A revised corporate policy to reflect these changes will be brought forward to policy committee for approval in 2019.

#### IT SECURITY CONTROLS AUDIT

The Information Technology Security Controls Audit report was presented to FA&A on December 8, 2015. The report contained three recommendations.

One (or 33%) of the audit recommendations remain outstanding.

## **INTERNAL AUDIT REPORT**

### **2018 ANNUAL REPORT**

---

According to the Chief Information Officer, since the completion of the audit, the Office of the Chief Information Officer has implemented several improvements to address the recommendations, including:

- Deployed unauthorized device detection technology.
- Developed corporate software standards, IT security standards and key security performance measures.
- Performed inventory and cleanup of obsolete software on corporate systems.
- Implemented the vulnerability assessment and remediation program.
- Developed and implemented IT security incident response process.
- Delivered IT security awareness training for project managers and other staff.
- Developed a formal user off-boarding process.
- Deployed mobile device encryption.
- Performed administrative password randomization on all client systems.
- Developed Acceptable Use of Technology Policy and Terms of Use.
- Deployed secure Wi-Fi network for corporate smartphones.
- Secured funding and established IT Infrastructure Penetration testing program. The first assessment is currently in progress, with subsequent assessment scheduled to take place once per year.

The project to implement Network Access Control is currently underway, with Phase I (Protection of all City Hall public facing network ports) to be delivered by the end of Q3 2019. Once all public facing City Hall network ports are protected, Phase II will be initiated, expanding access control to remote sites.

#### **CORPORATE OVERTIME AUDIT**

The Corporate Overtime Audit report was presented to FA&A on February 1, 2016. The report contained five recommendations.

Four (or 80%) of the audit recommendations remain outstanding.

According to the Chief Human Resources Officer, the implementation of these recommendations is progressing as planned. The Time and Labour Management Project is well underway and was approved as part of the 2019 capital budget. Staff have been working on an implementation plan for 2019 which includes selecting a vendor and starting with the highest risk areas and moving to implement across the organization. The implementation of

## **INTERNAL AUDIT REPORT**

### **2018 ANNUAL REPORT**

---

the time and attendance system will help us better understand what drives overtime costs and its impact on service delivery. However, staff have worked on identifying the drivers of overtime such as occupational illnesses with our emergency responders and a plan has been put in place to mitigate overtime costs. A comprehensive Wellness strategy is currently being developed and part of the 2019 City's Strategic Plan for this term of Council. In addition, policies have been updated to increase the value of lieu banks of nonunion employees from one week to two weeks. Lastly, a draft overtime policy was approved in principle by the policy committee on March 26, 2019. A communication and implementation plan is currently being developed.

#### **ANONYMOUS REPORTING SYSTEM ANNUAL REPORT - 2016**

The Anonymous Reporting System annual report was presented to FA&A on May 30, 2016. The report contained three recommendations.

Two (or 66%) of the audit recommendations remain outstanding.

According to the Chief Human Resources Officer, several activities have taken place over the past year to enhance the City's corporate governance, accountability and transparency framework. They include:

- Development of a policy committee.
- Approved policy development framework based on leading practice.
- Prioritization of policies requiring attention.
- Updated employee code of conduct.
- Updated respectful workplace and workplace violence policies.

A draft ethics and compliance framework was presented to the corporate management team in April 2019. The senior leadership team has also been working on a governance framework that will be approved in Q2 2019 and a sub-component of this governance framework will be a leading practice ethics and compliance framework.

Providing an anonymous reporting mechanism to the public, including Vaughan residents, vendors and visitors, is an approach that may help mitigate the risk of unethical behaviour and would reiterate the City's commitment to corporate governance, accountability and transparency. The Director of Internal Audit has been tasked with doing further research into the possibility of expanding the Anonymous Reporting System to the public and, in consultation with senior management, will report back during this Term of Council on the best practices in other jurisdictions and a recommended approach.

#### **SOCIAL MEDIA AUDIT**

The Social Media Audit report was presented to FA&A on March 6, 2017. The report contained four recommendations.

## INTERNAL AUDIT REPORT

### 2018 ANNUAL REPORT

---

One (or 25%) of the audit recommendations remain outstanding.

According to the Director of Corporate and Strategic Communications, developing a comprehensive Social Media Governance Framework is complete and will be rolled into a comprehensive review of the City's communications policies in Q2 2019.

#### EVENT MANAGEMENT AUDIT

The Event Management Audit report was presented to FA&A on June 6, 2017. The report contained nine recommendations.

Three (or 33%) of the audit recommendations remain outstanding. The outstanding recommendations are on target for completion based on the timelines provided in the audit.

According to the Director of Recreation Services, several improvements to address the recommendations have been implemented, including:

- "Raisin" software/technology has been leveraged for *Vaughan Celebrates* sponsorship program in addition to the Mayor's Gala and Golf events.
- Event budgets are more closely aligned with historical performance.
- The Manager of Risk Management is consulted for extraordinary or extenuating circumstances related to City events.

Staff have been working with a consultant to develop an Events Strategy & Implementation Plan. This project aligns with Council priorities, as well as the City's Service Excellence Strategic Initiatives. A key component is consultation, including Mayor and Members of Council, to gain feedback on events, protocols, costs and benefits associated with events. The scope of this project is to provide a guide for the future framework for events (City-led, community-led, joint partnerships, and new events) and align financial and staff resources with identified priorities, mission, and objectives for events in Vaughan. The project Steering Committee has representation from across the organization. Several key external stakeholders have been identified and will be engaged in the development of this Events Strategy. This project is scheduled to be presented to Council in Q4 2019.

#### EMERGENCY, SOLE AND SINGLE SOURCE PROCUREMENT AUDIT

The Emergency, Sole and Single Source Procurement Audit report was presented to FA&A on June 6, 2017. The report contained four recommendations. All recommendations have now been fully implemented.

#### PURCHASING CARD AUDIT

The Purchasing Card Audit report was presented to FA&A on November 6, 2017. The report contained two recommendations. All recommendations have now been fully implemented.



## **INTERNAL AUDIT REPORT**

### **2018 ANNUAL REPORT**

---

#### **CONSTRUCTION AUDIT OF FIRE STATION 7-4: PHASE 1**

The Construction Audit of Fire Station 7-4: Phase 1, was presented to FA&A on June 6, 2018. The report contained seven recommendations.

Five (or 71%) of the audit recommendations remain outstanding.

According to the Director of Infrastructure Delivery, a city-wide approach to Project Management and Change Management is underway with a significant mandate change within the Office of Transformation and Strategy (OTS). The OTS now includes a new mandate for an Enterprise Project and Change Management Office (EPCMO). This mandate enhances the current mandate of the CPMO and ensures authority and oversight at a corporate level. Through standardized project management and change management governance, OTS will work across the organization to collaboratively establish project and change management roles and responsibilities, accountabilities, planning, delivery, monitoring and reporting functions on a consistent and disciplined basis. In addition, an Enterprise Risk Management (ERM) Framework will be developed to facilitate identification of project risks, consequences and mitigations based on a scalable ERM model, depending on risk factors, probabilities and severities of risks to be mitigated.

A comprehensive review of the PMPM (Project Management Procedures Manual) was initiated in 2018 and is expected to be completed by the end of Q2. The review will clarify roles and responsibilities, improve project controls and further refine reporting requirements as well as standardizing documentation.

All projects submitted as part of the 2019 budget were reviewed and updated to:

- Reflect current funding requirements (including cash-flow projections)
- Identify planned timelines for delivery, and
- Further refine project deliverables

As part of the efforts being undertaken in the second audit recommendation, a standard business case template has been developed and incorporated in the updated PMPM. The PMPM requires that business cases for all significant new capital projects be developed in collaboration with all stakeholders.

Based on feedback and suggestions received through several focus group sessions and the subsequent discussions with client departments, the Vendor Performance Procedure and Evaluation Forms for all types of vendors, including consultants and construction contractors, have been revised to support the Vendor Performance Evaluation program for all departments for implementation. The pilot program is under way and will be rolled out on a corporate wide basis upon successful completion of the pilot program, which is expected at the end of Q2. All processes, including the pre-qualification process follow a continuous improvement approach, where lessons learned are incorporated into future procurement processes.

Funding for the project to develop general design and construction standards for reoccurring projects was approved as part of the 2019 Budget. The RFP for the consulting services needed to undertake this work will be released in Q3-2019. The project will create general



## **INTERNAL AUDIT REPORT**

### **2018 ANNUAL REPORT**

---

design and construction standards for municipal buildings, such as fire stations, community centres and libraries.

#### **FORESTRY AND HORTICULTURAL OPERATIONS AUDIT**

The Forestry and Horticultural Operations Audit report was presented to FA&A on June 6, 2018. The report contained six recommendations.

Four (or 67%) of the audit recommendations remain outstanding.

According to the Manager of Forestry & Horticulture, a proactive and properly resourced life cycle maintenance program will allow the City to achieve its operational objectives and provide the tools required to maintain the City's forest cover at an appropriate service level. By developing a seven-year lifecycle street tree pruning plan, Forestry will be bringing maintenance standards in line with arboricultural best practices. Forestry has calculated the resources required to implement this plan and to bring the maintenance standards in line with a 7-year arboricultural industry standard. The lifecycle maintenance program, quality standards and overall strategy will be presented to Council in Q4 2019.

Since the audit has been completed, Forestry Operations has dedicated staff to ensuring contract compliance, as well as reconciling billing with inspection reports, and following up with the contractor if any discrepancies or deficiencies are noted, prior to payment. As part of contract compliance, staff verify that substitutions have been documented and approved prior to planting, as stated in the contract. There are no increases in price for species substitutions in 2018. Forestry Operations is in the process of updating its contract planting specifications, including the two-year warranty period, which will specify warranty tree care activities (e.g. regular watering). Currently Forestry, in conjunction with TSPFO Business and Contract Services is preparing a RFPQ to prequalify vendors for the tree planting tender.

Forestry Operations is currently documenting and assessing the current state of its business process; Forestry has commenced defining roles, responsibilities and accountabilities within its structure. Forestry has centralized most of the work order administration process, has also streamlined the Work Order Call Types and is currently standardizing work order terminology/documentation and the use of statuses. The centralization of the work order process under Forestry's influence, combined with clearly defining roles, responsibilities and accountabilities within its structure has yielded efficiencies.

With respect to the private tree permit inspection process, Forestry is in the process of completing this business flow, defining roles, responsibilities and accountabilities (SOP). Forestry has updated the Tree Removal Permit assessment form, tracking file, and is currently in the process of developing a follow up inspection program for replacement plantings.

#### **WINTER MAINTENANCE AUDIT**

The Winter Maintenance Audit report was presented to FA&A on June 6, 2018. The report contained seven recommendations.

One (or 14%) of the audit recommendations remain outstanding. The outstanding recommendation is on target for completion by Q2 2020.

## **INTERNAL AUDIT REPORT**

### **2018 ANNUAL REPORT**

---

According to the Manager of Parks and Roads, several improvements to address the recommendations have been implemented, including:

- Management updated the Thawrox management plan setting out a procedural business framework to ensure the City's continuous oversight of this program to improve upon the usage of Thawrox in winter maintenance operations. This included a framework for oversight and improvement of Thawrox usage and a plan to prevent and respond to supply shortages.
- TSPFO has created flow charts as a guide for staff to outline the winter operations program and to clarify roles and responsibilities. Training events have been held to train staff on these procedures and related standard operating procedures have been developed.
- Management has developed Standard Operating Procedures to provide detailed contract management guidelines for staff, including: Inspection Protocol, Document Management, Mobilization and Financial Management.

The outstanding recommendation pertains to the execution of a study to evaluate the current Council approved service levels and overall winter maintenance strategy and programs. TSPFO is currently assessing if the Corporate Wide Service Level Review project can meet the objectives of this study. The objectives include:

- a. Risk assessment of the current Roads winter maintenance service levels from the following perspectives:
  - i. Cost-benefit
  - ii. Operational
  - iii. Environmental
- b. Scan of peer municipality Roads winter maintenance service levels
- c. Recommendations for future Roads winter maintenance service levels
- d. Cost-benefit analysis of recommendations for future Roads winter maintenance service levels
- e. Recommendation for a Winter Reserve strategy
- f. Development of a KPI framework to measure the recommended Roads winter maintenance service levels

If the objectives of the Corporate Wide Service Level Review align with the objectives of TSPFO study, then the Corporate Wide Service Level Review will be leveraged to complete this audit finding. If not, TSPFO will launch a separate study.

### **CONCLUSION**

Internal Audit will continue to contact management as their action plans come due to determine if they have been implemented, and will continue to partner with management in their efforts to address audit observations as planned. When plans cannot be completed as originally intended, audit staff will work with management to obtain updated achievable implementation dates.

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

---

**2015 – 2018 INTERNAL AUDIT WORK PLAN STATUS AND SCHEDULE**

The 2015 – 2018 Internal Audit Risk Based Work Plan was developed using a risk assessment process that combined financial, reputational, compliance and operational criteria.

Internal Audit has a professional responsibility to develop an audit work plan that focuses on the key risks in the City. The work plan should be dynamic and flexible. Changes to the work plan may be required occasionally to reflect emerging risks and changes in strategic objectives.

The table below provides a high-level summary of all the work plan engagements that were scheduled for this Term of Council and their status.

<b>Audit Project</b>	<b>Rationale and Risks (Why are we doing this Audit/Project?)</b>	<b>Status</b>	<b>Reporting Date</b>
<b>Recreation and Culture Revenue Audit</b>	<p><b>Rationale:</b> Recreation and Culture represents the City's third highest expenditure (approximately \$20M). Recreational and Culture programs are largely fee supported, contributing approximately \$18M in revenue. These services have high citizen focus.</p> <p><b>Risk:</b> If services are not delivered up to public expectation there could be increased public dissatisfaction. In addition, there is some financial risk as there are significant revenues.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on March 9, 2015</b>
<b>Road Operations Audit</b>	<p><b>Rationale:</b> The City has a responsibility to maintain safe roads and sidewalks. This has a high citizen focus and could have a potential reputational risk. Maintenance standards are set by City Council but must, at least, meet legislated standards set by the province.</p> <p><b>Risk:</b> The absence of an effective maintenance program can result in serious injury. Not maintaining complete or accurate records could result in the inability of the City to demonstrate compliance resulting in fines, penalties or potential litigation.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on September 8, 2015</b>

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

Audit Project	Rationale and Risks (Why are we doing this Audit/Project?)	Status	Reporting Date
<b>Hiring Practices Audit</b>	<p><b>Rationale:</b> This project was added to the work plan as a direct result of the number of anonymous reports received related to hiring irregularities during the first year of the system's operation.</p> <p><b>Risk:</b> The absence of an effective recruitment process can result in not hiring the best available talent, damage staff morale and cause reputational damage to the City.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on September 8, 2015</b>
<b>Information Technology General Controls Review</b>	<p><b>Rationale:</b> Information and the technology supporting information are vital for the City to operate effectively. Critical applications such as the JDE system reside on servers within City facilities and are required to be protected from unauthorized access or loss.</p> <p><b>Risk:</b> The absence of effective physical and logical access controls could result in data loss, privacy issues and manipulation of data. This could result in fines and penalties related to compliance legislation and reputational damage to the City.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on December 8, 2015</b>
<b>Corporate Overtime Audit</b>	<p><b>Rationale:</b> Hourly paid employees are entitled to overtime as per legislation and negotiated labour agreements. Tracking and paying overtime is supported by timekeeping systems to help ensure the right amount is paid based on entitlement.</p> <p><b>Risk:</b> If time keeping systems are not effective there is the risk that incorrect overtime payments can be made resulting in financial loss and non-compliance with agreements.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on February 1, 2016</b>

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

Audit Project	Rationale and Risks (Why are we doing this Audit/Project?)	Status	Reporting Date
<b>Driver Certification Process [DCP]</b>  <b>[MTO Compliance]</b>	<p><b>Rationale:</b> Prior to 2014, participating organizations, including municipalities, were subject to periodic limited-scope compliance inspections conducted by the Ministry. As of January 2, 2014, all participating organizations are required to arrange for an independent, comprehensive audit using an audit program and reporting form prepared by the Ministry. Internal Audit received approval from the MTO to do the audit and, going forward, will perform all DCP related audit work.</p> <p><b>Risk:</b> The risk of not performing the audit is non-compliance with Driver Certification Program requirements and the City's agreement with the MTO. This in turn may result in the removal of the City from the Program and additional costs and time for driver training and testing by the MTO before drivers' licenses can be renewed and/or upgraded.</p>	<p><b>Complete</b></p>	<p><b>VFRS Audits presented March 9 and June 15 2015 FA&amp;A and September 17, 2018 CW</b></p> <p><b>VFRS and Fleet Services DCP Audits presented on September 6, 2016 FA&amp;A</b></p>
<b>VBEC</b>	<p><b>Rationale:</b> The City established the Vaughan Business Enterprise Centre (VBEC) in 2001, through a partnership agreement with the Ministry of Research and Innovation (MRI). VBEC's core responsibility is to support local entrepreneurs and small businesses. This is accomplished through the provision of advice and education for entrepreneurs in the early stages of business start-up and growth through one-on-one consultations, business plan development and review, business registrations, business events, and the delivery of business seminars/workshops.</p> <p><b>Risk:</b> VBEC's services, programs and events should be tied to the needs of the business community. The absence of effective administration, stewardship and metrics to track initiatives can result in lost economic opportunities and reputational damage to the City.</p>	<p><b>Complete</b></p>	<p><b>Presented to CW (CS) on December 5, 2016</b></p>

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

Audit Project	Rationale and Risks (Why are we doing this Audit/Project?)	Status	Reporting Date
<b>Social Media</b>	<p><b>Rationale:</b> Social media is defined as using Internet based applications to send and/or collaborate on information. Public sector transparency and accountability is supported by electronic social media, the use of which has grown significantly in the City of Vaughan.</p> <p><b>Risk:</b> Anyone with an Internet based device can, with near anonymity and without accountability, participate in public or private information or disinformation. The absence of effective social media communication protocol combined with the potential misuse of social media can result in data privacy issues, reputational damage to the City and erosion of trust.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on March 6, 2017</b>
<b>Event Management</b>	<p><b>Rationale:</b> The City sponsors events that help promote various charities and related City-wide initiatives. Good administration and stewardship of related funds is vital in maintaining event integrity.</p> <p><b>Risk:</b> Events supported by Council have high media and citizen visibility. The absence of effective administration and stewardship controls can result in financial loss and negative public perception.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on June 6, 2017</b>
<b>Emergency, Single and Sole Source Procurement Audit</b>	<p><b>Rationale:</b> The City's Corporate Procurement Policy establishes the guiding principles for procuring goods, services and construction. It is expected that the City should receive best value for money spent while demonstrating the public procurement principles of fairness, openness, transparency and accountability. Competitive procurement processes should be used wherever possible while ensuring that non-competitive procurement is used only in narrowly defined circumstances. Consequently, the audit of Emergency, Single and Sole Source Procurement was requested and approved by Council on November 15, 2016.</p> <p><b>Risk:</b> Deficient emergency, single and sole source procurement practices can lead to financial loss, reputational risk and citizen and vendor dissatisfaction.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on June 6, 2017</b>

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

Audit Project	Rationale and Risks (Why are we doing this Audit/Project?)	Status	Reporting Date
<b>P-Card Compliance Review</b>	<p><b>Rationale:</b> P-Cards allow for the purchase of low value goods in a timely and cost-effective manner. When properly issued and used, they support the purchase of low value goods more efficiently with the capability of improving control and accountability.</p> <p><b>Risk:</b> If P-Cards are not used properly or in compliance with policy, the City could face some degree of financial loss, as well as public exposure or reputational risk leading to citizen and vendor dissatisfaction.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on November 6, 2017</b>
<b>Governance and Accountability - Follow-Up Survey</b>	<p><b>Rationale:</b> Governance and Accountability are key foundation components vital in building a City that shares the trust of both citizens and staff. One of the more important roles of Internal Audit is to evaluate the effectiveness of the City's Governance and Accountability framework. One tool being used is a survey. This survey has been done in 2013 and 2015 and will be redone in 2017 to track any changes and further develop trending information.</p> <p><b>Risk:</b> The absence of good governance and accountability can affect the credibility and reputation of the City.</p>	<b>Completed in 2015 and 2017</b>	<b>Presented to FA&amp;A on April 13, 2015 and February 5, 2018</b>
<b>Winter Maintenance Audit</b>	<p><b>Rationale:</b> The Winter Maintenance Program keeps roads and sidewalks safe and passable for pedestrians, cyclists and motorists. Ontario Regulation 239/02 sets out the Minimum Maintenance Standards for Municipal Highways and, among other items, defines when a road can be deemed to be in a state of repair with respect to snow accumulation and ice formation. Driving and walking conditions in winter can deteriorate and vary dramatically due to snowfall and ice formation, causing significant reduction in pavement friction and increasing the risk of accidents.</p> <p><b>Risk:</b> The absence of an effective winter maintenance program could result in serious injury, reduced emergency services response time and increased liability to the City. Winter maintenance operations also incur significant monetary costs and can result in negative environmental impacts.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on June 6, 2018</b>

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

Audit Project	Rationale and Risks (Why are we doing this Audit/Project?)	Status	Reporting Date
<b>Forestry Operations</b>	<p><b>Rationale:</b> Re-establishing the urban tree canopy is a Service Excellence Term of Council Priority. Maintaining city trees is a significant part of promoting community health and environmental sustainability.</p> <p><b>Risk:</b> If trees are not properly maintained, this could lead to citizen dissatisfaction and damage the City's reputation. In addition, there is a financial risk if the delivery of services by contractors and other service providers is not properly managed.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on June 6, 2018</b>
<b>Water, Wastewater and Stormwater Operations Audit</b>	<p><b>Rationale:</b> Water supply for all municipalities is closely regulated by the Province of Ontario which provides assurance to citizens that drinking water is safe. An audit done in 2012 concluded that the City of Vaughan has processes in place that meet and, in some cases, exceed the Ontario regulations. The audit did, however, identify issues related to service contract acquisition and administration.</p> <p><b>Risk:</b> Ineffective administration controls could result in overpayments or the inability to monitor contract performance. A follow-up audit was originally scheduled to determine if processes have been improved. However, due to changes in management and time elapsed, the project will change from a Follow-up Audit to a brand new audit of Water, Wastewater and Stormwater Operations.</p>	<b>Complete</b>	<b>Scheduled to be presented to FA&amp;A on June 5, 2019</b>
<b>Construction Audit of Fire Station #7-4</b>	<p><b>Rationale:</b> Individual Capital Projects can represent a significant investment for the City. Large projects are managed from a variety of aspects including financial, timeliness and meeting deliverables. Audits of individual projects can provide assurance that risks are properly managed.</p> <p><b>Risk:</b> If projects are not properly managed the greatest risk is they do not meet their deliverables either by not being on time or on budget. Projects that are late or over budget can lead to financial loss, quality reduction and erosion of public trust.</p>	<b>The Construction Audit of Fire Station #7-4 will encompass the complete lifecycle of the project and will be conducted in 3 phases. The timing of these reports is dependent on the actual construction project timing.</b>	<b>Phase 1 was presented to FA&amp;A on June 6, 2018</b>



**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

Audit Project	Rationale and Risks (Why are we doing this Audit/Project?)	Status	Reporting Date
<b>Facility Maintenance Services</b>	<p><b>Rationale:</b> The City's buildings and facilities have a high operating budget and high public exposure. The operation and maintenance of these assets are vital in supporting the City's vision of demonstrating service delivery excellence and community safety. Significant organizational changes were made in 2014 and an audit will determine if previously identified issues have been resolved.</p> <p><b>Risk:</b> If buildings and facilities are not adequately maintained citizen dissatisfaction would increase. In addition, there could be health and safety issues resulting in possible legal exposure.</p>	<b>In Progress</b>	<b>Q4 2019</b>
<b>Legal Services</b>	<p><b>Rationale:</b> The Office of the City Solicitor provides a range of legal services that supports the City's corporate objectives through strategic legal advice and real estate services. As the City continues to grow and work expands, it is important to ensure that the services provided continue to meet the City's objectives.</p> <p><b>Risk:</b> Legal processes positively contribute to the City's business objectives. However, if not managed properly, there may be increased risk of liabilities, increased costs/expenses and damage to the City's reputation.</p>	<b>Complete</b>	<b>Presented to FA&amp;A on March 4, 2019</b>
<b>Corporate Security</b>	<p><b>Rationale:</b> Facility Maintenance Services maintains and manages the security of all City of Vaughan owned buildings and is responsible for developing, implementing and maintaining a security strategy throughout the organization as it relates to the Criminal Code of Canada, Trespass to Property Act and the Public Works Protection Act.</p> <p><b>Risk:</b> Not having an effective corporate security strategy can result in increased risk to public safety, damage to City property and increased liability and reputational risk.</p>	<b>Cancelled</b>	<b>N/A</b>

**INTERNAL AUDIT REPORT**  
**2018 ANNUAL REPORT**

Audit Project	Rationale and Risks (Why are we doing this Audit/Project?)	Status	Reporting Date
<b>Consulting and Professional Services</b>	<p><b>Rationale:</b> As the City continues to grow and work expands, additional resources are needed to provide services. Consulting and professional services are used to either backfill for extra work or perform work where additional skills are needed. Consulting and professional services represent a significant expenditure to the City.</p> <p><b>Risk:</b> Not having effective controls over the use and administration of consulting and professional services can result in work not meeting expectations, increased costs and reputational damage to the City.</p>	<b>In Progress</b>	<b>Scheduled to be presented to FA&amp;A on October 7, 2019</b>
<b>General Internal Audit Follow-up Program</b>	<p><b>Rationale:</b> As part of the Internal Audit reporting process, Internal Audit and clients agree on action plans to address issues identified in the report. Follow-up is done to determine if the action plans have been implemented.</p> <p><b>Risk:</b> If action plans are not followed up there is the risk they may not be implemented. Risk and control exposures could still be outstanding and have a negative impact on the City. There is also the risk that initial action plans may not have been suitable. Internal audit can work with clients to develop more suitable plans if warranted.</p>	<b>Ongoing</b>	<b>Ongoing activity with annual report to FA&amp;A.</b>
<b>Anonymous Reporting System Administration</b>	<p><b>Rationale:</b> The City adopted an Anonymous Reporting System in 2014. The purpose of the system is to allow for staff and management to have an alternative method to raise concerns or issues that may negatively impact the City.</p> <p><b>Risk:</b> The risk of not properly administering the Anonymous Reporting System is that staff may not be forthcoming in communicating bad news or wrongdoing. This could lead to missed opportunities to identify risk areas and to improve processes and controls which could lead to increased operational and reputational risk.</p>	<b>Ongoing</b>	<b>Ongoing activity with annual report to FA&amp;A.</b>

## 2018 Audit Client Survey Results

#	Statement	Positive	Negative	N/A	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A
1	Internal Audit explained the audit process steps (i.e. audit planning stage to presentation at FA&A) at the commencement of the audit.	100%	0%	0%	63%	38%	0%	0%	0%
2	The audit took an acceptable amount of time to complete.	88%	13%	0%	38%	50%	13%	0%	0%
3	The disruption of daily activities was minimized as much as possible during the audit.	100%	0%	0%	38%	63%	0%	0%	0%
4	Internal Audit exhibited a good understanding of the goals, objectives, strategy, and processes to effectively plan the audit.	100%	0%	0%	38%	63%	0%	0%	0%
5	Internal Audit demonstrated the technical proficiencies required to perform this audit.	100%	0%	0%	50%	50%	0%	0%	0%
6	My business concerns and perspective on key business risks were adequately considered.	100%	0%	0%	38%	63%	0%	0%	0%
7	The audit objectives and scope were clearly communicated to me.	100%	0%	0%	38%	63%	0%	0%	0%
8	Internal Audit staff were:								
	Professional	100%	0%	0%	63%	38%	0%	0%	0%
	Objective	100%	0%	0%	63%	38%	0%	0%	0%
	Positive	100%	0%	0%	50%	50%	0%	0%	0%
	Willing to Listen	100%	0%	0%	75%	25%	0%	0%	0%
	Determined to Build Rapport	100%	0%	0%	75%	25%	0%	0%	0%
	Courteous	100%	0%	0%	63%	38%	0%	0%	0%
	Constructive	100%	0%	0%	50%	50%	0%	0%	0%
9	Status updates and communication while the audit was ongoing was:								
	Timely	100%	0%	0%	25%	75%	0%	0%	0%
	Adequate	100%	0%	0%	25%	75%	0%	0%	0%
	Useful	100%	0%	0%	38%	63%	0%	0%	0%
10	I was provided opportunities to provide feedback while the audit was ongoing.	100%	0%	0%	63%	38%	0%	0%	0%
11	The audit report observations were:								
	Accurate	100%	0%	0%	25%	75%	0%	0%	0%
	Clearly Written	100%	0%	0%	50%	50%	0%	0%	0%
	Presented with Appropriate Context	100%	0%	0%	25%	75%	0%	0%	0%
12	I was given the opportunity to provide explanations and responses to the audit observations contained in the draft report.	100%	0%	0%	38%	63%	0%	0%	0%
13	Internal Audit's recommendations:								
	Were Constructive	100%	0%	0%	38%	63%	0%	0%	0%
	Were Feasible	100%	0%	0%	25%	75%	0%	0%	0%
	Will Improve Operations/Processes	100%	0%	0%	63%	38%	0%	0%	0%
	Will Provide Value to the City	100%	0%	0%	75%	25%	0%	0%	0%
14	From my perspective, the audit objectives were achieved.	100%	0%	0%	38%	63%	0%	0%	0%
15	Overall, the audit added value to the City by enhancing our understanding of risks and/or improving our approach to managing key risks.	100%	0%	0%	50%	50%	0%	0%	0%

List of Completed Audit Projects and Status of Management Action Plans (MAPs)

FA&A Presentation Date	Audit Report	Year	Outstanding Recommendations	# of Recommendations in the Audit Report	# of Recommendations Completed	# of Recommendations In Progress
15-Oct-12	Parks & Forestry Operations	2012	All Recommendations actioned and vetted, as of March 26, 2019	5	5	0
11-Feb-13	Accounts Payable	2013	All Recommendations actioned and vetted, as of April 12, 2019	4	4	0
09-Mar-15	Recreation & Culture Revenue	2015	Accounts Receivable - Collections & Write-offs	12	11	1
08-Sep-15	Road Operations	2015	Occupational Health and Safety Training	7	2	5
			Implementation of the Route Patrol Manager System			
			Work Order Administration			
			Vehicles, Motorized Equipment and Inventory Use			
08-Dec-15	IT Security Controls	2015	Policies & Procedures	3	2	1
			Network Access Control			
			Define Supporting Documentation Requirements For Overtime Payments			
			Automate the Time and Labour Management Process			
01-Feb-16	Corporate Overtime	2016	Understand What Drives Overtime Costs & Impact on Service Delivery	5	1	4
			Examine the Impact of Overtime on Employee Wellness			
			Enhance the City's corporate governance, accountability and transparency framework by developing a comprehensive ethics and compliance program designed to prevent, detect and respond to fraud and misconduct.			
			Internal Audit be tasked with doing further research into the possibility of expanding the Anonymous Reporting System to the general public and, in consultation with senior management, report back to Council on the best practices in other jurisdictions and a recommended approach.			
30-May-16	Anonymous Reporting System Annual Report	2016	Internal Audit be tasked with doing further research into the possibility of expanding the Anonymous Reporting System to the general public and, in consultation with senior management, report back to Council on the best practices in other jurisdictions and a recommended approach.	3	1	2
06-Mar-17	Social Media Audit	2017	Develop a Comprehensive Social Media Governance Framework	4	3	1
06-Jun-17	Event Management Audit	2017	Develop a Formal Event Strategy for the City	9	6	3
			Develop a Clearly Defined Special Events Permit Process and Mechanism to Monitor Compliance with Permits Issued			
			Determine Which Events Require an Emergency Management Plan			
06-Jun-17	Emergency, Sole and Single Source Procurement Audit	2017	All Recommendations actioned and vetted, as of April 12, 2019	4	4	0
06-Nov-17	P-Card Audit	2017	All Recommendations actioned and vetted, as of April 15, 2019	2	2	0
06-Jun-18	Construction Audit of Fire Station 7-4: Phase 1	2018	Establish a Standardized Project Management Framework	7	2	5
			Enhance the Project Management Procedures Manual			
			Enhance the Budgeting and Estimation Process for Capital Projects			
			Enhance Vendor Performance Management and the Pre-qualification Process			
			Develop General Design and Construction Standards for Reoccurring Projects			
06-Jun-18	Forestry & Horticulture Operations Audit	2018	Develop a Formal Strategic Plan to Manage Existing and Future Activities and Service Levels	6	2	4
			Provide Greater Oversight over Contract Administration			
			Enhance Monitoring and Oversight Over Work Order Administration			
			Improve the Private Tree Permit Inspection Process			
06-Jun-18	Winter Maintenance Audit	2018	Reevaluate the City's Winter Maintenance Strategy and Service Standards	7	6	1
Total	14 Reports	-		78	51	27

## Finance, Administration, and Audit Committee Report

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: MASTER FIRE PLAN 2018-2028 IMPLEMENTATION STRATEGY**

**FROM:**

Mary Reali, Deputy City Manager, Community Services

**ACTION:** FOR INFORMATION

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### **Purpose**

To provide Council with information regarding the Master Fire Plan Implementation Strategy related to improvements and future delivery of fire and rescue service in the City of Vaughan. The Implementation Strategy consolidates all salient objectives and projects of the Master Fire Plan (MFP).

### **Report Highlights**

- The Master Fire Plan Implementation Strategy aligns with the City of Vaughan 2018-2022 Term of Council Service Excellence Strategic Plan.
- The legislative requirements governing the provision of municipal fire and emergency services in the Province of Ontario have been incorporated in both the Master Fire Plan and the corresponding Implementation Strategy.
- Community expectations; including citizens, stakeholders, government organizations, industries, business owners and corporate partners have been reflected in the plan.
- Many of the 45 recommendations contained in the Master Fire Plan, across all divisions of the Vaughan Fire & Rescue Service, are already being implemented. Others, tethered to budget requirements, or reflecting growth, will be prioritized as part of the annual operating and capital process.
- VFRS is a pro-active fire service leader in the value-added delivery of fire prevention, protection and emergency services, meeting the current and evolving diverse needs of our City.

## **Recommendations**

1. That the 2018-2028 Master Fire Plan Implementation Strategy report and presentation be received by Council.

## **Background**

The City of Vaughan recognizes the value of creating a strong community vision through a commitment to strategic planning. This includes the 2018-2022 Term of Council Service Excellence Strategic Plan, which is aligned to Vaughan Fire & Rescue's strategic priorities; which includes people, processes and technology to deliver on our commitments for this Term of Council and throughout the next ten years. The fire master planning process is intended to support the City's goals and objectives in creating a City of choice.

The provincial ***"three lines of defence"*** model has proven to be an effective strategy in reducing the number of fire related fatalities and injuries and reducing the overall impacts of fire while enhancing the safety of firefighters.

### **The three lines of defence include:**

- i) Public Education and Prevention;
- ii) Fire Safety Standards and Enforcement;
- iii) Emergency Response.

The options and recommendations presented within the MFP are intended to optimize the use of this model in providing the most effective and efficient level of fire protection services, with the most value to the community.

The analyses within the Master Fire Plan (MFP) have been developed utilizing the previous fire master plan that was completed in 2007. It has now reached the end of its ten-year community planning horizon. The 2018-2028 MFP has been developed in consideration of the municipality's legislative requirements as contained within the Fire Prevention & Protection Act (1997), and the Occupational Health and Safety Act, R.S.O. 1990 (OHSA). In addition, current industry best practices as defined by the Office of the Fire Marshal and Emergency Management (OFMEM) and leading industry organizations such as the National Fire Protection Association (NFPA) have been utilized to guide and inform the recommendations presented.

VFRS has implemented the majority of the 2007 MFP recommendations, including additional fire stations and firefighters. The ability of the VFRS to achieve and sustain its identified performance goals and objectives in the delivery of emergency response services are identified in the new 2018-2028 Master Fire Plan and Implementation Strategy.

Analyses within the MFP presents findings that indicate the VFRS is proactive in optimizing the use of the first two lines of defence, including the delivery of public education and prevention programs and the application of fire safety standards and

enforcement. VFRS prides itself on being highly visible within the community and takes every opportunity to engage and educate the public on fire safety. Education, inspections and code enforcement are crucial tasks carried out by the VFRS. As our first line of defence, there has been an increased focus on fire prevention outreach and proactive fire safety education across all fire service divisions, with the goal of preventing fires before they occur. Fire safety programs include Alarms for Life, After the Heat, Adopt-a-School, promoting home escape planning, distributing fire safety educational materials to residential owners and occupants, releasing public service announcements through media initiatives and connecting with residents through social media.

VFRS are well trained and equipped to undertake the variety of challenges presented to a modern-day fire service. Training and certification of our firefighters validates our overall response capabilities and our firefighters have become multi-faceted in their daily functions, making VFRS more adaptable as a fire and rescue service, capable of responding to any emergency incident. The VFRS professionalism remains grounded firmly in education, training and certification and our professional standing validates and demonstrates credibility to colleagues, City Officials and the public. VFRS continues its unwavering call to protect and serve.

### **Previous Reports/Authority**

2007 Master Fire Plan

2007 Fire Master Plan Implementation Strategy

2018 Master Fire Plan and Community Risk Assessment (Dillon Consulting).

### **Analysis and Options**

The Master Fire Plan Implementation Strategy is derived from the recommendations outlined in the 2018-2028 Master Fire Plan produced by Dillon Consulting. Council adopted the current Master Fire Plan and instructed VFRS staff to report back with an implementation strategy.

Options provided are based on recommendations from the consultant's report and the Fire Chief; acknowledging that an annual review of pace and growth of development, response capacity and service levels, and pending budget approval / funding sources; will have an impact on future prioritization and strategic implementation.

### **Financial Impact**

A number of the consultant's recommendations are at no cost to the City, as they involve updating or annotating existing policies and/or procedures. Any other resources associated with the recommendations will have to be incorporated with both the operating and capital budgets within the life of the Master Fire Plan, subject to annual funding approval.

## **Broader Regional Impacts/Considerations**

While there are no direct implications to the Region of York in regard to fire services, VFRS Fire Administration continues to engage in discussions with York Region Paramedic Services in regards to potential joint infrastructure ventures as potential cost saving measures.

## **Conclusion**

The 2018-2028 MFP Implementation Strategy is intended to be a blueprint for future development of fire protection services in the City of Vaughan. The adoption of the MFP Implementation Strategy will outline the priorities of a growing community as it relates to emergency response and public education.

## **Attachments**

Confidential Attachment: 2018-2028 Master Fire Plan Implementation Strategy

## **Prepared by**

Deryn Rizzi, Fire Chief



## **Finance, Administration and Audit Committee Report**

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: BUILDING PERMIT FEES ANNUAL FINANCIAL REPORT 2018**

**FROM:**

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

**ACTION:** FOR INFORMATION

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**Purpose**

The report provides the Building Permit Fees Annual Financial Report for 2018 as required by the Building Code.

**Report Highlights**

- 2018 Annual Report (attached)

**Recommendations**

1. That the Building Permit Fees Annual Financial Report for 2018 be received, for information.

**Background**

The Building Code, requires that a financial report be prepared annually to provide information on the following matters:

- i. Total Fees Collected (12-month period)
- ii. Direct Costs of delivering services (Review of permit applications and inspections of buildings)
- iii. Indirect Costs of delivering services (Support and Overhead Costs)
- iv. The account balance for the Building Standards Service Continuity Reserve established by Council

To comply with the Building Code, the Building Permit Fees Annual Financial Report has been prepared for 2018 and is based on unaudited information.

### **Previous Reports/Authority**

Not applicable.

### **Analysis and Options**

This report has been prepared in coordination with Financial Planning and Development Finance Department staff and is based on Council's previous approvals respecting the Watson & Associates Activity Based Costing Methodology for User Fees Report, and the establishment of the Building Standards Service Continuity Reserve.

The Building Standards Service Continuity Reserve was established to stabilize fluctuations in permit revenues resulting from changes or variations in construction activity. The stabilization of permit revenues allows the Building Standards Department (BSD) to meet its legislated requirements; ensuring continuity of service delivery without impacting the general tax base.

In order to develop a sustainable financial model for the BSD, a comprehensive building permit fee study was carried out by Watson and Associates in 2017/2018 to ensure fees achieve full cost recovery of direct and indirect costs associated with the delivery of building permits and inspection services. The study benchmarked Vaughan's building permit fees with other comparable GTA municipalities. Building permit fee recommendations resulting from the study, included a three-year phased-in fee increase approach which started on January 1, 2019.

### **Financial Impact**

The Building Permit Fees Annual Financial Report shows a total of \$10,253,741 for building fees collected in 2018 and a combined total of direct and indirect costs of \$12,994,017. A draw of \$2,740,276 from the Building Standards Service Continuity Reserve funded the net shortfall between revenues and full costs. The 2018 closing balance in the Building Standards Service Continuity Reserve is \$12,830,109.

### **Broader Regional Impacts/Considerations**

Not applicable.

### **Conclusion**

The Building Permit Fees Annual Financial Report shows a total of \$10,253,741 for building fees collected in 2018 and a combined total of direct and indirect costs of \$12,994,017. A draw of \$2,740,276 from the Building Standards Service Continuity Reserve funded the net shortfall between revenues and full costs. The 2018 closing balance in the Building Standards Service Continuity Reserve is \$12,830,109.

**For more information**, please contact: Ben Pucci, Director of Building Standards

**Attachments**

1. 2018 Building Permit Fees Annual Financial Report

**Prepared by**

Ben Pucci, Director of Building Standards

**City of Vaughan**  
**Ontario Building Code Act**  
**Building Standards Service Continuity Reserve**  
**2018 Annual Actual Report - Unaudited**  
**(For the Period January 1, 2018 to December 31, 2018)**

**ONTARIO BUILDING CODE - REVENUES**

Total Fees Collected	\$ (10,253,741)
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**ONTARIO BUILDING CODE - EXPENSES**

Direct Costs	\$	8,709,910
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Indirect Costs	\$	4,284,107
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TOTAL DIRECT & INDIRECT COST	\$ 12,994,017
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CONTRIBUTION TO/(FROM) BUILDING STANDARDS CONTINUITY RESERVE	\$ (2,740,276)
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NET BALANCE	<u>\$ -</u>
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**BUILDING STANDARDS SERVICE CONTINUITY RESERVE**

Opening Balance <sup>(1)</sup>	\$	15,938,530
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Transfer to / (Withdrawal from) Reserve:	\$	(2,740,276)
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Transfer to / (Withdrawal from) Reserve - Capital	\$	(638,295)
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Estimated Interest	\$	270,150
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<b><u>CLOSING BALANCE RESERVE</u></b>	<u>\$ 12,830,109</u>
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(1) Opening balance includes \$245,678 in transactions processed after the release of the 2017 financial statement.

The entries include an additional \$47,627 in interest and \$293,305 withdrawal from reserve to capital

Note: 2018 Actuals have been provided by the Financial Planning and Development Finance Department.

## **Finance, Administration and Audit Committee Report**

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: FISCAL HEALTH REPORT – FOR THE YEAR ENDING  
DECEMBER 31, 2018**

**FROM:**

Michael Coroneos, Chief Financial Officer and City Treasurer

**ACTION:** FOR INFORMATION

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**Purpose**

To report on the City's fiscal health for the year ending December 31, 2018.

**Report Highlights**

- The City's property tax supported operations ended 2018 in a surplus financial position of \$2.9 million.
- Transfers of \$0.5 million to the Year-End Expenditure Reserve and \$2.4 million to the Working Capital Reserve were made to bring the end financial position to balance.
- Combined, the rate supported operations ended 2018 in a favourable position of \$15.3 million, resulting in a transfer to the reserves that support the renewal of water, wastewater and stormwater infrastructure.
- During 2018, approximately \$131 million was spent on 348 capital projects.
- 160 capital projects were closed in 2018 and savings of \$27.2 million from the closed projects were returned to various originating reserves and reserve funds.

**Recommendations**

1. That, the Fiscal Health Report for the Year Ending December 31, 2018 be received.

## **Background**

The fiscal health report tracks actual spending performance of the City's calendarized financial plan. This report provides the year-end financial position of the City as at December 31, 2018 on the same basis as the 2018 budget, with accompanying commentary on the contributing factors that have affected the City's fiscal health. The year-end fiscal health report compares annual actual city operating, water and wastewater and stormwater operations and capital results as of December 31, 2018, versus the approved budgets and on the same basis as the budget. This differs from the basis of accounting in the City's audited financial statements in some important ways. The full amortization of tangible capital assets and post-retirement benefits are excluded from this report while transfers to and from reserves and net debenture financing requirements are included. The City's draft audited financial statements are expected to be presented to Council in June 2019.

## **Previous Reports/Authority**

**FISCAL HEALTH REPORT – SEPTEMBER 30, 2018**

## **Analysis and Options**

### ***Executive Summary***

The City's property tax supported operations ended 2018, before year-end reserve transfers, in a surplus financial position of \$2.9 million, largely attributed to lower than anticipated overall city expenditures in utility costs, labour costs and contract services costs across various departments. Approximately \$0.5 million of the surplus was transferred to the Year-End Expenditure Reserve and the remaining \$2.4 million was transferred to the Working Capital Reserve to mitigate tax pressures in 2019 and beyond.

Combined, the rate supported operations ended 2018 in a favourable position. Prudent maintenance activities enabled water, wastewater and stormwater operations to contribute an additional \$15.3 million to the Water, Wastewater and Stormwater reserves. These reserve funds will assist in future infrastructure replacements as these assets near the end of their useful life.

During 2018, approximately \$131 million was spent on 348 open capital projects, an increase of 20 percent from 2017 capital spending of \$110 million. Departments closed a total of 160 capital projects in 2018 and savings of \$27.2 million from the closed projects were returned to various originating reserves and reserve funds.

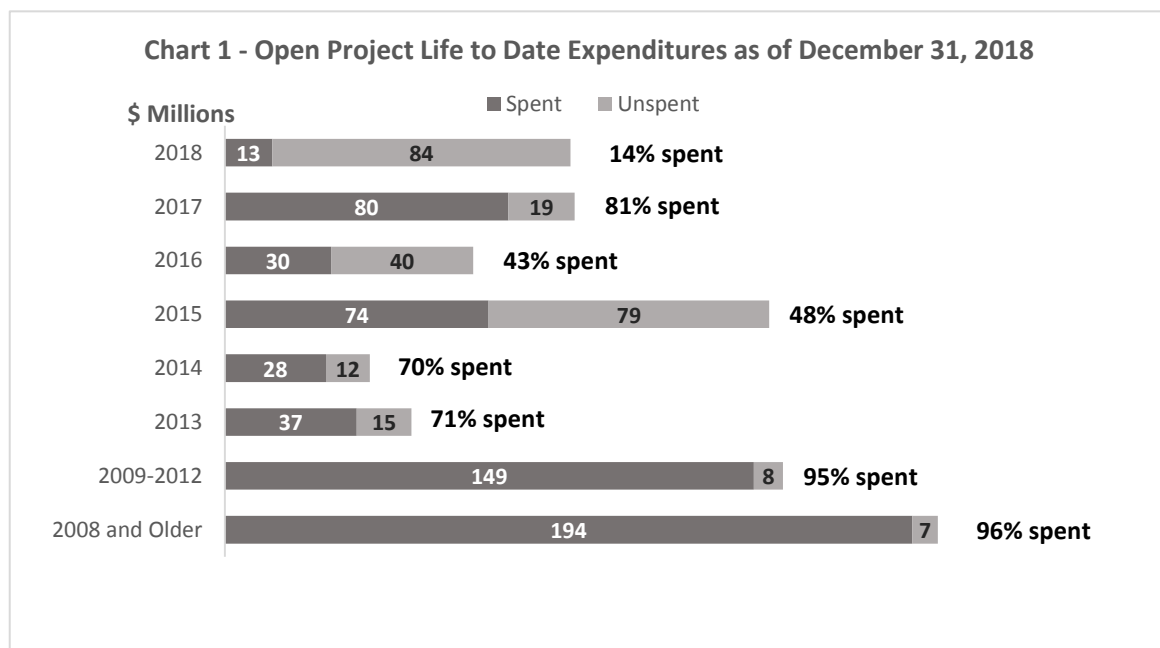
At December 31, 2018, there were 642 open capital projects with \$265 million of available budget remaining.

Attachment 1 provides the net position for all City departments.

## Operating Results – Year ending December 31, 2018

	Budget \$million	Actual \$million	Variance \$million
<b>Property Tax Based Budget</b>			
Revenues	292.5	290.5	(2.0)
Expenditures	292.5	287.6	4.9
<b>Year End Position</b>	<b>\$0.0</b>	<b>\$2.9</b>	<b>\$2.9</b>
<b>Reserve Transfer</b>			
To Year- End Reserves		(0.5)	(0.5)
To Working Capital Reserve		(2.4)	(2.4)
<b>Net</b>		<b>\$0.0</b>	<b>\$0.0</b>
<b>Water Rate Based Budget</b>			
Revenues	21.2	26.5	5.3
Expenditures	21.2	26.5	(5.3)
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Wastewater Rate Based Budget</b>			
Revenues	14.3	17.8	3.5
Expenditures	14.3	17.8	(3.5)
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Stormwater Charge Based Budget</b>			
Revenues	9.7	9.5	(0.2)
Expenditures	9.7	9.5	0.2
<b>Net</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

## Capital Results – Year ending December 31, 2018



## ***Discussion***

### **OPERATING BUDGET RESULTS**

**Overall, City Revenues were \$2.0 million lower than the plan.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Department Revenues	56.3	52.7	(3.6)	(6.5%)
Corporate Revenues	20.3	24.2	3.9	18.9%
Reserve Transfers	18.3	15.3	(3.0)	(16.3%)
Taxation	197.6	198.3	0.7	0.4%
<b>Total Revenues</b>	<b>\$292.5</b>	<b>\$290.5</b>	<b>(\$2.0)</b>	<b>(0.7%)</b>

Note – numbers may not add due to rounding

- Department Revenues were 6.5 percent lower than planned. This negative variance was mainly driven by lower than budgeted recoveries of labour costs from capital funds. The lower recoveries were mainly as a result of vacancies and less time than budgeted spent on capital projects in Infrastructure Planning & Corporate Asset Management, Infrastructure Delivery, Policy Planning & Environmental Sustainability and Office of the City Solicitor. The negative revenue variance was also driven by the deferral of Development Planning fees received in 2018 for application reviews to be completed in 2019.
- Corporate Revenues were 18.9 percent higher than planned. This is mainly attributable to higher than expected dividends received from the City's investment holding company, Vaughan Holdings Inc. In addition, the supplementary taxes received in 2018 was higher than the normal level experienced in past years.
- Reserve transfers were 16.3 percent lower than planned. Transfers from the Building Standards Service Continuity Reserve and the Engineering Reserve were less than budgeted, as department expenditures were less than planned in 2018 as a result of lower labour costs mainly due to vacancies.

**Overall, City expenditures were \$4.9 million lower than plan.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Labour	185.5	183.3	2.2	1.2%
Utilities & Fuel	12.9	10.8	2.1	16.3%
Service Contracts & Materials	35.1	34.2	0.9	2.5%
Capital Related	30.2	30.2	-	-
Other	23.4	23.6	(0.2)	(0.9%)
Insurance	5.4	5.5	(0.1)	(1.9%)
<b>Total Expenditures</b>	<b>\$292.5</b>	<b>\$287.6</b>	<b>\$4.9</b>	<b>1.7%</b>

Note – numbers may not add due to rounding

- Labour costs were 1.2 percent lower than plan. This is primarily attributable to vacancies across the organization and for positions approved in 2018 that are still in



the recruitment process and that have not yet been filled. Departments will continue to work with Human Resources to complete the recruitment of vacant positions.

- Utilities & Fuel were 16.3 percent lower than budget mainly due to lower than expected hydro and gas costs resulting in part from reduced consumption achieved through implementation of energy savings initiatives.
- Approximately \$1.0 million of excess funds were transferred to the Insurance Reserve to mitigate any future insurance related expenses due to lower than budgeted insurance premiums and deductibles, partially offset by higher than budgeted insurance claims.
- Service contracts and materials were 2.5 per cent lower than budget. Savings from contract services were experienced across departments in 2018, notably in areas such as maintenances of facilities, roads, trees, and parks; winter control costs came in over budget moderately and was offset by savings in other service areas.

Attachment 2 provides commentary at the Portfolio/Office level.

### **Water, Wastewater and Stormwater Results**

#### **Fourth Quarter Water Operating Results**

**Water Operations gross margin was \$4.9 million greater than budget.**

	<b>Budget</b> \$million	<b>Actual</b> \$million	<b>Variance</b> \$million	<b>Variance</b> %
Residential Billings	40.4	38.1	(2.3)	(5.7%)
Commercial Billings	26.7	25.2	(1.5)	(5.6%)
Other	0.4	0.4	0.0	0.0%
Purchases/Treatment Charges	41.8	37.0	4.8	11.5%
Non-Revenue Water	6.2	2.3	3.9	62.9%
<b>Gross Margin</b>	<b>19.5</b>	<b>24.4</b>	<b>4.9</b>	<b>24.5%</b>
<b>Other Revenues</b>	<b>1.7</b>	<b>2.1</b>	<b>0.4</b>	<b>23.5%</b>

- Residential and commercial water sales for the fourth quarter ended lower than budget by 5.7% and 5.6% respectively due to wetter than normal weather.
- As a result of decreased sales, Regional water purchases (direct cost) were lower than budgeted.
- York Region deviated from the posted budgeted wholesale rates for water and wastewater, increasing the treatment costs for wastewater and decreasing the costs for water resulting in lower than expected water purchase costs.

- Non-Revenue Water (NRW) was lower than budgeted due to a decrease in charges on the Region bill. The City and Region are investigating to determine reasons for the lower than expected NRW.

**Water Operations expenditures before Lifecycle Contributions were \$3.3 million less than budgeted.**

	<b>Budget</b> \$million	<b>Actual</b> \$million	<b>Variance</b> \$million	<b>Variance</b> %
Maintenance and Installation Cost	6.7	4.4	2.3	34.3%
General Administration	5.7	4.7	1.0	17.5%
Joint Service Costs	0.7	0.7	0.0	0.0%
Lifecycle Contribution	8.1	16.7	(8.6)	(106.2%)
	<b>21.2</b>	<b>26.5</b>	<b>(5.3)</b>	<b>(25.0%)</b>

- Maintenance and Installation Costs ended lower by 34.3% due to contract interruptions (hydrant maintenance and main repair), timing of work for activities such as water service repairs and meter installations. New contracts were awarded late in 2018, with work ramping up in 2019.
- General Administration costs were lower by 17.5% due to position vacancies to be filled in 2019 and position gapping, professional fees savings resulting from archive initiative rescheduled to 2019, and a savings in operator training.

**City's net lifecycle contribution was \$8.6 million greater than budgeted at the end of the fourth quarter.**

#### **Fourth Quarter Wastewater Operating Results**

**Wastewater Operations gross margin was \$3.0 million greater than budget.**

	<b>Budget</b> \$million	<b>Actual</b> \$million	<b>Variance</b> \$million	<b>Variance</b> %
Residential Billings	48.5	45.4	(3.1)	(6.4%)
Commercial Billings	32.7	31.2	(1.5)	(4.6%)
Other	0.4	0.4	(0.0)	(0.0%)
Purchases/Treatment Charges	59.3	57.5	1.8	3.0%
Non-Revenue Water	8.9	3.1	5.8	65.2%
<b>Gross Margin</b>	<b>13.4</b>	<b>16.4</b>	<b>3.0</b>	<b>22.4%</b>
<b>Other Revenues</b>	<b>0.9</b>	<b>1.4</b>	<b>0.5</b>	<b>55.6%</b>

- Residential and commercial billings for the fourth quarter are trending 6.4% and 4.6% respectively lower than budget due to wetter than normal weather.

Wastewater billing is based on water consumption and therefore trends similar to water consumption.

- As a result of decreased sales, treatment charges (direct cost) were lower than budgeted.
- Non-Revenue Water (NRW) was lower than budgeted due to a decrease in charges on the Region bill. The City and Region are investigating to determine reasons for the lower than expected NRW

**Wastewater Operations expenditures before Lifecycle Contributions were \$0.3 million less than budgeted.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Maintenance and Installation Cost	4.0	3.7	0.3	7.5%
General Administration	2.9	2.6	0.3	10.3%
Joint Service Costs	0.4	0.7	(0.3)	(75.0%)
Lifecycle Contribution	7.0	10.8	(3.8)	(54.3%)
	<b>14.3</b>	<b>17.8</b>	<b>(3.5)</b>	<b>(24.5%)</b>

- General Administration costs were lower by 10.3% due to timing delay in planned training and professional fees.

**City's net lifecycle contribution was \$3.8 million greater than budgeted at the end of the fourth quarter.**

#### **Fourth Quarter Stormwater Operating Results**

**Stormwater Operations gross margin was \$0.2 million less than budgeted.**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Residential Billings	4.0	4.0	0.0	0.0%
Commercial Billings	5.2	5.0	(0.2)	(3.8%)
Other	0.0	0.0	0.0	0.0%
Purchases/Treatment Charges	0.0	0.0	0.0	0.0%
Non-Revenue Water	0.0	0.0	0.0	0.0%
<b>Gross Margin</b>	<b>9.2</b>	<b>9.0</b>	<b>(0.2)</b>	<b>(2.2%)</b>
<b>Other Revenues</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0%</b>

- Total annual billing for stormwater charges was completed in the third quarter.

- Total billing revenues are slightly lower than budgeted due to changes that have occurred to assumptions originally used to build the stormwater charge.

**Stormwater Operations expenditures before Lifecycle Contributions were \$3.1 million less than budgeted.**

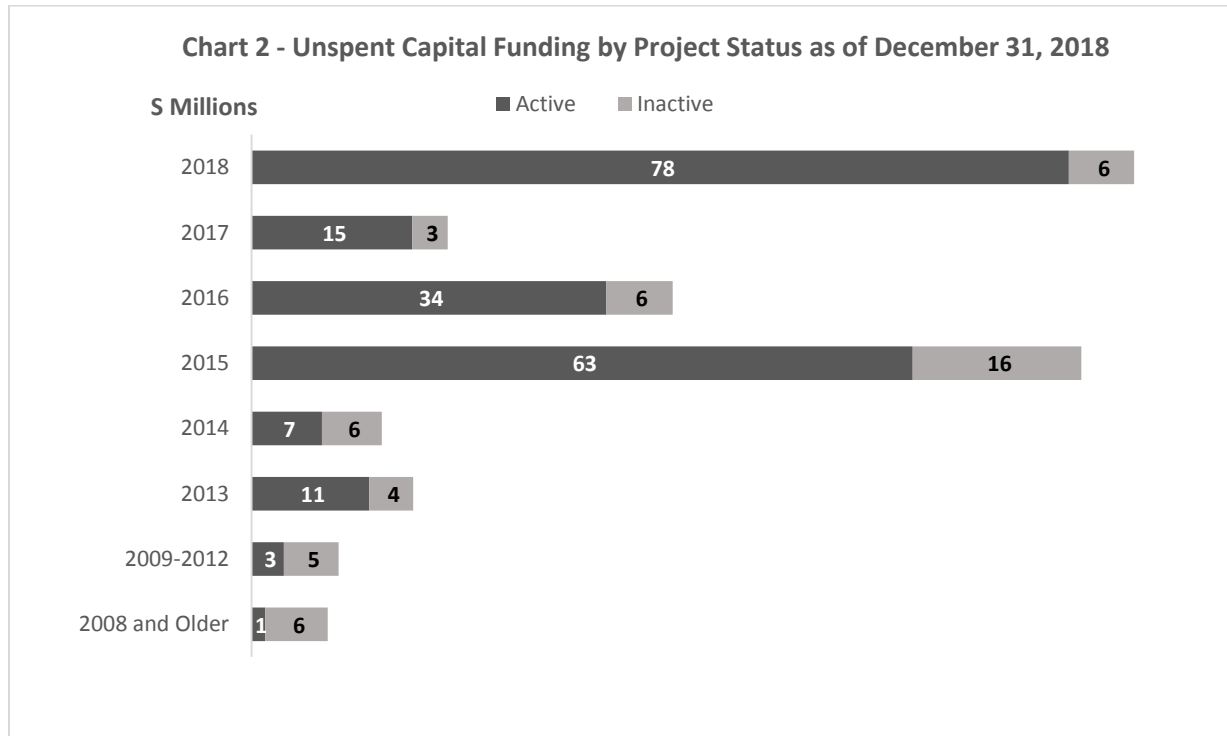
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>\$million</b>	<b>\$million</b>	<b>\$million</b>	<b>%</b>
Maintenance and Installation Cost	4.0	2.5	1.5	37.5%
General Administration	4.0	2.8	1.2	30.0%
Joint Service Costs	0.5	0.1	0.4	80.0%
Lifecycle Contribution	1.2	4.1	(2.9)	(241.6%)
	<b>9.7</b>	<b>9.5</b>	<b>0.2</b>	<b>2.1%</b>

- Maintenance and Installation costs were lower by 37.5% due to lower than expected street sweeping activities. A new CCTV contract was awarded in October and most of the work will start at the beginning of 2019. The CCTV work for capital program is yet to be scheduled. Also contributing to the positive variance are the lower than expected repair activities.
- General Administration costs were lower by 30% mainly due to deferral of debenture payment, timing of spending in professional fees and gapping associated to a temporary vacancy.

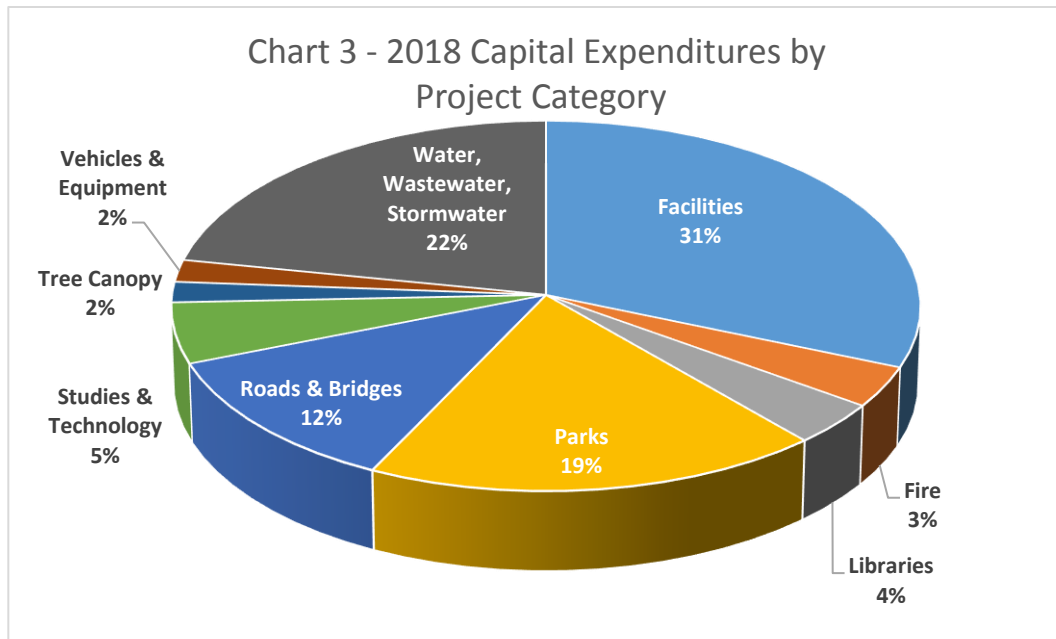
**City's net lifecycle contribution was \$2.9 million higher than budgeted at the end of the fourth quarter due to lower than expected expenditures.**

## **Capital Budget Results**

As at December 31, 2018, there were 642 open capital projects with \$265 million of available budget remaining. The open projects were made up of 528 active projects and 116 inactive projects. The open project unspent funding breakdown by year is illustrated in Chart 2 below. Further information about the inactive projects can be found in the next section of the report.



During 2018, \$131 million was spent on 348 open capital projects. By comparison, the 2017 and 2016 capital project spending were \$110 million and \$77 million respectively. Chart 3 below illustrates the breakdown of funds spent by project category during 2018.



In the 2018 Budget, departments indicated that \$157 million in capital expenditures would be processed throughout 2018. At the end of 2018, approximately 84 percent of the forecasted amount was spent. Departments are continuing to enhance the robustness of their capital cash flow spend forecasts which will improve tracking of future results.

The following projects were considered substantially completed as of December 31, 2018 with budget overages as permitted under Section 8 of the Capital Project Financial Administration and Reporting policy.

Project # & Title	Budget	Actual	Variance (\$)	Variance (%)
BF-8588-17 Various Community Centres - Roof Repairs & Replacement	123,600	126,165	(2,565)	-2%
BU-2551-18 Growth Related Financial Analysis and Long Range Fiscal Planning	173,667	181,499	(7,832)	-5%
EN-1965-14 Sidewalk and Street Lighting on Major Mackenzie Drive by York Region	927,000	929,594	(2,594)	-0%

A complete list of open projects can be found [online](#).

### Inactive Projects and Closed Projects

Of the 642 open capital projects, there are 116 projects that are considered inactive. Inactive projects comprise 18 percent of the total number of open projects, equating to 20 percent of the \$265 million in unspent funds. Approximately two thirds of the inactive

projects are substantially complete but are required to remain open until a future event occurs, while one third of the inactive projects are on hold or have not started for a variety of reasons such as project scope and estimated costs being reevaluated, project reprioritization, and insufficient resources to advance the project. The breakdown of the classification of the 116 open inactive projects is as follows:

Classification	Number of Projects	Amount (\$million)
Completed - to be closed	26	\$8.8
Completed - Under Warranty or Maintenance	35	\$6.5
Completed - Waiting for final invoices	8	\$3.4
DC repayment in place	28	\$30.3
In-progress	3	\$0.7
Not Started	5	\$1.8
Project on Hold	11	\$1.5
<b>Grand Totals</b>	<b>116</b>	<b>\$53.0</b>

Of the total \$53.0 million in unspent funds from inactive projects, \$30.3 million (representing 57%) is held for projects that have development charge repayment agreements in place and will be paid out and closed in accordance with those agreements. Staff continue to review the status of projects on hold and projects deferred, and accordingly will develop action plans to return funding commitments back to the funding sources, to repurpose the project scope, or to advance the project.

A complete list of Inactive Projects can be found [online](#).

### Departments closed 160 projects in 2018, returning \$27.2 million to Reserves

During the fourth quarter, departments closed 48 capital projects, bringing the total capital projects closed in 2018 to 160 projects. The table below provides a breakdown of projects closed during 2018.

Portfolios	Number of Projects Closed in 2018	Amount Returned to Reserve (\$ million)
Planning and Growth Management	28	\$12.7
Public Works	54	\$11.2
Community Services	56	\$2.9
Library Services	6	\$0.1
Office Chief Information Officer	1	\$0.1
Corporate Services	1	\$0.1
Office Corp. Initiatives and Intergov. Relations	1	-
Human Resources & Legal Services	6	-
Office Chief Financial Officer	2	-
Office Transformation and Strategy	5	-
<b>Grand Total</b>	<b>160</b>	<b>\$27.2</b>

A complete list of Closed Projects can be found [online](#).

## Capital Budget Amendments

For capital projects where a budget amendment is required, departments are required to bring a report to Finance, Administration and Audit Committee outlining the request for the amendment.

The following table summarizes the budget amendments that were processed during the fourth quarter.

From	To	Supporting Document/Report	Amount
DT-7121-13 VMC Edgeley Pond	DE-7175-17 Edgeley Pond and Park Construction	April 11, 2018, FAA R4 I7	\$1,179,538.27
Debenture Financing	RP-2058-15 LED Streetlight Conversion	June 19, 2018, FAA R6 I18	\$9,980,000.00

## Capital Transfers Authorized by the Chief Financial Officer/City Treasurer

As outlined in the section above, *Operating Transfers Authorized by the Chief Financial Officer/City Treasurer*, the Chief Financial Officer/City Treasurer has the delegated authority to approve any operating or capital realignments between departments, provided they are fiscally neutral. A summary of these changes is incorporated into the quarterly reporting process.

The following capital transfers were authorized by the CFO during the fourth quarter.

From	To	Amount
BF-8512-17 Al Palladini CC – Exterior Concrete Removal & Replacement	BF-8339-12 Maple CC – Arena Walls Siding	\$17,024.00
BF-8437-15 Bathurst Clark Library – Parking Lot Redesign & Resurface	ID-2042-17 Bathurst Clark Library – Main Entrance Improvements	\$385,185.75
CM-2526-16 Service Excellence Strategic Initiatives	SE-0083-16 Staff Forum	\$35,000.00
CM-2526-16 Service Excellence Strategic Initiatives	SP-0017-18 Citizen Engagement Study	\$382.44
DE-7189-18 Hwy 7 and Weston Road Secondary Plan Comprehensive Study	DE-7141-16 Transportation Master Plan Update	\$300,000.00



EN-1756-09 Sidewalk Construction Program	DP-9542-15 Islington Ave Streetscape Phase 1 Construction	\$100,000.00
EV-2106-17 – PW Portable Water Trailer Purchase	FL-5467-14 PW – Water – Replace Unit 1639 w/ ¾ Ton Cargo Van	\$1,393.63
FL-5531-14 PW – Water – 2 Pickup Trucks and 2 SUVs	FL-5467-14 PW – Water – Replace Unit 1639 w/ ¾ Ton Cargo Van	\$3,433.00
EV-2106-17 – PW Portable Water Trailer Purchase	FL-5466-17 PW – Water – Replace Unit 1655 w/ ¾ Ton Cargo Van	\$4,826.63
EV-2106-17 – PW Portable Water Trailer Purchase	FL-5468-16 PW – Water – Replace Unit 1563 w/ ¾ Ton Cargo Van	\$4,826.63
FL-5531-14 PW – Water – 2 Pickup Trucks and 2 SUVs	FL-5242-16 PW – Water – Replace Unit 1554 w/ ¾ Ton Cargo Van	\$4,826.63
FL-5532-17 PW – Water – Backflow Prevention Coordinator Vehicle	FL-5243-16 PW – Water – Replace Unit 1562 w/ ¾ Ton Cargo Van	\$4,826.63
PK-6501-16 Vaughan Crest Park – Tennis Court Reconstruction	PK-6322-14 Rose Mandarino Park – Basketball Court Reconstruction	\$32,000.00
PK-6501-16 Vaughan Crest Park – Tennis Court Reconstruction	PK-6562-17 Basketball Court Improvements – Various Locations	\$35,000.00
PO-6709-10 SWM Pond Life Saving Stations (Phase IV)	PW-2066-14 Yard Weigh Scale	\$7,000.00
RE-9531-16 Recreation and Culture Customer Service Review & Plan	RE-9527-18 Events Strategy	\$7,000.00

### **Continuity Schedule of Reserves and Reserve Funds**

<b>\$ million</b>	<b>Opening Balance</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Closing Balance Before Commitments</b>	<b>Commitments</b>	<b>Closing Balance After Commitments</b>
<b>Obligatory Reserves</b>						
City-Wide Development Charges	287.9	246.7	50.3	484.3	108.8	375.4
Area Specific Development Charges	1.9	1.4	(5.5)	8.8	15.4	(6.6)
Restricted Grant	27.8	10.9	8.6	30.1	27.9	2.3
Other	91.2	27.2	24.6	93.8	3.1	90.7
<b>Obligatory Subtotal</b>	<b>408.9</b>	<b>286.2</b>	<b>78.0</b>	<b>617.0</b>	<b>155.2</b>	<b>461.8</b>
<b>Discretionary Reserves</b>						
Infrastructure	193.2	51.7	28.5	216.4	37.1	179.3
Capital from Taxation	17.2	7.9	6.5	18.6	14.8	3.9
Corporate	15.1	2.5	0.3	17.4	0.1	17.3
Special Purpose	7.0	0.3	0.3	7.1	12.9	(5.8)
Sustainability	41.8	9.1	8.2	42.7	0.2	42.5
<b>Discretionary Subtotal</b>	<b>274.4</b>	<b>71.6</b>	<b>43.8</b>	<b>302.2</b>	<b>65.1</b>	<b>237.1</b>
<b>Grand Totals</b>	<b>\$683.3</b>	<b>\$357.8</b>	<b>\$121.8</b>	<b>\$919.2</b>	<b>\$220.3</b>	<b>\$698.9</b>

Note – numbers may not add due to rounding.

At the end of 2018, the reserve balance before commitments was \$919 million. A net reserve activity of \$220 million is committed against these reserves and reserve funds; after this activity is accounted for, the total reserves and reserve funds balances as of December 31, 2018 was close to \$700 million, of which \$462 million was for obligatory reserves and \$237 million was in discretionary reserves.

Development Charges collected in 2018 equated to \$240 million. Approximately \$185 million was collected from residential developments and approximately \$55 million was collected from non-residential developments. As part of the 2018 DC By-laws review, Council authorized delegated authority to the City Treasurer and City Solicitor to execute Development Charge Pre-Payment Agreements under Section 27 of the Development Charge Act. The City collected approximately \$175 million in DCs in the third quarter of 2018, of which \$167 million were directly related to the DC prepayment agreements. The City's draft Development Charge Fund Statement is expected to be presented to Council in June 2018.

The City contributed approximately \$46 million into various infrastructure reserves to fund future assets' state of good repair, of which close to \$14 million was contributed from taxation and approximately \$32 million was from rate supported revenues. The City is currently on its journey to develop a comprehensive asset management plan that will be rolling out into various phases. The Corporate Asset Management Strategic Policies were approved by Council in early 2019, the next phase of the journey includes activities to

improve asset management planning with accompanying strategies to establish mechanism to promote principle and evidence-based decision making. Asset management plans will inform future infrastructure planning and support asset management related budget and spending decisions.

The Detailed Reserve Continuity Schedule can be found [online](#).

### Financial Ratios in alignment with Corporate Targets

Discretionary reserves provide the City with financial flexibility in order to safeguard against economic downturns and finance operations internally. To ensure the sustainability of these reserves, the City has adopted associated targets. The City also has a target ratio for debt services costs. The table below provides the status of these targets at the end of 2018.

Policy Ratio	2018	2017	Target
Discretionary Reserve	65%	65%	>50% Of Own Source Revenues
Working Capital	9%	8%	Up To 10% Of Own Source Revenues (tax only)
Debt Service	2%	2%	<10% Of Own Source Revenues

**Discretionary Reserve Ratio** - The greatest pressure on discretionary reserves is largely due to funding infrastructure replacement as the City's initial stock of infrastructure assets begin to reach the end of their useful lives.

**Working Capital Ratio** – Contributions to Working Capital Reserve occur when the City achieves a surplus; this reserve can be a source of funding to address a year-end deficit position. In 2018, the operating surplus from taxation was transferred to this reserve. The calculated ratio of 6% include the year-end balance of the Tax Rate Stabilization Reserve; the consideration of consolidating the Working Capital Reserve and the Tax Rate Stabilization Reserve will be analyzed and discussed in an upcoming reserve policy review.

**Debt Service Ratio** - The City's policy limits debt to a maximum of 10 percent of total City revenue, which is significantly lower than the Province's 25 per cent maximum. Total debenture outstanding principal as of December 31, 2018 was approximately \$29 million (2017 - \$36 million). In 2018 the total debt repayment costs were \$7.5 million (2017 - \$9 million), \$6.6 million in principal and \$0.9 million in interest. Repayment costs of \$7.5 million represents approximately 2 percent of the City's own source revenues. The Debt Service Ratio continued to improve in 2018, this was achieved in part by looking for responsible and innovative ways to fund capital projects. It is worth noting however, that when debt financing can be an additional funding tool to finance infrastructures in the City, due diligence is necessary to ensure the City's long-term financial sustainability and flexibility.

The City is working to complete a long-term fiscal plan that would take into consideration the City's Term of Council strategic plan, growth plans, asset management plan, development charge study, and its treasury management strategy. A Reserve Policy and a Debt Management Policy review would be complimenting this long-term fiscal plan which include review of some key financial indicators; the resulting analysis and recommendation would be considered in the City's multi-year financial plan and to ensure financial decisions are mindful of short-term and long-term financial impacts from the City's growth and the City's desired levels of services.

### **Grant Activity Update**

In 2018, the City received approximately \$25.5 million in grant revenues inclusive of the City's Gas Tax revenue of \$9.2 million.

The table below summarizes the grants revenues received in 2018. These figures exclude the Federal Gas Tax received in 2018.

<b>Grant</b>	<b>Capital Grants</b>	<b>Operating Grants</b>
Canada 150 Community Infrastructure Program	960,712	
Clean Water and Wastewater Fund	13,238,086	
Municipal Asset Management Program (MAMP)	50,000	
Age Friendly Grant		20,215
All our Kids (AOK)		9,346
Canada 150 Celebrate Canada Fund		1,263
Canada Summer Jobs		30,033
Canadian Heritage		2,268
Celebrate Canada		19,430
IESO Embedded Energy Manager Program		80,000
Ontario Libraries Capacity Fund-Information Technology Service Capacity		36,135
Public Library Operating, Pay Equity and First Nations Salary Supplement Grant		143,234
Resource Productivity and Recovery Authority		1,209,142
Safe Cycling Education Fund (SCEF)		7,500
VBEC - Core Funding		158,396
VBEC - Summer Company		61,610
VBEC Starter Company Plus		247,500
Young Canada Works in Heritage Organizations program		14,090
<b>Total by Grant Type</b>	<b>14,248,798</b>	<b>2,040,161</b>
<b>Total Grants Received in 2018</b>	<b>16,288,959</b>	

Approximately \$1 million fund was received from the Canada 150 Infrastructure Program in 2018. Projects include Rehabilitation of Oak Bank Pond, Improvement of Matthew Park, Improvement of North Thornhill District Park, Expansion of Maxey Park Playground, Renovation of Vellore Village Community Centre/ Dufferin Clark Community Centre/Father Ermanno Community Centre and Woodbridge Arena

The City received funding approval of \$21 million from the Clean Water and Wastewater Fund in 2017. This grant funding was planned to help offset costs for thirty-four (34) projects applied for, more notably including: VMC Edgeley Pond and Park, Centre Street Watermain Replacement, Stegman's Mill Watermain Replacement, Andrew Park/Button/Marilyn Place/ North Humber Road Watermain Replacement, Clarence Street Slope Stabilization, watermain condition assessments and various water metering related programs. Completion of these projects is essential to keeping our communities safe, healthy and livable. A task force was formed to facilitate a collaborative effort amongst various city departments and to address action items in a timely and appropriate manner. In 2018 the Task Force worked with Federal government and obtained a funding reallocation and scope expansion approval which provided the City with an opportunity to maximize potential grant funding. CWWF projects are progressing in accordance with the projects scheduled timelines; throughout 2018 five expense claims amounted to \$17 million were submitted to Infrastructure Ontario for process and \$13 million were received in 2018.

In 2018 the Government of Canada launched the Disaster Mitigation and Adaptation Fund (DMAF), a national merit-based program that will invest \$2 billion to support large-scale infrastructure projects to help communities better manage the risks of disasters triggered by natural hazards. DMAF projects will support the Government of Canada's objectives laid out in the Pan-Canadian Framework on Clean Growth and Climate Change. Given the significant funding potential and the DMAF's long term positive impact on our community, the Corporate Leadership Team responded to this opportunity strategically including advocacy effort through strategic alignment of the Federal government's mandate and Vaughan's strategic priorities and prioritizing potential candidate programs for grant application submission. In March 2019, funding of \$16 million was approved in principle for City's "From Average to Awesome – Implementation Vaughan Stormwater Flood Mitigation Project". The approved fund will help offset a portion of the costs, already committed to improve water quality of the creek system and minimize erosion and flooding of areas that currently have no or limited stormwater controls in urbanized areas of Vaughan.

### **Broader Regional Impacts/Considerations**

Not applicable.

### **Conclusion**

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

The City's property tax supported operations ended 2018 in a surplus financial position of \$2.9 million, of which \$0.5 million was transferred to the Year-End Expenditure Reserve and \$2.9 million was transferred to the Working Capital Reserve, consistent with the Consolidated Reserve Policy.

Combined, the water, wastewater and stormwater rate supported operations ended 2018 in a favourable position of \$15.3 million, resulting in a transfer to the infrastructure reserves that support these activities.

During 2018, approximately \$131 million was spent on 348 capital projects. Departments closed a total of 160 capital projects in 2018 and savings of \$27.2 million from the closed projects were returned to various reserves and reserve funds.

The City is working to complete a long-term fiscal planning model that would take into consideration the City's 2019-2022 Term of Council strategic plan, growth plans, asset management plan, development charge study, and its treasury management strategy. The resulting model would be used to provide advice to Council on recommended funding strategies, spending capacities, tax levy implications and the City's financial resiliency; and would help ensure that as the City continues to grow and intensify, the City remains financially sustainable over the long term.

**For more information,** please contact:

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Dean Ferraro, Director, Financial Services, Ext. 8272

## **Attachments**

1. City Operating – 2018 Financial Summary
2. City Operating – Portfolio/Office Summary

## **Prepared by**

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**CITY OF VAUGHAN**

**2018 City Operating Budget**

**Property Tax Based Budget**

**Fiscal Position as of**

**December 31, 2018**

**CITY OF VAUGHAN**  
**2018 City Operating Budget**  
**Fiscal Position as of December 31, 2018**

**REVENUE / EXPENDITURE SUMMARY**

	2018	2018 YTD		VARIANCE	
	ANNUAL BUDGET	BUDGET	ACTUAL	FAV. / (UNFAV.) \$ %	
<b>TAXATION</b>	191,650,052	191,650,052	191,494,008	-156,044	-0.1%
<b>SUPPLEMENTAL TAXATION</b>	3,200,000	3,200,000	4,029,315	829,315	25.9%
<b>GRANT / PAYMENT IN LIEU</b>	2,725,200	2,725,200	2,800,503	75,303	2.8%
<b>RESERVES AND OTHER TRANSFERS</b>	18,304,415	18,304,415	15,315,222	-2,989,193	-16.3%
<b>FEES AND SERVICE CHARGES</b>	56,308,935	56,308,935	52,652,613	-3,656,322	-6.5%
<b>CORPORATE</b>	20,329,735	20,329,735	24,180,850	3,851,115	18.9%
<b>TOTAL REVENUES</b>	292,518,337	292,518,337	290,472,511	-2,045,826	-0.7%
<b>EXPENDITURES:</b>					
<b>DEPARTMENTAL</b>	263,509,237	263,509,237	254,151,214	9,358,023	3.6%
<b>Other Reserves</b>					
<b>RESERVE CONTRIB. &amp; CORP. EXP.</b>	10,316,395	10,316,395	18,208,669	-7,892,274	-76.5%
<b>LONG TERM DEBT</b>	9,921,368	9,921,368	9,921,368	0	0.0%
<b>CONTINGENCY</b>	1,542,199	1,542,199	642,122	900,077	58.4%
<b>CAPITAL FROM TAXATION</b>	7,229,138	7,229,138	7,549,138	-320,000	-4.4%
<b>TOTAL EXPENDITURES</b>	292,518,337	292,518,337	290,472,511	2,045,826	0.7%
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	0	0	0	0	



CITY OF VAUGHAN  
2018 City Operating Budget  
Fiscal Position as of December 31, 2018  
December 31, 2018

REVENUE BY MAJOR SOURCE

	2018 ANNUAL BUDGET	2018 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$	%
<b>TAXATION</b>					
Tax Levy	191,650,052	191,650,052	191,494,008	-156,044	-0.1%
Supplementals	3,200,000	3,200,000	4,029,315	829,315	25.9%
<b>GRANT</b>					
Library Grant	145,200	145,200	209,344	64,144	44.2%
<b>PAYMENT IN LIEU / OTHER</b>					
Payment In Lieu / Other	2,580,000	2,580,000	2,591,159	11,159	0.4%
<b>RESERVES AND OTHER TRANSFERS</b>					
Engineering Reserve	8,769,988	8,769,988	6,758,197	-2,011,791	-22.9%
Election Cost	1,200,000	1,200,000	917,090	-282,910	-23.6%
CIL Recreation Land Reserve	1,281,000	1,281,000	1,281,000	0	0.0%
Administrative Recovery from Capital	1,500,000	1,500,000	3,434,758	1,934,758	129.0%
Building Standards Service Continuity Reserve	3,749,215	3,749,215	2,740,276	-1,008,939	-26.9%
Tax Rate Stabilization Reserve	1,289,948	1,289,948	0	-1,289,948	-100.0%
Other Reserves	514,264	514,264	183,901	-330,363	-64.2%
			0	0	0.00%
<b>TOTAL RESERVES</b>	<b>18,304,415</b>	<b>18,304,415</b>	<b>15,315,222</b>	<b>-2,989,193</b>	<b>-16.3%</b>
<b>CITY MANAGER</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL OFFICE OF CHIEF CORPORATE INITIATIVES &amp; INTERGOV. RELATIONS</b>	<b>88,725</b>	<b>88,725</b>	<b>56,449</b>	<b>-32,276</b>	<b>0.0%</b>
<b>OFFICE OF TRANSFORMATION &amp; STRATEGY</b>	<b>141,732</b>	<b>141,732</b>	<b>316,738</b>	<b>175,006</b>	<b>123.5%</b>
Chief Human Resources Officer	0	0	263	263	0.00%
Chief Information Officer	263,064	263,064	1,472	-261,592	-99.4%
Office of the City Clerk - Clerks	1,539,278	1,539,278	1,085,330	-453,948	-29.5%
<b>TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES</b>	<b>1,802,342</b>	<b>1,802,342</b>	<b>1,087,065</b>	<b>-715,277</b>	<b>-39.7%</b>
Financial Services	1,097,445	1,097,445	1,298,515	201,070	18.3%
Financial Planning & Development Finance	518,517	518,517	377,736	-140,781	-27.2%
Procurement Services	58,200	58,200	106,376	48,176	82.8%
<b>TOTAL OFFICE OF THE CFO/CITY TREASURER</b>	<b>1,674,162</b>	<b>1,674,162</b>	<b>1,782,627</b>	<b>108,465</b>	<b>6.5%</b>
<b>OFFICE OF THE CITY SOLICITOR</b>	<b>841,406</b>	<b>841,406</b>	<b>176,146</b>	<b>-665,260</b>	<b>-79.1%</b>
Recreation Services	18,739,484	18,739,484	19,439,029	699,545	3.7%
Community Development & Events	700,000	700,000	895,629	195,629	27.9%
Facility Services	561,922	561,922	557,975	-3,947	-0.7%
Fire And Rescue Services	1,007,298	1,007,298	1,017,866	10,568	1.0%
By-Law, Compliance, Licensing and Permits	4,135,982	4,135,982	4,591,160	455,178	11.0%
<b>TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES</b>	<b>25,144,686</b>	<b>25,144,686</b>	<b>26,501,659</b>	<b>1,356,973</b>	<b>5.4%</b>
Development Planning	8,746,833	8,746,833	6,976,116	-1,770,718	-20.2%
Development Engineering	499,209	499,209	402,151	-97,058	-19.4%
Policy Planning & Environmental Sustainability	760,466	760,466	342,484	-417,982	-55.0%
Parks Development	453,453	453,453	219,871	-233,582	-51.5%
Building Standards - Licenses/Permits	9,372,538	9,372,538	9,349,167	-23,371	-0.2%
- Plumbing Permits	786,532	786,532	763,487	-23,045	-2.9%
- Service Charges	778,177	778,177	833,103	54,926	7.1%
<b>TOTAL DEPUTY CITY MANAGER PLANNING &amp; GROWTH MANAGEMENT</b>	<b>21,397,208</b>	<b>21,397,208</b>	<b>18,886,378</b>	<b>-2,510,830</b>	<b>-11.7%</b>
Infrastructure Planning and Corporate Asset Management	1,305,756	1,305,756	710,952	-594,804	-45.6%
Infrastructure Delivery	1,208,803	1,208,803	661,005	-547,798	-45.3%
Environmental Services	1,472,464	1,472,464	1,457,144	-15,320	-1.0%
Trans Serv and Parks & Forestry Ops	804,301	804,301	633,970	-170,331	-21.2%
<b>TOTAL DEPUTY CITY MANAGER PUBLIC WORKS</b>	<b>4,791,324</b>	<b>4,791,324</b>	<b>3,463,071</b>	<b>-1,328,253</b>	<b>-27.7%</b>
<b>VAUGHAN PUBLIC LIBRARIES</b>	<b>427,350</b>	<b>427,350</b>	<b>382,479</b>	<b>-44,871</b>	<b>-10.5%</b>
<b>TOTAL FEES / SERVICE CHARGES</b>	<b>56,308,935</b>	<b>56,308,935</b>	<b>52,652,613</b>	<b>-3,656,322</b>	<b>-6.5%</b>
<b>TOTAL CORPORATE REVENUES</b>	<b>20,329,735</b>	<b>20,329,735</b>	<b>24,180,850</b>	<b>3,851,115</b>	<b>18.9%</b>
<b>TOTAL REVENUE</b>	<b>292,518,337</b>	<b>292,518,337</b>	<b>290,472,511</b>	<b>-2,045,826</b>	<b>-0.7%</b>

**CITY OF VAUGHAN**  
**2018 City Operating Budget**

December 31, 2018

**DEPARTMENTAL EXPENDITURES BY MAJOR CATEGORY**

	2018	2018 YTD		VARIANCE	
	ANNUAL BUDGET	BUDGET	ACTUAL	FAV. / (UNFAV.) \$ %	
<b>COUNCIL</b>	1,729,291	1,729,291	1,492,996	236,295	13.7%
<b>OFFICE OF THE INTEGRITY COMMISSIONER</b>	509,944	509,944	419,084	90,860	17.8%
<b>INTERNAL AUDIT</b>	690,746	690,746	607,851	82,895	12.0%
<b>CITY MANAGER</b>	608,108	608,108	361,968	246,140	40.5%
<i>Corporate and Strategic Communications</i>	1,390,469	1,390,469	1,489,481	-99,012	-7.1%
<i>Economic &amp; Cultural Development</i>	2,129,475	2,129,475	1,976,077	153,398	7.2%
<i>Office of the Chief Corporate Initiatives &amp; Intergov Relations</i>	860,557	860,557	606,029	254,528	29.6%
<b>OFFICE OF THE CHIEF CORPORATE INITIATIVES &amp; INTERGOV. RELATIONS</b>	4,380,501	4,380,501	4,071,587	308,914	29.7%
<b>OFFICE OF TRANSFORMATION &amp; STRATEGY</b>	853,029	853,029	1,028,035	-175,006	-20.5%
<i>Office of the Chief Financial Officer/City Treasurer</i>	555,189	555,189	500,729	54,460	9.8%
Financial Services	3,883,015	3,883,015	3,323,968	559,047	14.4%
Financial Planning & Development Finance	3,802,696	3,802,696	3,162,766	639,930	16.8%
Procurement Services	2,666,366	2,666,366	2,083,515	582,851	21.9%
<b>TOTAL OFFICE OF THE CFO/CITY TREASURER</b>	10,907,266	10,907,266	9,070,977	1,836,289	16.8%
<b>TOTAL OFFICE OF THE CITY SOLICITOR</b>	4,517,628	4,517,628	3,720,150	797,478	17.7%
<b>Other Reserves</b>					
<i>Office of the Deputy City Manager Corporate Services</i>	716,013	716,013	378,853	337,160	47.1%
Office of the Chief Human Resources Officer	3,489,753	3,489,753	3,745,177	-255,424	-7.3%
Office of the Chief Information Officer	12,091,628	12,091,628	11,931,966	159,662	1.3%
Office of the City Clerk	12,296,512	12,296,512	11,827,820	468,692	3.8%
<b>TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES</b>	28,593,906	28,593,906	27,883,817	710,089	2.5%
<i>Office of Deputy City Manager Community Services</i>	616,510	616,510	581,015	35,495	5.8%
Community Grants & Advisory Committees	45,004	45,004	38,861	6,143	13.7%
Access Vaughan	1,280,368	1,280,368	1,267,915	12,453	1.0%
Recreation Services	28,554,733	28,554,733	28,813,880	-259,147	-0.9%
Community Development & Events	1,910,649	1,910,649	1,954,919	-44,270	-2.3%
Facility Services	14,576,030	14,576,030	14,755,656	-179,626	-1.2%
Fire and Rescue Services	50,148,529	50,148,529	51,408,448	-1,259,919	-2.5%
Emergency Planning	224,621	224,621	230,021	-5,400	-2.4%
By-Law, Compliance, Licensing & Permits	7,775,980	7,775,980	7,169,061	606,919	7.8%
<b>TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES</b>	105,132,424	105,132,424	106,219,776	-1,087,352	-1.0%
<i>Office of Deputy City Manager Planning &amp; Growth Management</i>	587,089	587,089	565,700	21,389	3.6%
Development Planning	5,444,394	5,444,394	4,461,587	982,807	18.1%
Development Engineering	5,314,809	5,314,809	4,226,765	1,088,044	20.5%
Policy Planning & Environmental Sustainability	2,659,853	2,659,853	2,386,917	272,936	10.3%
Parks Development	2,367,364	2,367,364	2,278,927	88,437	3.7%
Building Standards	9,947,112	9,947,112	9,295,533	651,579	6.6%
<b>TOTAL DEPUTY CITY MANAGER PLANNING &amp; GROWTH MANAGEMENT</b>	26,320,621	26,320,621	23,215,430	3,105,191	11.8%
<i>Office of Deputy City Manager Public Works</i>	513,561	513,561	573,860	-60,299	-11.7%
Infrastructure Planning and Corporate Asset Management	2,772,881	2,772,881	2,174,620	598,261	21.6%
Fleet Management	3,249,303	3,249,303	3,081,945	167,358	5.2%
Infrastructure Delivery	3,516,984	3,516,984	2,856,646	660,338	18.8%
Environmental Services	10,554,981	10,554,981	10,301,302	253,679	2.4%
Trans Serv and Parks & Forestry Ops	39,500,588	39,500,588	38,600,273	900,315	2.3%
<b>TOTAL DEPUTY CITY MANAGER PUBLIC WORKS</b>	60,108,298	60,108,298	57,588,647	2,519,651	4.2%
<b>VAUGHAN PUBLIC LIBRARIES</b>	19,157,475	19,157,475	18,470,896	686,579	3.6%
<b>TOTAL DEPARTMENTAL EXPENDITURES</b>	263,509,237	263,509,237	254,151,214	9,358,023	3.6%
<b>RESERVE CONTRIBUTIONS &amp; CORP. EXP.</b>	10,316,395	10,316,395	18,208,669	-7,892,274	-76.5%
<b>LONG TERM DEBT</b>	9,921,368	9,921,368	9,921,368	0	0.0%
<b>CONTINGENCY</b>	1,542,199	1,542,199	642,122	900,077	58.4%
<b>CAPITAL FROM TAXATION</b>	7,229,138	7,229,138	7,549,138	-320,000	-4%
<b>TOTAL DEPARTMENTAL AND CORPORATE EXPENDITURES</b>	292,518,337	292,518,337	290,472,511	2,045,826	0.7%

**Portfolio: Community Services**

## Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	25.14	26.50	1.36
Labour	85.11	85.86	(0.75)
Other Expenditures	20.03	20.36	(0.33)
Total Expenditures	105.13	106.22	(1.08)
<b>Net</b>	<b>79.99</b>	<b>79.72</b>	<b>0.27</b>

## Capital Results (\$M):

<b>Year (\$M)</b>	<b>Open #</b>	<b>Unspent \$</b>
2018	35	9.99
2017	36	(22.68)
2016	19	2.60
2015	8	2.56
2014	11	0.58
2004-2013	11	0.81
<b>Total</b>	<b>120</b>	<b>(\$6.15)</b>

Community Services has a favourable variance at Q4 driven mainly by:

- Greater than anticipated revenues from program registrations and sponsorship revenues generated from City-wide events (Recreation Services)
- Greater than expected revenue due to an increase in fines & penalties and license fees (By-Law & Compliance, Licensing & Permit Services)
- Lower than budgeted hydro costs due to energy saving initiatives and lower gas costs from reduced consumption (Facility Services)
- Lower than budgeted labour expenditures as a result of vacancies (By-Law & Compliance, Licensing & Permit Services)

These were partially offset by higher than budgeted expenditures in:

- Overtime for coverage of long-term absences (Fire and Rescue Service)
- Vehicle repair expenses due to major engine repairs on fire trucks (Fire and Rescue Service)
- Part-time staffing required to support higher program registrations (Recreation Services)
- General Maintenance due to emergency repairs (Facility Services)

Work continued in Q4 on numerous capital projects including implementation of energy conservation improvements to multiple City-owned facilities, as well as renovations and replacements at the City's Community Centres.

There were 28 project closures across Community Services during the quarter.

## 2018 Q4 Fiscal Health Report

### Portfolio: Corporate Services

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	1.80	1.09	(0.72)
Labour	16.35	15.57	0.78
Other Expenditures	12.25	12.31	(0.06)
Total Expenditures	28.59	27.88	0.71
<b>Net</b>	<b>26.80</b>	<b>26.79</b>	<b>0.01</b>

#### Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	2	0.25
2017	2	0.70
2016	7	1.56
2014	1	0.34
<b>Total</b>	<b>12</b>	<b>\$3.86</b>

**Corporate Services'** has a favourable variance at Q4 driven mainly by:

- Lower than budgeted labour costs as a result of vacancies during the year.
- Lower negotiated Insurance Premiums and Deductibles (Office of the City Clerk)
- Deferred office space renovations (Deputy City Manager Corporate Services and Office of the Chief Human Resources Officer)
- Lower than anticipated spending on Professional Fees and Computer Software due to timing of approvals for projects (Office of the Chief Information Officer)

These were partially offset by higher than budgeted expenditures in:

- Communications (Office of the Chief Information Officer),
- Professional Fees for legal and human resources' related issues (Office of the Chief Human Resources Officer), and
- internal and external city claims (Office of the City Clerk).

Work continued in Q4 on several large ongoing capital projects such as Central Computing Infrastructure, Personal Computer (PC) Assets Renewal and Audio/Visual Infrastructure renewal. (Office of the Chief Information Officer).

For Q4, the project to enhance the City's agenda management system is substantially complete (Office of the City Clerk).

## 2018 Q4 Fiscal Health Report

### Portfolio: Planning and Growth Management

#### Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	21.40	18.89	(2.51)
Labour	25.02	22.10	2.91
Other Expenditures	1.30	1.11	0.19
Total Expenditures	26.32	23.22	3.11
<b>Net</b>	<b>4.92</b>	<b>4.33</b>	<b>0.59</b>

#### Capital Results (\$M):

<b>Year (\$M)</b>	<b>Open #</b>	<b>Unspent \$</b>
2018	34	19.41
2017	30	14.94
2016	27	14.03
2015	24	21.74
2014	19	2.35
2013	19	7.64
2011-2012	20	4.48
2003-2010	21	9.00
<b>Total</b>	<b>194</b>	<b>\$93.61</b>

Planning and Growth Management has an overall positive operating variance for the year driven mainly by:

- Revenues that were below budget due to 1) the deferral of Development Planning fees received in 2018 for applications to be reviewed in 2019, and 2) lower than budgeted labour cost recoveries from capital funds due to vacancies in Parks Development, Policy Planning & Environmental Sustainability and Development Planning.
- A positive labour variance attributed mainly to vacancies and timing in recruitment in Building Standards, Development Engineering, Development Planning and Policy Planning & Environmental Sustainability. The positions are being actively recruited. The positive labour variance contributed to the lower than expected labour cost recoveries from capital funds.

Work progressed on open capital projects with some of the more significant expenditures in the year related to North Maple Regional Park Phase I construction, Block 41 Chatfield District Park Construction and Block 55 PD-KN Watermain Servicing.

There was a total of 23 projects closed during the year.

## 2018 Q4 Fiscal Health Report

### Portfolio: Public Works

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	4.79	3.46	(1.33)
Labour	28.13	27.60	0.54
Other Expenditures	31.97	29.99	1.98
Total Expenditures	60.11	57.59	2.52
<b>Net</b>	<b>55.32</b>	<b>54.13</b>	<b>1.19</b>

#### Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	65	53.28
2017	67	25.00
2016	31	20.84
2015	41	54.27
2014	42	7.60
2007-2013	42	7.51
<b>Total</b>	<b>288</b>	<b>\$168.52</b>

The overall positive operating budget variance within the Public Works Portfolio was mainly driven by:

- Lower than budgeted revenues, mainly due to lower labour recoveries from capital funds as a result of vacancies in the year. This was offset by a favourable variance in labour. The vacant positions have since been filled or are currently in recruitment.
- Savings in contract & contractor materials in the Transportation Services and Parks and Forestry Operations (TSPFO) department as a result of bringing work in-house. This was partly offset by higher than budgeted cost in part-time labour to execute these works internally.
- Lower than budgeted utility costs as a result of less than expected rate increases for hydro.

Work progressed on open capital projects during 2018 with some of the more significant expenditures in the year related to:

- Public Works Operation Yards upgrade and expansion
- Road rehabilitation and Watermain replacement
- Vaughan Hospital Precinct Development
- Kleinburg United Church Renovation
- New Vellore Village Community Library
- Fire Station 7-4 Reposition
- VMC Edgeley Pond Construction
- Tree plantings

A number of projects were completed and closed during the year in Infrastructure Delivery, Fleet Management Services, Environmental Services and TSPFO. Some of the works completed during the year related to:

- Portage Parkway Extension
- Sidewalk Construction on Regional Roads
- North Thornhill Branch Library (Block 10)
- Keele Street Watermain Relocation - Design
- North Maple Bridge - north of Major Mackenzie over Hwy 400
- Al Palladini CC-Roof Replacement

## 2018 Q4 Fiscal Health Report

### Office: Corporate Initiatives and Intergovernmental Relations

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.09	0.01	(0.08)
Labour	3.69	3.45	0.24
Other Expenditures	0.69	0.62	0.07
Total Expenditures	4.38	4.07	0.31
<b>Net</b>	<b>4.29</b>	<b>4.06</b>	<b>0.23</b>

Corporate Initiatives and Intergovernmental Relations has a favourable variance at Q4 driven mainly by lower than budgeted labour expenditures as a result of vacancies.

Work continued in Q4 on various capital projects, including Economic Development & Employment Strategy (EDES Study).

#### Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2017	1	0.10
<b>Total</b>	<b>1</b>	<b>\$0.10</b>

### Office: Chief Financial Officer

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	1.67	1.78	0.11
Labour	10.52	8.89	1.63
Other Expenditures	0.39	0.18	0.21
Total Expenditures	10.91	9.07	1.84
<b>Net</b>	<b>9.23</b>	<b>7.29</b>	<b>1.94</b>

The Office of Chief Financial Officer has a favourable variance at Q4 driven mainly by higher than budgeted taxation and property assessment revenues and labour savings due to vacancies.

Work continued in Q4 on various capital projects, including Growth Related Financial Analysis and Long-Range Fiscal Planning.

#### Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	4	0.37
2017	1	0.39
2016	1	0.09
2011	1	0.09
<b>Total</b>	<b>8</b>	<b>\$0.94</b>

## 2018 Q4 Fiscal Health Report

### Office: Chief Financial Officer – Corporate Revenues & Expenditures

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Corporate Revenue	20.34	24.18	3.85
Reserve & Other			
Transfers	18.30	15.32	(2.99)
Taxation (net)	197.58	198.32	0.75
<b>Total Revenues</b>	<b>236.21</b>	<b>237.82</b>	<b>1.61</b>
Corporate Expenditures	19.09	24.00	(4.92)
Long Term Debt	9.92	9.92	0.00
<b>Total Expenditures</b>	<b>29.01</b>	<b>33.92</b>	<b>(4.92)</b>
<b>Net</b>	<b>(207.2)</b>	<b>(203.9)</b>	<b>(3.31)</b>

Net results are tracking negative to budget driven mainly by:

- Lower than budgeted transfers from the Engineering and Building Standards Reserves as their overall department expenditures were less than planned in 2018, as these department expenditures were less than planned in 2018.
- Higher than budgeted Corporate Revenues, mainly attributable to revenue recognition timing differences caused by a transition from annual dividend declaration to a quarterly based dividend declaration from the City's investment holding company, Vaughan Holdings Inc. (VHI). The 2017 fourth quarter dividend was declared and received in 2018.
- Taxation revenues came in higher than budget which was mainly due to higher than anticipated supplemental taxation revenue.
- Corporate expenditures are higher than budget as it included corporate labour gapping.

### Office: City Solicitor

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.84	0.18	(0.67)
Labour	3.87	0.49	3.37
Other Expenditures	0.65	0.23	0.42
<b>Total Expenditures</b>	<b>4.52</b>	<b>0.72</b>	<b>3.80</b>
<b>Net</b>	<b>3.68</b>	<b>0.54</b>	<b>3.14</b>

**The Office of the City Solicitor** has an unfavourable variance at Q4 driven mainly by higher than budgeted spending in Professional Fees for complex legal issues and Local Planning Appeal Tribunal hearings that required external counsel expertise.

These were partially offset by lower than budgeted labour expenditures as a result of vacancies. The positive labour variance was offset by lower than budgeted revenues as a result of lower than anticipated labour recovery from capital projects.

The majority of capital project activity is related to real estate; specifically land acquisition activities which can result in varied spending from quarter to quarter.

#### Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	1	0.00
2013	1	0.03
2012	1	1.16
<b>Total</b>	<b>3</b>	<b>\$1.19</b>



## 2018 Q4 Fiscal Health Report

### Office: Transformation & Strategy

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.14	0.32	0.18
Labour	0.77	0.75	0.02
Other Expenditures	0.09	0.28	(0.19)
Total Expenditures	0.85	1.03	(0.18)
Net	0.71	0.71	0.00

#### Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2017	1	0.21
2016	1	0.39
Total	2	0.60

The Office of the Transformation and Strategy would have a surplus of \$250K mainly due to vacancies within the department and delayed projects on Service Excellence Initiatives. This surplus was transferred to the Year End Reserve to account for funding needs for the delayed projects to be spent and delivered in 2019.

Work continues to progress well on open capital projects.

### Office: Vaughan Public Libraries

#### Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.43	0.38	(0.04)
Labour	14.45	13.80	0.65
Other Expenditures	4.71	4.67	0.04
Total Expenditures	19.16	18.47	0.69
Net	18.73	18.09	0.64

#### Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	2	0.44
2016	2	0.16
2013-2015	4	1.02
Total	8	\$1.62

**Vaughan Public Libraries** has a favourable variance at Q4 driven mainly by:

- Lower than budgeted labour costs as a result of vacancies,
- Reduced expenses for utilities, and
- Higher than budgeted Provincial grants received for technology spend

These were partially offset by increases in expenditures related to furniture refresh for Bathurst Clark Library, computer hardware and same-day courier services.

Work continued in Q4 on several ongoing city-wide capital projects related to resource purchases, furniture and equipment as well as technology upgrades. In addition, furniture and equipment and communications and hardware project activity continued for Vellore Village South Library.

There were 4 project closures during the quarter.

## 2018 Q4 Fiscal Health Report

### City Council

#### Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	-	-	-
Labour	1.32	1.24	0.08
Other Expenditures	0.40	0.25	0.16
Total Expenditures	1.72	1.49	0.24
<b>Net</b>	<b>1.72</b>	<b>1.49</b>	<b>0.24</b>

The City Council net expenditure is positive to budget.  
No material variance.

### Integrity Commissioner & Lobbyist Registrar

#### Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	-	-	-
Labour	0.33	0.33	0.01
Other Expenditures	0.18	0.09	0.09
Total Expenditures	0.51	0.42	0.09
<b>Net</b>	<b>0.51</b>	<b>0.42</b>	<b>0.09</b>

The Integrity Commissioner net expenditure result is on budget.  
No material variance.

### Internal Audit

#### Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	-	-	-
Labour	0.60	0.59	0.01
Other Expenditures	0.09	0.02	0.07
Total Expenditures	0.69	0.61	0.08
<b>Net</b>	<b>0.69</b>	<b>0.61</b>	<b>0.08</b>

The Internal Audit operating financial result is on budget.  
No material variance.

### City Manager

#### Operating Results (\$M):

<b>(\$M)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	-	-	-
Labour	0.51	0.16	0.35
Other Expenditures	0.10	0.20	(0.10)
Total Expenditures	0.61	0.36	0.25
<b>Net</b>	<b>0.61</b>	<b>0.36</b>	<b>0.25</b>

The City Manager operating financial result is on budget.  
No material variance.

## Finance, Administration and Audit Committee Report

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

### **TITLE: SHORT-TERM RENTAL REGULATION**

**FROM:**

Mary Reali, Deputy City Manager, Community Services

**ACTION:** DECISION

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### **Purpose**

This report provides recommendations for the establishment of a regulatory regime for “short-term rentals” (STRs), including technical amendments to the City’s Zoning By-law, creation of a new STR Licensing by-law and a Municipal Accommodation Tax (MAT) STR by-law.

### **Report Highlights**

- A regulatory framework will place parameters around what constitutes a legal short-term rental, ensure minimum standards are met, and require the maintenance of a valid municipal licence.
- The advent of STRs has created both a growing number of opportunities for residents to participate in the Sharing Economy, as well as community concerns around the impact of STRs.
- Regulation will help to create a balance between the demand for STRs and the demand for affordable housing options, while satisfying the diverse needs of people visiting Vaughan, and continuing to support the evolution of business models that spur economic growth.
- Regulation will facilitate the application of the Municipal Accommodation Tax (“MAT”) on STRs, which is expected to generate approximately \$120,000 annually, and balances the market with respect to traditional overnight accommodations.
- Licensing fees for STRs will be established at an annual rate of \$300 per property, and for STR brokers on an incremental scale based on number of properties managed, between \$500 and \$10,000; revenues will contribute to offsetting the costs of administration and enforcement, estimated at \$167,000 annually.

## **Recommendations**

1. That the recommendations provided in Attachment 1 of this report be adopted; and
2. That staff be authorized to undertake any other actions required to implement the recommendations of this report, including implementing the proposed new by-laws and making any consequential amendments to related by-laws, subject to the approval of City Legal Services.

## **Background**

In 2014, City Council adopted the *By-law Strategy*, which introduced a strategic framework for review, creation and amendment of the City's By-laws and related regulatory public policies. Guided by the Strategy, staff have undertaken, and continue to carry out, comprehensive reviews of the City's regulatory frameworks to better address emerging issues and protect the public interest by establishing relevant, effective public policies that continue to support health and safety, quality of life and well-being of our residents. Vaughan remains one of the five fastest growing City's in Canada and a City of choice for residents and visitors alike.

The advent of Sharing Economy business models, including ride-sharing, and food delivery, amongst others, continue to spark commercial disruptions, displacing incumbent industry leaders and expanding the boundaries of traditional markets. As these technologically-driven platforms continue to increase in popularity, governments at all levels will continue to have to innovate their regulatory approaches to ensure that they remain relevant and suitable to today's social and economic environment.

## **History of Short-Term Rentals**

The renting of a home or part of a home for a short duration, and "home-sharing" where people exchange housing accommodations while on vacation or other reasons, is not new to the tourism industry. The advent and popularity of online platforms, such as Airbnb, HomeAway, and VRBO (Vacation Rentals by Owner), HomeAway, Flipkey, Homestay, Go With Oh, OneFineStay or Booking.com has contributed to the proliferation and ease of short-term home rentals in cities across the world. This type of rentals is now commonly referred to as "short-term rentals" (STRs) and are generally understood to refer to private individuals renting out all or part of their residences for short periods of time in exchange for a fee.

## **Staff working group**

In 2018, an interdepartmental working group was created to study the impacts of STRs and explore potential regulatory responses. This group was led by BCLPS, and comprised of representatives from Building Standards, Economic and Cultural Development (ECD), Corporate and Strategic Communications, Policy, Planning and Environmental Sustainability, and Vaughan Fire and Rescue Services (VFRS)

departments. External resources such as York Regional Police (YRP) and an external consultant were also added to the study team.

### **Stakeholder engagement and research**

The City of Vaughan (COV) values the opinions of all citizens and stakeholders. Staff have undertaken an extensive internal and external stakeholder engagement process to develop a fulsome understanding of the current situation, including the challenges and benefits associated with STRs in Vaughan.

Staff have engaged extensively with members of the public, businesses, interest groups and STR companies. A comprehensive stakeholder mapping exercise identified the following stakeholder groups:

- Ratepayers' Associations
- Homeowners in the city of Vaughan
- Renters in the city of Vaughan
- The general Vaughan public
- Neighbours (people living in areas/communities where short-term rentals are being operated)
- Condominium boards in the city of Vaughan
- Hotel and motel owners and operators in the city of Vaughan (12)
- Fairbnb (national coalition of homeowners, tenants, tourism businesses and labour organizations)
- City of Vaughan staff
- Airbnb
- The Regional Municipality of York
- Vaughan Chamber of Commerce
- Building Industry and Land Development Association (BILD)
- Greater Toronto Hotel Association
- Ontario Restaurant Hotel and Motel Association
- Expedia
- Greater Toronto Apartment Association
- Insurance Bureau of Canada
- Travel Industry Council of Ontario (TICO)
- Toronto Real Estate Board
- Municipal Property Assessment Corporation (MPAC)
- Federation of Ontario Bed and Breakfast Accommodation
- The Condo Owners' Association
- The Ontario Landlords Association
- Residential Construction Council of Ontario (RESCON)
- Billet hosts in the City of Vaughan (i.e., rentals for foreign students)

The engagement process included three phases:

*Phase 1: Initial consultation*

An online survey was launched on Nov. 1 and ran until Dec. 31, 2018. It was promoted on all of the City's corporate channels including Facebook, Twitter, Instagram, the City Update eNewsletter, Vaughan TV and community centre TV screens, digital signs, the website homepage and in Council eNews. A [public service announcement](#), which was published on Nov. 5, 2018, also promoted the online survey and was distributed to media outlets. The Vaughan Citizen picked up the story and published it [online](#) on Nov. 6, 2018 and in print on Nov. 16, 2018. Citizens who called in to Access Vaughan from Nov. 26 to Dec. 7, 2018 were also asked to answer select survey questions regarding short-term rentals. An email address, [shorttermrentals@vaughan.ca](mailto:shorttermrentals@vaughan.ca), was also created to receive and respond to questions and comments about STRs.

A total of **830 surveys** were completed: **425** through the online survey and **405** completed over the phone with an Access Vaughan citizen service representative. A total of **133 open-ended comments** were received via the online survey. A total of **203 email addresses** were collected from respondents who indicated interest in receiving information from the City, as it becomes available, related to short-term rentals in Vaughan, including future consultation opportunities.

*Phase 2: Public and stakeholder meetings*

A public consultation meeting was held in each of the five wards in Vaughan in February and March of this year. The public meetings were attended by a total of 45 residents. The meeting format included a background presentation on STRs, including information about the current prevalence of STRs in Vaughan, as well as a question-and-answer period and a handout for participants to respond to two key questions:

1. What are the concerns surrounding short-term rentals in Vaughan?
2. What benefits and opportunities do short-term rentals represent for our communities?

The Corporate and Strategic Communications department implemented a comprehensive communications approach to promote the public meetings. There was also outreach to the approximately 200 citizens who provided their email addresses during phase one who expressed their desire to be informed on future consultation opportunities, as well as industry stakeholders who were also engaged in phase one.

Numerous meetings and discussions were held with various interest groups and STR companies, such as the Toronto Real Estate Board and Vaughan Chamber of Commerce and Airbnb, and as well, staff conducted a review of Fairbnb online media, an advocacy group which has shared concerns with respect to STRs and their impact on affordable housing and resident safety.

### *Phase 3: Validation*

As part of phase three consultations, staff updated the website with information about the recommended regulatory framework for STRs, including the proposed technical amendments to the City's Zoning By-law, creation of a new by-law for STRs licensing and a Municipal Accommodation Tax (MAT) STR By-law. The STRs email address, [shorttermrentals@vaughan.ca](mailto:shorttermrentals@vaughan.ca), remained open to receive additional comments and questions about the recommended regulatory framework.

Staff also sent follow up emails to the original industry stakeholder list created as part of Phase One. Follow up communications with these groups included notifying them of the City's recommended regulatory framework and notice that the public report would be presented at a Finance, Administration and Audit Committee Meeting, and that the public could attend to provide further comment.

### *2018 Citizen Satisfaction Survey*

To assess citizen satisfaction with existing programs and services provided by the City of Vaughan and to prioritize issues to improve and focus municipal service delivery, the City has routinely conducted citizen satisfaction surveys since 2007. Through the most recent 2018 survey, the information gathered was intended to assist the City in identifying key trends and issues of importance as we continue to strive for service excellence.

Administered by research firm Ipsos-Reid, the 2018 survey was conducted among 806 respondents 18 years of age and older living in the city of Vaughan. The margin of error of the completed interviews was +/- 3.5 per cent, 19 times out of 20. The results of the survey were weighted based on age, gender and sub-region within Vaughan to match the demographic profile of residents based on 2016 census data. The survey ran from June 18 to July 15, 2018. Of note, the survey asked the following question: *In your view, as a resident of the City of Vaughan, what is the most important issue facing your community, that is the one issue you feel should receive the greatest attention from your Mayor and Members of Council?*

This was an unprompted question, meaning citizens were not given a list of issues to choose from, rather, they were encouraged to proactively provide their own ideas. Staff requested that Ipsos-Reid review citizen responses to determine if any specific references to STRs or Airbnb were made. They found there were no mentions of either, indicating that STRs is not an important top-of-mind issue compared to other issues.

Based on this fulsome engagement, staff have identified key information and trends in public sentiment with respect to STRs, summarized below.

### **Short-term rentals in Vaughan**

Staff used complaint information and stakeholder input to gain a better understanding of the nature and extent of the issues that STRs have created in Vaughan.

### *Airbnb in Vaughan*

Staff engaged the popular STR company Airbnb, who advised that they hold 80% of the STR market share in Vaughan, which by their present estimates means that they offer 320 of the current 400 STRs offered in the City. The company provided the following information:

- on February 12, 2019, there were 320 STR hosts in Vaughan, though they explained that this number fluctuates regularly;
- Vaughan STR hosts typically earn \$6,700 per year on average;
- a typical STR rental is for 4.1 nights at a time;
- typical STR hosts rent their home/room for 49 nights annually; and
- 49% of Vaughan STR hosts typically rent their entire home, while 48% typically rent a private room within their home, which in a pool of 320 STRs, equates to 157 entire homes rented and 154 homes renting a private room.

### *Prevalence and distribution of Short-Term Rentals*

The City's Planning department has reviewed the distribution of STRs, finding that they are found throughout the City, with greater concentrations in some areas which may vary by season, such as areas surrounding Canada's Wonderland during the summer season.

Based on 2016 StatsCan data with respect to numbers of households considered in tandem with data from Airbnb, we can estimate that approximately 400 of the total 94,217 households in Vaughan are likely hosting STRs at any given time.

### **What we heard about short-term rentals**

Vaughan residents, through a series of consultations across the city's five wards, shared their experiences, concerns and suggestions with respect to short-term rentals.

### ***Input from York Regional Police***

In reviewing their activity related to STRs, York Regional Police ("YRP") advised that in 2018, there were several criminal and non-criminal complaints investigated, such as assaults, sexual assaults, disputes, identity fraud and property damage. YRP suggested that STR applications should require a greater breadth of information, including insurance and key contact information, and that processes for lodging complaints related to STRs should be clear and accessible to the public.

### ***Support for city regulation***

As mentioned above, in the telephone and online surveys, staff heard from 830 respondents; more than three quarters indicated that they were Vaughan home-owners, but as well, respondents included other organizations, such as condominium board members, a short-term rental platform company, a tourism organization and various ratepayers' association members. Two key results were that:



- 473 of respondents advised that STRs are not an issue in Vaughan; and
- 581 of respondents believed that the City should regulate STRs.

As such, while more than half of respondents did not believe that STRs were an issue in Vaughan, the great majority of respondents believed that the City should have a regulatory framework in place to govern them.

### ***Concerns about Short-Term Rentals***

Staff heard the following concerns from stakeholders and complaints.

- **Homes being used as party houses:** A number of residents reported living in close proximity to STR houses being used to host parties on the weekends. They described these parties as often having loud music until late hours of the night, many parked vehicles which frequently obstructed the flow of traffic and, in some cases, houses had hired security guards manning the door, similar to a night club. In a few recent incidents in Vaughan, there have been incidents of criminal matters occurring at these parties, prompting the attention of YRP.
- **Poor upkeep of properties:** Some residents complained of STR properties being poorly maintained, with renters sometimes damaging property and leaving behind excessive amounts of trash, all contributing to a general concern over how these nuisances might impact property values.
- **Fire and access safety:** Some residents expressed concern that STRs in homes may not have the proper life-safety measures, such as smoke and carbon monoxide alarms, and that the owners may not be providing the proper emergency information to their renters, potentially creating a serious hazard.
- **Condominium residents:** Some condominium residents expressed concern that having STR renters leads to overuse and excessive wear-and-tear of common/shared areas, ultimately resulting in higher condo fees, and concern about their homes feeling like hotels, with a changing influx of different STR renters having access to their buildings.
- **Hotels, motels, other accommodation venues and the Municipal Accommodation Tax:** These venues expressed concern over unfair competition from STRs, who are not subject to the same taxes and often provide accommodation at lower costs. As of April 1, 2019, as per By-law 029-2019, guests at Vaughan hotels, motels, campgrounds and bed-and-breakfasts have been required to pay the Municipal Accommodation Tax (MAT), a 4% charge for paid overnight accommodations.
- **Impact on affordable housing:** One concern that surfaced in almost every municipality is that homeowners/occupants may choose to offer available rooms

or suites as STRs instead of as long-term affordable housing, with the underlying motivation being able to earn more money as an STR provider, while avoiding stricter landlord-tenant regulations associated with long-term rentals. Many municipalities have attempted to protect the long-term affordable housing supply by limiting the number of nights that an STR can be rented to be between 28 and 30 nights, with an additional limit on the total number of days that an STR can be rented in a given year.

### ***Positives of Short-Term Rentals***

Staff also heard from stakeholders about the positive impacts of STRs:

- **Additional supplementary income:** Some stakeholders expressed interest in becoming STR operators as a way to supplement their income and have greater housing stability.
- **Affordable travel options for tourists, families and those caring for loved ones:** Some residents expressed that they enjoyed using STRs to travel and found them to be an enjoyable and more affordable option for accommodation, especially for large families. STRs also were seen as more economical and convenient alternatives for those with relatives who may be staying in the City for various other reasons, such as required medical care.
- **Support to Vaughan business community:** Some suggested that STRs contributed to ancillary industries, economic stability and greater business success for restaurants and other industries that benefit from, and cater to, visitors.
- **Increased accessibility to housing options through technology:** Some stakeholders indicated that STR platforms made it easier to find accommodation within an area, providing an opportunity to lodge in a desired area while looking for permanent accommodations within that same area and to create greater rental-housing competition within an area, putting a downward pressure on rental housing prices generally in that area.

### **Current regulatory framework and oversight**

In the event of an issue, BCLPS, VFRS and Building Standards will collaborate to appropriately respond to circumstances relating to use and occupancy. The City will also continue to engage YRP as needed, for more serious matters, such as criminal offences in any circumstance.

The City currently has a range of regulations with which to address the concerns associated with any properties, including STRs, such as the Debris, Noise, Parking, Property Standards, and Waste by-laws, as well as the Ontario Building and Fire Codes. Staff have a range of powers under these regulations, such as issuing monetary

penalties for infractions, undertaking and recovering costs of remedial work where needed and where appropriate, and/or pursuing an order to close the premises where a residential home is being misused for other purposes.

Despite the City's regulatory toolkit, Zoning By-law and Licensing By-law do not speak specifically to STRs; this limits the ability of staff to address STRs in a more comprehensive way. Staff note that the following Ontario municipalities have developed or are in the process developing STR-specific regulations:

- Blue Mountains
- Kingston
- London
- Markham
- Mississauga
- Niagara-on-the-Lake
- Oakville
- Ottawa
- Toronto
- Waterloo

Among these municipalities, staff noted several commonly proposed/implemented approaches to increasing their regulatory abilities, including:

- requiring registration or licensing of STR “brokers”, such as Airbnb, and STR “operators”, i.e., persons renting their homes or a portion of their homes;
- creating STR-specific regulations, including the requirement for brokers and operators to share information;
- creating the ability for STR operators to be penalized and even banned from operating when non-compliant with regulations, and requiring STR brokers from not advertising them;
- placing limits on the number of nights a home can be rented as an STR, in order to minimize the reduction of homes offered for long-term affordable housing;
- establishing application, renewal, and inspection fees to recover costs associated with STR regulation from those in the industry rather than solely from the tax base;
- requiring STRs to be occupied by the primary resident; and
- no changes to the cities' Official Plans are proposed on the basis that STRs are considered to be accessory to principal residential use.

Table 1 - Jurisdictional scan of Ontario Short-Term Rental regulations

City	Status on regulation of Short-Term Rentals	Short-Term Rental fees (if applicable)
Blue Mountains	Regulation is in place, with restrictions on which residential zones STRs are allowed to operate	<ul style="list-style-type: none"> <li>• Application fee for operators: \$2,500.00 for houses and \$1,500.00 for condo units</li> <li>• Renewal fee for operators: \$1,000.00 for houses and \$500.00 for condo units</li> <li>• Late renewal fee: \$500.00</li> <li>• Fire safety inspection: \$75.00</li> <li>• STA Licensing Committee Appeal fee: \$500.00</li> <li>• Council STA Appeal Fee: \$500.00</li> <li>• STA re-inspection fee: \$100.00</li> <li>• Replacement STA licence placard: \$50.00</li> </ul>
Brampton	No regulations are in place	NA
Caledon	No regulations are in place	NA
Guelph	No regulations are in place	NA
Kingston	Licensing intended to be introduced in 2019	<ul style="list-style-type: none"> <li>• Fees for operators: \$ 175 for 5 years, proposed</li> </ul>
London	STR study underway, with consultations scheduled for Q3 2019	NA
Markham	Regulations are pending, however in the interim, rezoning is required to operate STRs	<ul style="list-style-type: none"> <li>• Fees for brokers: \$5000 one-time application fee per company + \$1/night booked</li> <li>• Fees for operators: \$50 annually</li> </ul>
Mississauga	Regulations are pending, with STRs not allowed in secondary suites or basement apartments	NA

City	Status on regulation of Short-Term Rentals	Short-Term Rental fees (if applicable)
Niagara-on-the Lake	Regulations are in place	<ul style="list-style-type: none"> <li>• Fee for brokers: NA</li> <li>• Fees for operators: \$108/license guest room per year</li> <li>• STR Appeal Fee: \$250 (non-refundable)</li> </ul>
Oakville	Regulation pending	<ul style="list-style-type: none"> <li>• Fees for brokers: \$ 44,500 annually</li> <li>• Fees for operators: \$ 237 annually</li> </ul>
Ottawa	Study underway	NA
Richmond Hill	No regulation in place	NA
Toronto	Regulations are pending a Local Planning Appeal Tribunal (LPAT) appeal in August 2019	<ul style="list-style-type: none"> <li>• Fees for brokers: \$5000 annually and \$1 per night rented</li> <li>• Fees for operators: \$50 annually</li> </ul>
Waterloo	Regulations are pending	<ul style="list-style-type: none"> <li>• No specific STR licensing, however there are rental licences ranging from \$500 to \$1200</li> </ul>

Staff have considered these and other regulations in developing the recommendations outlined in the Analysis and Options section.

### **Previous Reports/Authority**

[Municipal Accommodation Tax](#), Item 3, Report No. 1, Finance, Administration and Audit Committee, January 29, 2019.

### **Analysis and Options**

Staff recommendations and reasoning are listed below.

Table 2 – Current state, proposed regulations and reasoning

No	Current state	Proposed regulation or action	Reasoning
1	Short-Term Rentals are not defined in any City of Vaughan by-law and are therefore not explicitly regulated.	Define Short-Term Rentals as, “All or part of a dwelling unit used to provide sleeping accommodations for any rental period that is 29 consecutive nights or less in exchange for payment but does not include Bed-and-Breakfasts.”	By defining STRs, the City can clearly articulate what constitutes a legal STR and, in this way, apply specific provisions and requirements.
2	Letting, lodging, boarding, and other arrangements of accommodation are not licensed by the City.	<p>Create licensing categories for STR Brokers (such as Airbnb) and STR Operators (those who rent their homes) in a stand-alone by-law, requiring initial licensing and annual renewal, requiring the following annual fees:</p> <p>STR Brokers to be licensed and renewed annually at:</p> <ul style="list-style-type: none"> <li>• \$10,000 for those with more than 100 listings;</li> <li>• \$5,000 for those with 51 to 100 listings;</li> <li>• \$1,000 for those with 11 to 50 listings; and</li> <li>• \$500 for those with 10 or fewer listings.</li> </ul> <p>STR Operators to be licensed annually at \$300 per property.</p>	Licensing provides the City with leverage when it comes to inspection authority and enforcement powers, as well as the revenue to contribute to the costs of administration, oversight and enforcement, thereby off-setting pressure on the City’s tax base.
3	The City does not currently collect information about STR Operators.	<p>As a condition of licensing, require STR Brokers and Operators to share and update information with respect to:</p> <ul style="list-style-type: none"> <li>• their contact information, including emergency contacts where someone can be reached 24 hours a day during rental periods;</li> <li>• a description of their property, which parts will be used for rental and access/exit information; and</li> </ul>	To ensure the City has appropriate contacts and information to respond to any complaints related to STRs, as well as to verify that the STR is being operated in accordance with regulation (e.g. principal residence).

No	Current state	Proposed regulation or action	Reasoning
		<ul style="list-style-type: none"> <li>government-issued identification that demonstrates that the address is the STR Operator's principal residence.</li> </ul>	
4	There are no specific by-law provisions that related to STR operation and advertising.	<p>Create provisions in which an STR licence may be refused, suspended, subject to conditions and/or revoked, including but not limited to when:</p> <ol style="list-style-type: none"> <li>The applicant/licensee has not completed the application, including submission of required documents of fee payment.</li> <li>The applicant/licensee has failed to pay fees, fines or any outstanding debt (e.g. MAT) associated with this or other City by-laws.</li> <li>There is reason to believe the information provided is false or ceases to be accurate.</li> <li>Where an adverse report has been received from any of the officials, departments, or other public authorities.</li> <li>The applicant/licensee are not acting in accordance with integrity, honesty or any laws or there is reasonable grounds to believe they are not doing so.</li> <li>There are reasonable grounds to believe that the conduct of the applicant/licensee and/or other circumstances has infringed or would infringe on the rights of other members of the public and/or would endanger their health, safety, or would infringe on the rights of members of the public.</li> </ol>	Where the Chief Licensing Officer deems it necessary, the City would be able to prohibit an STR broker or host from operating, impose conditions, suspend, or revoke any licence, as well as to ban them from re-applying to operate for a period of up to 12 months, subject to appeal.

No	Current state	Proposed regulation or action	Reasoning
		<p>7. An applicant/ licensee was refused/ revoked/ suspended within the last 12 months.</p> <p>8. There is any other matter that the Chief Licensing Officer is authorized by law to consider.</p> <p>In addition, create the provision that any refusal, suspension, revocation or condition would be subject to an appeal process.</p>	
5	There are currently no by-laws which advise that STRs must operate in line with existing regulatory requirements.	Advise that STRs must operate in accordance with all applicable law and regulations, including but not limited to the Building and Fire Code.	To create greater awareness amongst operators and in this way to achieve higher levels of compliance
6	There is no unique identifier for STR Operators.	Require STR Brokers to list STR Operator licence numbers in advertisements and require STR Brokers to stop advertising any STR for which the licence has been suspended or revoked by the City.	This will encourage a system of transparency, enabling complainants to more easily identify STRs and report any issues to the City for follow-up.
7	There are no current provisions restricting in what areas STRs can operate.	Allow STR Operators to offer accommodations in residential dwelling types only, as determined by the related proposed zoning by-law provisions.	To identify where STRs are permitted and to prohibit non-residential buildings from being used as STRs, while continuing to allow other types of purpose-built accommodation buildings, such as hotels and motels, to continue to operate.



No	Current state	Proposed regulation or action	Reasoning
8	There is limited authority for City staff to enter dwelling units for the purposes of inspection, requiring that they must have the occupant's permission or a warrant.	Under licensing, STR Operators can be compelled to provide access to their properties for purposes of inspection, as well as take other safety measures, such as post life-safety plans which outline access and egress, and among other regulations, establish criteria and penalty for obstructing the appropriate City officials for carrying out their lawful authorities.	To ensure compliance with relevant life-safety and all other regulatory standards, including powers of the City and related penalty system.
9	Many municipalities limit the length of time for which a STR can be rented, such as ranging from 28 to 30 days	STR Operators to be required to list accommodations for periods of 29 consecutive nights or less per booking and not exceeding 180 days for all bookings within any calendar year.	<p>This provision is aimed at limiting the accommodation terms in order to mitigate the adverse impact on potential affordable long-term rental housing. This requirement is also aligned with MAT regulations.</p> <p>The 180-day cap is intended to limit the economic benefit of short-term rentals vis-à-vis long-term housing, thus promoting the later.</p>
10	There are no regulations with respect to which homes and units can provide STRs	Allow STR Operators to offer accommodation in any home which is the owner's principal residence or the principal residence of a tenant who has the owner's permission to operate an STR, also requiring that in the case of a condominium, the additional permission of the Condominium Board is required. These regulations will be achieved through the proposed licensing framework.	This provision is aimed at prohibiting strictly commercial and speculative interests from operating STRs at the expense of long-term housing.
11	The Zoning By-law permits Bed-and-Breakfast establishments in	This should stay the same, as a separate category of accommodation that continues to require site-specific Council approval.	No issues have been reported to the City about these businesses.

No	Current state	Proposed regulation or action	Reasoning
	the C11 Mainstreet Commercial zone		
12	There are no limits on the number of simultaneous bookings that can be hosted by an STR	Allow STR Operators to allow one booking for one property at any time, whether it be the whole home or a single room that is being rented.	This provision is intended to limit the number of different parties occupying a home at one time, in the hopes of reducing nuisances, parking issues and other concerns.
13	There is no requirement for an STR Broker to disclose information about STR hosts.	Require STR Brokers to disclose information about STR hosts and their accommodations to the City as needed for investigation and planning purposes, and to retain this information for at least three years.	Leverage the information gathered by STR Brokers to enhance the City's ability to investigate and plan.
14	MAT of 4 % will apply to City of Vaughan hotels, motels, campgrounds and bed and breakfasts as of April 1, 2019.	Require that STRs be subject to MAT, which must be collected and remitted to the City by STR brokers.	This will ensure MAT is applied fairly and consistently among different types of accommodations throughout Vaughan, and remitted to the City in an efficient manner.
15	Staff have observed that some STR brokers are based in other countries, and as such, operate with different regulations than those which would apply here.	To prohibit any STR Brokers from imposing mandatory arbitration clauses for STR Operators or users, or regulations outside of those in line with Canadian, Ontario or municipal regulation.	The intent of this provision is to ensure that all parties involved in STRs are subject to the correct regulations, and not subject to restrictive clauses that would prohibit their ability to exercise their local rights.
16	There are currently no penalties specific to STR operation.	Establish penalties for any person or director or officer of a corporation who commits or assents to a contravention of the by-law, with fines not to exceed \$100,000 or a special fine, in an amount	Ensure that the City has the authority to impose penalties for STRs operating in

No	Current state	Proposed regulation or action	Reasoning
		<p>the court deems appropriate to eliminate or reduce the possible economic advantage of the contravention, and a fine of up to \$10,000 per day for each day in which an offence continues.</p> <p>In addition, ensure that obstruction, hindrance or interference of an investigation be a chargeable offence.</p>	contravention of regulations.
17	The City of Vaughan Official Plan (OP) does not address STRs.	<p>That no change to the OP is proposed at this time, on the basis that STRs in Vaughan are considered to be accessory to principal residential use.</p> <p>With that said, staff intend to monitor the impact of STRs over time.</p>	This will enable land use to continue as outlined in the OP, while staff evaluate its impact and if needed, undertake the OPA process.

## **Financial Impact**

### ***Licensing revenue and staffing***

Pursuant to the Municipal Act of Ontario, and the subsequent authority to impose a licensing framework, revenues generated through licensing must be applied to the administration and enforcement of the licensing which generates the revenue. City staff are exploring the need for additional resources and technology to administer and enforce the new regulations and will proceed through the appropriate process during the 2020 Budget submission cycle.

In the interim, City of Vaughan staff intend to draw on existing staff resources in BCLPS, Building Standards, and VFRS to administer, monitor and enforce the proposed regulations. Extrapolating data on existing use, the following projected licensing revenue is anticipated annually, which is anticipated to offset the immediately resulting costs and any future anticipated costs:

Table 3 – Projected annual licensing revenues

Licensee	Estimated number of licensees	Suggested licensing fee	Expected annual revenue
STR broker - more than 100 properties	2	\$ 10,000	\$ 20,000
STR broker - 51 to 100 properties	3	\$ 5,000	\$ 15,000
STR broker - 11 to 50 properties	6	\$ 1,000	\$ 6,000
STR broker - up to 10 properties	12	\$ 500	\$ 6,000
STR operators	400	\$ 300	\$ 120,000
<b>TOTAL PROJECTED REVENUE</b>			<b>\$ 167,000</b>

Staff anticipate that STR regulation will necessitate additional administrative and enforcement resources, anticipating the following additional requirements:

- BCLPS anticipates need for an additional Full-Time Equivalent (FTE) enforcement position and one additional part-time administrative staff, which would be offset by the projected revenue.
- VFRS anticipates an increased requirement of 0.25 FTE for costs associated with the inspection of complaints and enforcement of infractions under the Ontario Fire Code.
- Building Standards and Fire and Rescue Services will continue to monitor the impact on their resources and assess their needs accordingly.

### ***Municipal Accommodation Tax***

In 2018, ECD commissioned a study, *Market Assessment of Municipal Accommodation Tax*, conducted by CBRE Limited Valuation and Advisory Services; their findings suggest that the STR market will continue to grow, and that a 4% MAT would likely generate at least \$120,000 in tax revenue annually.

### **Broader Regional Impacts/Considerations**

The proposed recommendations would bring Vaughan in line with the regulatory approaches which have been and/or are being undertaken by other major Ontario municipalities, providing greater consistency across Ontario cities, including for residents, visitors, the business community and STR Operators and Brokers.

### **Conclusion**

The proposed establishment of a regulatory framework aligns directly with the City's *By-law Strategy* and directly supports Term of Council Service Excellence Strategic Plan

(Area 4): ACTIVE, SAFE AND DIVERSE COMMUNITIES and (Area 5): ECONOMIC PROSPERITY, INVESTMENT AND SOCIAL CAPITAL to ensure the health and safety of our residents, maintain a high quality of life and foster economic sustainability across our City.

Proposed amendments include recognition of short-term rentals as a permitted use in areas where residential uses are permitted, the introduction of a licensing and regulatory regime, and the requirement for all short-term rentals to be subject to MAT.

The proposed regulations will ensure that the City of Vaughan has the ability to mitigate the potential impacts of Short-Term Rentals, support the identified benefits and ensure the appropriate measures are in place to address current and potential future concerns.

Given the timelines required under the Ontario Planning Act for amendments to zoning regulation, staff estimate that the proposed by-laws and amendments will be enacted in fall of 2019, with regulations implemented by January 2020.

**For more information**, please contact:

Gus Michaels, Director and Chief Licensing Officer, ext. 8735

Deryn Rizzi, Vaughan Fire Chief, ext. 6301

## **Attachments**

1. Proposed recommendations

## **Prepared by**

Carol Ramchuram, Regulatory Policy Analyst, ext. 8783

Rudi Czekalla-Martinez, Manager, Policy and Business Planning, ext. 8782

## Proposed recommendations

1. To create a new by-law, (Short-Term Rentals By-law), in line with the following:
  - a. Define Short-Term Rentals as, “All or part of a dwelling unit used to provide sleeping accommodations for any rental period that is 29 consecutive nights or less in exchange for payment but does not include Bed-and-Breakfasts.”
  - b. Require a licence for STR Brokers (such as Airbnb) and STR Operators (those who rent their homes) in a stand-alone by-law, requiring initial licensing and annual renewal, subject to the following annual fees:
    - i. STR Brokers:
      - a. \$10,000 for those with more than 100 listings;
      - b. \$5,000 for those with 51 to 100 listings;
      - c. \$1,000 for those with 11 to 50 listings; and
      - d. \$500 for those with 10 or fewer listings.
    - ii. STR operators: \$300.
  - c. Limit the number of STR units to one per property (i.e., registered lot) and only on properties within a zone that permits residential uses.
  - d. As a condition of licensing, require STR Brokers and Operators to share and update information with respect to:
    - i. Operator contact information, including emergency contacts where someone can be reached 24 hours a day during rental periods;
    - ii. a description of the Operator’s property, which parts will be used for rental and access/exit information; and
    - iii. government-issued identification that demonstrates that the address is the STR Operator's principal residence.
  - e. Advise that STR Operators must operate in accordance with applicable regulations, such as, but not limited to, municipal by-laws, the Ontario Building Code and Ontario Fire Code.
  - f. Create the authority for the Director and Chief Licensing Officer, BCLPS, to refuse to issue or renew a license, to cancel, revoke or suspend a license, or to impose terms and conditions on a licence when:
    - i. The applicant/licensee hasn’t completed the application, including submission of required documents of fee payment.

- ii. The applicant/licensee has failed to pay fees or fines associated with this or other City by-laws.
  - iii. There is reason to believe the information provided is false or ceases to be accurate.
  - iv. Where an adverse report has been received from any of the officials, departments, or other public authorities.
  - v. Reason to believe the applicant/licensee has not complied with any other applicable law.
  - vi. The applicant/licensee is not acting in accordance with integrity, honesty or any laws or there is reasonable grounds to believe they are not doing so.
  - vii. There are reasonable grounds to believe that the conduct of the applicant/licensee and/or other circumstances would/has infringe on the rights of other members of the public and/or would endanger their health, safety, or would infringe on the rights of members of the public.
  - viii. An applicant's application/ licensee's licence was refused/ revoked/ suspended within the last 12 months.
  - ix. There is any other matter that the Director and Chief Licensing Officer is authorized by law to consider.
- g. Require STR Brokers to list STR Operator licence numbers in advertisements and require STR Brokers to stop advertising any STR for which the licence has been suspended or revoked by the City.
  - h. Under licensing, STR Operators can be compelled to provide access to their properties for purposes of inspection.
  - i. STR Operators be required to list accommodations for periods that do not exceed 29 consecutive nights per booking, and that all bookings for that STR not exceed 180 days within any calendar year.
  - j. Allow STR Operators to offer accommodation in any home which is their "principal residence"; in the instance where the STR Operator does not own the property, the permission of the owner is required, and in the case of a condominium, additional permission of the Condominium Board is required.
  - k. Require STR Brokers to disclose information about STR hosts and their accommodations to the City as needed for investigation and planning purposes, and to retain this information for at least three years.

- l. STRs are subject to the MAT, as per the Municipal Accommodation Tax By-law(s), or its successor by-law(s).
  - m. To prohibit any STR brokers from imposing mandatory arbitration clauses for STR Operators or users, or regulations outside of those in line with Canadian, Ontario or municipal regulation.
  - n. Create a provision that no person shall hinder, interfere with or obstruct a Municipal Law Enforcement Officer from performing any of his or her duties, as provided for in the by-law.
  - o. Establish penalties for any person or director or officer of a corporation who commits or assents to a contravention of the by-law, in a fine not exceeding \$100,000 or a special fine, in an amount the court deems appropriate to eliminate or reduce the possible economic advantage of the contravention, and a fine of up to \$10,000 per day for each day in which an offence continues.
  - p. Any other consequential requirements as prescribed by the new by-law.
2. To amend the Zoning By-law 1-88, as amended, to:
- a. Define Short-Term Rentals as, “All or part of a dwelling unit used to provide sleeping accommodations for any rental period that is 29 consecutive nights or less in exchange for payment, but does not include Bed-and-Breakfasts, as defined in the Short-Term Rentals By-law or its successor by-law”.
  - b. Amend the definition of “Bed and Breakfast Establishment” to mean “an establishment within part of a single family detached dwelling that provides sleeping accommodation for guests, and may include meals, services, facilities and amenities for the exclusive use of guests, but excludes a hotel, motel, or Short-Term Rental”;
  - c. Allow Short-Term Rentals in areas where residential use is permitted; and
  - d. Limit the number of the Short-Term Rentals to one rental booking per dwelling unit at any given time.
  - e. Any other consequential requirements as prescribed by the amending by-law.
3. To create a Municipal Accommodation Tax STR By-law that:
- a. Defines Short-Term Rentals as, “All or part of a dwelling unit used to provide sleeping accommodations for any rental period that is 29



consecutive nights or less in exchange for payment, but does not include Bed-and-Breakfasts, as defined in the Short-Term Rentals By-law or its successor by-law”.

- b. Requires that Short-Term Rental accommodations be subject to MAT.
- c. Any other consequential requirements as prescribed by the new by-law.

## **Finance, Administration and Audit Committee Report**

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: THE LONG-TERM WATER FINANCIAL PLAN, 2020-2031 AS  
PART OF THE MUNICIPAL DRINKING WATER LICENCE  
RENEWAL**

**FROM:**

Zoran Postic, Interim Deputy City Manager, Public Works  
Michael Coroneos, Chief Financial Officer and City Treasurer

**ACTION:** DECISION

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**Purpose**

Adoption of the City's Long-term Water Financial Plan, 2020-2031, that provides a financially viable and sustainable water distribution system as required by the Safe Drinking Water Act, 2002, Ontario Regulation 453/07 and as part of the City's Municipal Drinking Water Licence Renewal for 2020.

**Report Highlights**

- The City's Drinking Water Licence is being renewed in 2019 and Council approval of a twelve-year financial plan is required.
- The long-term water financial plan demonstrates the City's financial sustainability of the water distribution system to ensure the continuous delivery of safe drinking water.

**Recommendations**

1. That the attached Long-term Water Financial Plan, 2020-2031, which demonstrates a viable and sustainable financial plan for the City's water distribution system, be approved; and

2. That a copy of the Council Resolution of the Long-term Water Financial Plan, 2020-2031 be submitted to the Ministry of the Environment, Conservation and Parks and that a copy of the resolution and plan be forwarded to the Ministry of Municipal Affairs and Housing.

## **Background**

The Safe Drinking Water Act (SDWA), 2002, requires that the owner of a municipal drinking water system must apply for renewal of their Municipal Drinking Water Licence (MDWL) every five years. The City's current MDWL will expire in 2019 and, as part of the renewal requirements, a minimum of a six-year financial plan must be created and approved by Council. The City has decided to extend the financial planning horizon over a longer term to ensure full cost recovery for the water distribution system, and will be submitting a twelve-year plan from 2020 through to 2031. This longer-term plan will be reviewed on a regular basis to ensure it continues to align with the City's water program.

## **Previous Reports/Authority**

[https://www.vaughan.ca/council/minutes\\_agendas/AgendaItems/Finance1202\\_13\\_3.pdf](https://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance1202_13_3.pdf)

## **Analysis and Options**

The City currently holds a Drinking Water Works Permit along with a Municipal Drinking Water Licence, both of which are required to operate a drinking water system. The current Municipal Drinking Water Licence expires on June 15, 2019 and therefore the City is required to provide the Province with a Council Resolution indicating approval of a financial plan before that time.

The financial plan must include a:

- Statement of Operations
- Statement of Financial Position
- Statement of Net Financial Assets
- Statement of Cash Flow

The financial plan must be adopted by the Council of the municipality and the resolution must also indicate that the drinking water system is financially viable.

## **Financial Impact**

There is no financial impact as a result of this report, however, the Long-term Water Financial Plan, 2020-2031 will be reviewed during the preparation of the 2020 – 2031 water operating and capital budgets.

## **Broader Regional Impacts/Considerations**

No implications

## **Conclusion**

The financial sustainability of the City of Vaughan's drinking water system has been evaluated in the Long-term Water Financial Plan, 2020-2031. Financial projections have been made based on a series of assumptions, the most important of which includes system infrastructure growth, account growth, future water rates and future water purchase costs. Statements built on these assumptions conclude that the City of Vaughan has a financially sustainable drinking water system.

The Long-term Water Financial Plan, 2020-2031 is a living document and will be reviewed annually to ensure that the drinking water system continues to be financially sustainable and that any necessary adjustments are made as needed to achieve this objective.

**For more information**, please contact: Jack Graziosi, Interim Director of Environmental Services or Dean Ferraro, Director of Financial Services/Deputy Treasurer.

## **Attachments**

1. Long-term Water Financial Plan, 2020-2031

## **Prepared by**

Sean Skinkle, Finance Manager, Water/Wastewater/Stormwater, extension 8486  
Carol Warner, Supervisor of Compliance and Business Services, Environmental Services, extension 6197



VAUGHAN

ATTACHMENT 1

# 2020-2031 **Long-term Water Financial Plan**

**Financial Plan Number 011-301  
As Per Ontario Regulation 453/07  
Under the Safe Drinking Water Act, 2002**

Prepared by:

Sean Skinkle, Finance Manager, Water/Wastewater/Stormwater

Wynkie Ha Hau, Senior Financial Analyst

Dean Ferraro, Director Financial Services/Deputy Treasurer

## Table of Contents

Executive Summary	2
Background	3
Methodology	3
Debt Expenses	5
Current Revenue	6
Current Expenses	7
Capital Expenditures	8
Amortization Expenses	9
Accumulated Amortization	10
Annual Surplus or Deficit	10
Conclusions	10
Process for Approval and Submission	10
APPENDIX A – Ontario Regulation 453/07	12
APPENDIX B – Statement of Financial Position	15
APPENDIX C – Statement of Operations	16
APPENDIX D – Statement of Cash Flow	17
APPENDIX E – Statement of Change in Net Financial Assets	18

## Executive Summary

As part of Justice O'Connor's Recommendation Report from the Walkerton Inquiry, the Province enacted the Safe Drinking Water Act (SDWA), 2002. In 2007, the Ministry of the Environment, Conservation and Parks (MOECP) released Ontario Regulation 453/07 (Financial Plans) under the SDWA. This regulation requires that a financial plan be prepared as part of the Municipal Drinking Water Licencing Program, for both new licences and licence renewals. Further, the Long-term Water Financial Plan utilizes guidelines of the Public Sector Accounting Board's (PSAB) accounting standards 3150 for tangible capital asset accounting. The Long-term Water Financial Plan is intended to ensure that the City of Vaughan, as the drinking water system owner, plans for the long-term financial sustainability of the drinking water system and to guarantee safe drinking water into the future.

The Long-term Water Financial Plan must include a statement that the financial impacts of the drinking water system have been considered, apply for a minimum of six (6) years and outline details of the proposed or projected revenues and expenses. The financial plan must also identify all assets and liabilities. The City of Vaughan has prepared a 12-year financial plan to encompass two Licencing periods to forecast the financial sustainability of the water system well in to the future. This financial plan will supplement the annual water program budgeting process and will be updated on a regular basis to reflect substantive changes.

Information on projected statements of financial position can be found in appendices 'B', 'C', 'D' and 'E'.

## Background

The City of Vaughan has been preparing and submitting water financial plans since 2010 in support of its Municipal Drinking Water Licence (MDWL). The first financial plan, covering the period 2010 through 2015, was approved by Council on June 15, 2010. A subsequent financial plan, covering the period 2014 through 2019, was approved by Council on December 10, 2013. This new Long-term Water Financial Plan (the Financial Plan) Number 011-301 will span the period from 2020 through 2031.

One of the conditions of receiving the MDWL requires that a financial plan that satisfies the conditions of Ontario Regulation 453/07 be approved by Council. This financial plan has been created to comply with the requirements of O. Reg. 453/07 and covers the City of Vaughan's public portion of the water system which includes all distribution systems, pipes, meters, valves, and hydrants. The financial statements included in this report project 12 years into the future.

Vaughan residents purchase their drinking water from the Regional Municipality of York (York), who in turn import their water from the City of Toronto and the Region of Peel. All treatment operations to ensure safe, potable water are performed by Toronto and Peel prior to transmission to York's water infrastructure, however both Vaughan and York further sample and test the water on a regular basis. This financial plan only considers Vaughan's water system.

## Methodology

Ontario Regulation 453/07, included as appendix 'A', requires that MDWL holders provide detailed information indicating the municipality is financially sustainable now and into the future. Determination of sustainability focuses on the following projections, including:



- Projected financial position including assets, liabilities, net debt and tangible capital assets;
- Projected financial operations including revenue and expenses; and
- Projected cash receipts and cash payments.

In order to meet the requirements of O. Reg. 453/07, the City of Vaughan has followed a formal five-step methodology in the development of the financial plan. The five steps include:

1. Establish the assumptions regarding growth, water rates and rate of inflation;
2. Determine current and future revenues under the assumptions;
3. Determine current and future expenditures under the assumptions;
4. Determine current and future capital expenditures under the assumptions;  
and
5. Assess whether the drinking water system is financially sustainable under these assumptions.

The following table includes the high-level assumptions that were used in the development of the financial plan. These factors were derived from multiple sources including the City's Capital Asset Management Plan, the City's Planning Department, Alectra Energy Services (City's meter reading and billing agent), York Region and The Conference Board of Canada.

<b>Item</b>	<b>Assumption(s)</b>	<b>Details</b>
System infrastructure	2.0% - 3.0%	Year-over-year inflation increase to the water system infrastructure
Account growth	1.01% R 1.13% ICI	Year-over-year growth to the account base for residential(R) and Industrial/Commercial/Institutional (ICI) accounts based on population growth projections
Current consumption per unit	267 m <sup>3</sup>	Average amount of water used by account, trending down by 1% per year after 2022
City Water rates	9.9% - 5.0%	9.9% in 2020 and 5.0% for 2021 through 2031
York Region wholesale water rates	4.8% - 4.6%	Water purchase rates charged by York Region, 4.8% in 2020 and 4.6% for 2021 through 2031
Operating Expenses	4%	Average of 4% annual increase in maintenance and installation costs, and general administration costs that includes both volume and price increase

## Debt Expenses

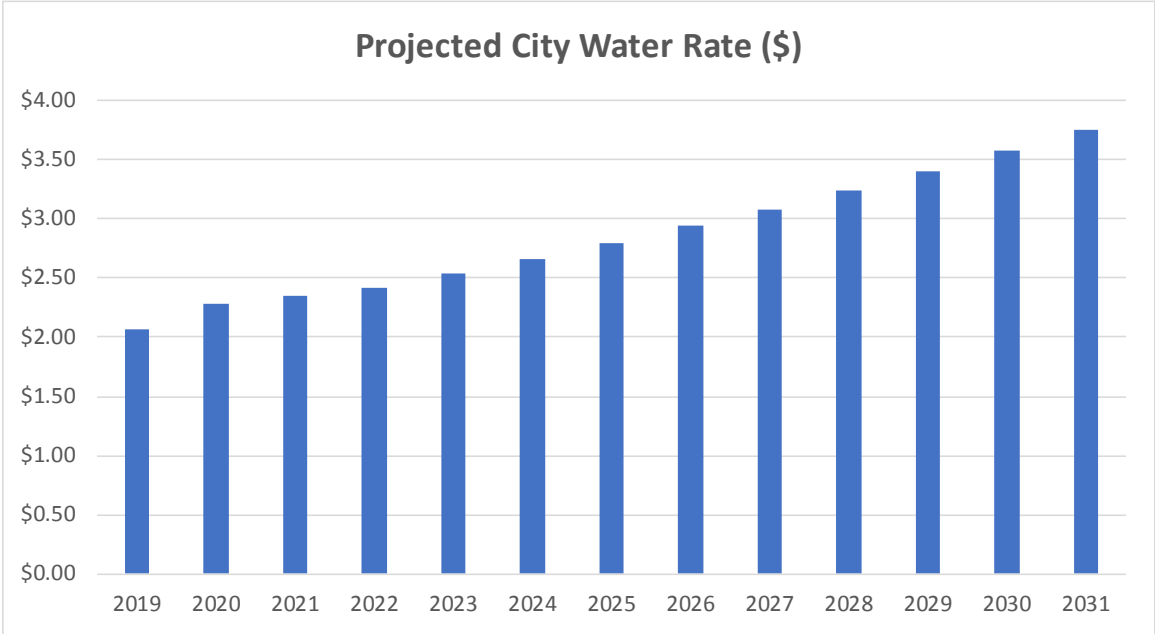
Currently the City of Vaughan has no debt associated with the water program. During the 2018 budget process, City Council approved a Smart Meter and Advanced Metering Infrastructure (AMI) project in the amount of \$38,500,000, 50% (i.e. \$19,250,000) of which is charged against the wastewater program with the other 50% being charged to the water program. The project is expected to be completed in 2023, following which the total amount of the project will be debentured. Principal repayment and interest charges will extend through 2042 until the full amount of the debt is repaid. The City is not expected to incur any other debt through 2031.



## Current Revenues

Revenues are primarily driven by consumption charges, that is metered consumption multiplied by the water rate. The City also charges for water related services, including, for example, water turn-offs and water line thawing. Changes to revenue is based on two things, one being population growth and the other being the per-unit use of water. Vaughan is assumed to grow at a rate of 1.01% for Residential and 1.13% for Industrial/Commercial/Institutional accounts, adding 9,774 and 429 accounts respectively by 2031. In contrast to account growth, the City has seen a steady decrease in per unit consumption driven by ongoing conservation initiatives and lower demand caused by increases in the cost of water. These assumptions are critical in modeling revenue projections. Deviations in projected population growth or per-unit demand can lead to large changes in projected revenue. The Financial Plan will be reviewed on a regular basis and updated as required when significant revenue changes occur.

In respect of water charges, it has been assumed that York Region’s wholesale purchase costs will increase at 4.6% per year and the City’s water rate will increase at 9.9% for 2020 (\$2.2777/m³), 3.0% for 2021 and 2022 and 5.0% per year from 2023 through 2031 (\$3.7486/m³). Revenue projections have assumed that the current customer base will increase over the 12-year period of the financial plan. The growth in customer base has been projected based on planning forecasts.

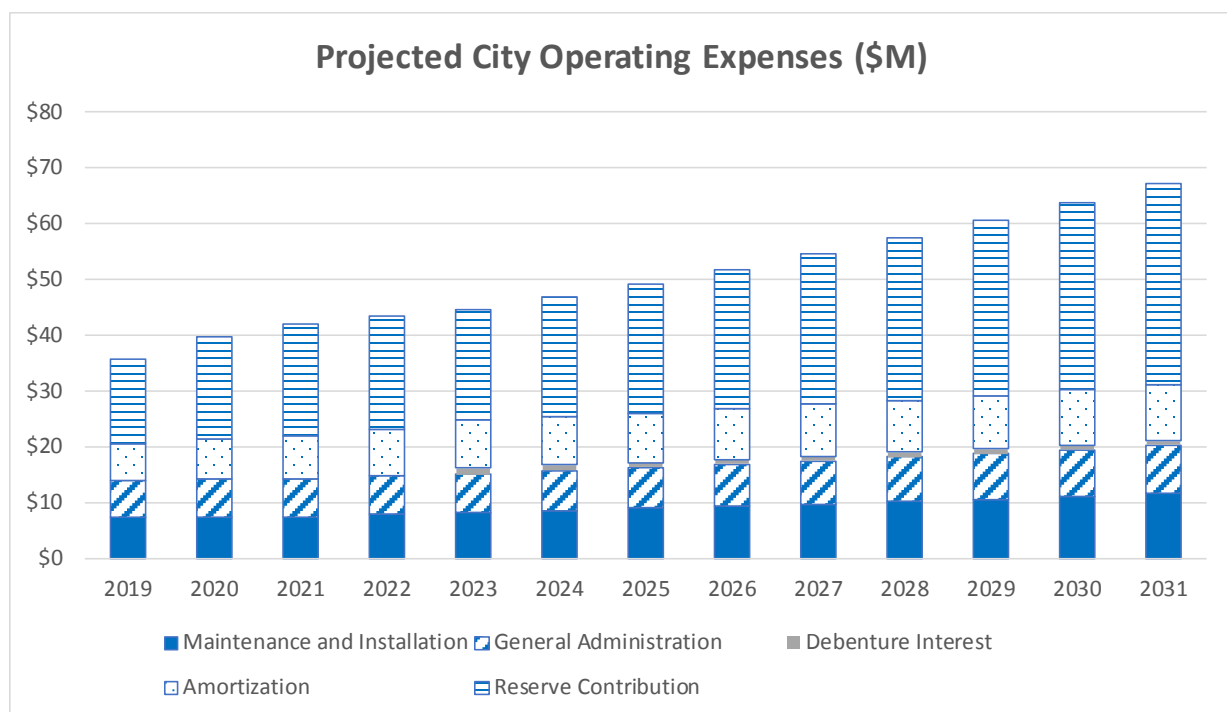


## Current Expenses

As a starting point for the financial plan, current year operating expenditures were taken from the City’s approved 2019 Budget and 2020-2022 Financial Plan. These expenses are assumed to increase linearly at an average of 4.0% from 2020 through 2031, due to both volume and price increases. There are two main expense types, one being the purchase of bulk water from York Region and the other City specific expenses. The Financial Plan will be reviewed on a regular basis and updated as required when significant expense changes occur.

York Region water purchases represent the single largest expense, currently representing approximately 70 cents of every dollar collected. York Region has posted their wholesale water rates for 2020 and 2021 at 4.8% and 4.6% respectively. Based on discussions with York Region, it is assumed the wholesale water rate will remain at 4.6% through 2031.

City operating expenses are the sum of the operating, interest and amortization expenses incurred to run the City's day-to-day potable water program. Operating expenses include maintenance and installation costs, general administration (e.g. office supplies, wages, benefits), amortization and debt repayment costs and contributions to the water reserve.



## Capital Expenditures

The water program reviews and updates short term (one (1) year) and longer-term (four (4) year) capital expenditures in the annual budget development process. Capital planning for the water program considers both existing and future requirements

associated with the distribution system (e.g. linear infrastructure, valves, meters) and supporting systems (e.g. control systems, modelling tools). Planning for the repair and replacement of the distribution system uses state of good repair analysis which considers projected asset useful life and history of asset performance. Supporting system capital planning focuses on the tools and processes to manage an increasingly complex water system, including hydraulic modelling, leak detection and non-revenue water mitigation.

Capital plan development also considers the funding sources and the sustainability of the water reserve. The water reserve and development charges are the primary funding sources for capital projects. The City also actively pursues grant opportunities which help reduce draws on the water reserve.

Capital expenditure planning is gradually becoming better informed based on outputs from the City's Asset Management Plan. The Asset Management Plan, which includes water infrastructure assets, is reviewed and updated annually to capture additions, write downs and disposals of those assets. Asset management allows for longer range modelling to assess complicated long-term challenges and to help mitigate against sudden and significant rate increases and/or the need for major debt financing.

## Amortization Expenses

Amortization is a non-cash expense, which represents the usage of tangible capital assets (TCAs). The annual expense is based on the asset's historic cost and apportioned over the useful life of the asset using the amortization method adopted for the purposes of PSAB 3150. The City of Vaughan uses the straight-line method to calculate annual amortization expense.

## Accumulated Amortization

Using annual depreciation as a basis for reserve funding is a best practice according to the Government of Canada's *National Guide to Sustainable Municipal Infrastructure*.

## Annual Surplus or Deficit

The City of Vaughan uses a zero-based budget approach for the water program, transferring prior year surpluses into the water reserve at year end. In the event of a deficit the amount of the deficit will be financed from the water reserve.

## Conclusions

The financial sustainability of the City of Vaughan's drinking water system has been evaluated in this Financial Plan. As outlined above, the financial projections have been made based on a series of assumptions, the most important of which includes system infrastructure growth, account growth, future water rates, future water purchase costs and increases in expenses. The Financial Plan built on these assumptions conclude that the City of Vaughan has a financially sustainable drinking water system.

This Financial Plan is a working document and will be reviewed annually to ensure that the system continues to be financially sustainable and that adjustments are made as necessary to achieve this objective.

## Process for Approval and Submission

The following steps are required in accordance with the requirements of O.Reg 453/07.

1. The Financial Plan must be approved by resolution of Council.
2. A Notice of the availability of the Financial Plan must be advertised.
3. The Financial Plan must be made available, upon request, without charge, to the members of the public that are served by the water system.
4. The Financial Plan must be made available on the City of Vaughan's website.

5. A copy of the Financial Plan, along with Council's resolution must be submitted to the Ministry of Municipal Affairs and Housing and to the Ministry of the Environment, Conservation and Parks to comply with the City of Vaughan's Drinking Water System Licence requirements.



# APPENDIX A

## Ontario Regulation 453/07

### Requirements for the City of Vaughan Pursuant to Ontario Regulation 453/07

#### Requirement to prepare financial plans

1. (2) A person who makes an application under subsection 32 (4) of the Act for the renewal of a municipal drinking water licence shall, before making the application, prepare and approve financial plans for the system that satisfy the requirements prescribed under section 3. O. Reg. 453/07, s. 1 (2).

#### Financial plan requirement; licence renewals

3. (1) For the purposes of clause (b) of the definition of “financial plans” in subsection 30 (1) of the Act, the following requirements are prescribed for financial plans that are required by subsection 1 (2) or a condition that is included in a municipal drinking water licence under subsection 1 (3) to satisfy the requirements of this section:
  1. The financial plans must be approved by a resolution that is passed by,
    - i. the council of the municipality, if the owner of the drinking water system is a municipality.
  2. The financial plans must apply to a period of at least six years.
  3. The first year to which the financial plans must apply must be the year determined in accordance with the following rules:
    - i. If the financial plans are required by subsection 1 (2), the first year to which the financial plans must apply must be the year in which the drinking water system’s existing municipal drinking water licence would otherwise expire.

4. Subject to subsection (2), for each year to which financial plans apply, the financial plans must include the following:
  - i. Details of the proposed or projected financial position of the drinking water system itemized by,
    - A. total financial assets,
    - B. total liabilities,
    - C. net debt,
    - D. non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses, and
    - E. changes in tangible capital assets that are additions, donations, write downs and disposals.
  - ii. Details of the proposed or projected financial operations of the drinking water system itemized by,
    - A. total revenues, further itemized by water rates, user charges and other revenues,
    - B. total expenses, further itemized by amortization expenses, interest expenses and other expenses,
    - C. annual surplus or deficit, and
    - D. accumulated surplus or deficit.
  - iii. Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,
    - A. operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges,

- B. capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,
  - C. investing transactions that are acquisitions and disposal of investments,
  - D. financing transactions that are proceeds from the issuance of debt and debt repayments,
  - E. changes in cash and cash equivalents during the year, and
  - F. cash and cash equivalents at the beginning and end of the year.
- iv. Details of the extent to which the information described in subparagraphs i, ii and iii relates directly to the replacement of lead service pipes as defined in section 15.1 – 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.
5. The owner of the drinking water system must,
- i. make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,
  - ii. make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet, and
  - iii. provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring notice to the attention of members of the public who are served by the drinking water system.
6. The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).

# APPENDIX B

## STATEMENT OF FINANCIAL POSITION

As of December 31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Financial Assets:</b>													
Cash and cash equivalents	72,320,479	63,542,749	56,775,908	57,909,217	91,355,653	106,522,229	122,053,090	140,020,536	156,389,375	174,347,713	196,850,226	211,852,425	224,739,313
Water billings receivable	12,363,731	13,672,424	14,452,084	14,989,508	15,806,087	16,603,902	17,441,995	18,322,897	19,247,245	20,218,784	21,239,372	22,311,483	23,437,121
Accounts receivable	229,573	233,655	237,762	238,017	243,273	249,720	258,451	268,879	279,694	290,899	302,509	314,542	327,001
Total Financial Assets	84,913,783	77,448,827	71,465,754	73,136,741	107,405,212	123,375,852	139,753,536	158,611,912	176,116,315	194,857,396	218,392,107	234,478,451	258,504,035
<b>Financial Liabilities:</b>													
Accounts payable	813,874	828,745	827,985	870,588	888,541	922,149	953,613	985,330	1,020,539	1,056,097	1,092,060	1,131,801	1,172,007
Accrued liabilities	17,311,596	18,641,323	19,501,802	20,196,471	21,705,318	22,714,039	23,769,646	24,874,322	26,030,345	27,240,105	28,506,098	29,830,941	31,217,367
Employee future benefits	2,942,563	3,153,474	3,374,931	3,607,461	3,851,617	4,107,982	4,377,164	4,659,805	4,956,579	5,268,191	5,595,394	5,938,536	6,299,666
Deferred revenue - obligatory reserve funds	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576	2,926,576
Debtenture and other debt					18,671,665	18,064,052	17,425,678	16,754,987	16,050,342	15,310,025	14,532,229	13,715,056	12,865,515
Total Liabilities	23,994,608	25,550,117	26,631,295	27,601,096	48,043,718	48,734,797	49,452,678	50,201,020	50,984,381	51,800,933	52,652,347	53,543,310	54,472,131
<b>Net Financial Assets</b>	<b>60,919,174</b>	<b>51,898,710</b>	<b>44,834,460</b>	<b>45,535,645</b>	<b>59,361,494</b>	<b>74,641,055</b>	<b>90,300,858</b>	<b>108,410,892</b>	<b>125,131,933</b>	<b>143,056,403</b>	<b>165,739,761</b>	<b>180,935,141</b>	<b>204,031,904</b>
<b>Non-Financial Assets:</b>													
Tangible Capital Assets	338,473,794	365,847,555	392,930,591	412,423,898	418,537,194	424,671,828	432,127,746	439,023,366	449,267,126	460,390,006	468,979,622	487,323,263	500,236,058
<b>Accumulated surplus</b>	<b>399,392,968</b>	<b>417,746,265</b>	<b>437,765,051</b>	<b>457,959,544</b>	<b>477,898,888</b>	<b>499,312,883</b>	<b>522,428,604</b>	<b>547,434,260</b>	<b>574,399,059</b>	<b>603,446,409</b>	<b>634,719,583</b>	<b>668,258,404</b>	<b>704,267,962</b>

# APPENDIX C

## STATEMENT OF OPERATIONS

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Revenues</b>													
Rate Based	75,034,549	82,976,907	87,708,608	90,970,189	95,925,945	100,767,829	105,854,148	111,197,242	116,810,078	122,706,276	128,900,142	135,406,707	142,241,761
Other	1,294,128	1,312,702	1,327,853	1,079,452	1,101,041	1,123,062	1,145,523	1,168,434	1,191,802	1,215,638	1,239,951	1,264,750	1,290,045
Contributions from Developers	3,953,265	4,032,330	4,112,977	4,195,236	4,279,141	4,364,724	4,452,018	4,541,059	4,631,880	4,724,518	4,819,008	4,915,388	5,013,696
Contributed/ Assumed Assets	8,804,775	8,980,871	9,160,488	9,343,698	9,530,572	9,721,183	9,915,607	10,113,919	10,316,198	10,522,522	10,732,972	10,947,631	11,166,584
Interest Income	1,341,600	1,341,600	1,341,600	1,341,600	1,401,657	1,535,753	1,817,043	2,206,013	2,614,725	3,043,254	3,492,550	3,963,578	4,456,425
<b>Total Revenues</b>	<b>90,428,317</b>	<b>98,644,410</b>	<b>103,651,526</b>	<b>106,930,176</b>	<b>112,238,357</b>	<b>117,512,552</b>	<b>123,184,339</b>	<b>129,226,667</b>	<b>135,564,683</b>	<b>142,212,207</b>	<b>149,184,622</b>	<b>156,498,055</b>	<b>164,168,511</b>
<b>Expenses</b>													
Water Purchases	53,641,334	57,761,598	60,427,861	62,580,347	67,255,628	70,381,227	73,652,110	77,075,033	80,657,063	84,405,597	88,328,377	92,433,505	96,729,457
Maintenance and Installation Cost	7,325,683	7,560,555	7,509,914	8,004,524	8,242,928	8,653,937	9,035,209	9,419,335	9,850,448	10,285,722	10,725,929	11,216,978	11,713,750
General Administration	4,420,347	4,382,263	4,429,679	4,483,243	4,537,455	4,592,322	4,647,853	4,704,055	4,760,937	4,818,506	4,876,772	4,935,742	4,995,426
Allocated Overhead	2,147,403	2,252,740	2,272,478	2,259,311	2,375,882	2,499,951	2,632,065	2,772,811	2,922,820	3,082,773	3,253,403	3,435,501	3,629,916
Debtenture Interest	0	0	0	0	1,016,708	987,430	956,669	924,352	890,398	854,725	817,247	777,871	736,501
Future Employee Benefits	200,868	210,911	221,457	232,530	244,156	256,364	269,182	282,641	296,774	311,612	327,193	343,552	360,730
Loss of Disposal of TCA	953,252	840,540	863,584	719,844	0	0	0	0	0	0	0	0	0
Amortization	6,657,144	7,282,506	7,907,767	8,415,884	8,626,456	8,727,126	8,875,528	9,042,784	9,221,446	9,405,922	9,582,528	9,816,085	9,993,173
<b>Total Expenses</b>	<b>75,346,031</b>	<b>80,291,113</b>	<b>83,632,740</b>	<b>86,735,683</b>	<b>92,299,212</b>	<b>96,098,357</b>	<b>100,068,618</b>	<b>104,221,011</b>	<b>108,599,884</b>	<b>113,164,857</b>	<b>117,911,449</b>	<b>122,959,234</b>	<b>128,158,952</b>
<b>Annual Surplus</b>	<b>15,082,286</b>	<b>18,353,297</b>	<b>20,018,786</b>	<b>20,194,493</b>	<b>19,939,144</b>	<b>21,414,195</b>	<b>23,115,721</b>	<b>25,005,656</b>	<b>26,964,799</b>	<b>29,047,350</b>	<b>31,273,174</b>	<b>33,538,821</b>	<b>36,009,559</b>
<b>Accumulated Surplus, beginning of year</b>	<b>384,310,682</b>	<b>399,392,968</b>	<b>417,746,265</b>	<b>437,765,051</b>	<b>457,959,544</b>	<b>477,898,688</b>	<b>499,312,883</b>	<b>522,428,604</b>	<b>547,434,260</b>	<b>574,399,059</b>	<b>603,446,409</b>	<b>634,719,583</b>	<b>668,258,404</b>
<b>Accumulated Surplus, end of year</b>	<b>399,392,968</b>	<b>417,746,265</b>	<b>437,765,051</b>	<b>457,959,544</b>	<b>477,898,688</b>	<b>499,312,883</b>	<b>522,428,604</b>	<b>547,434,260</b>	<b>574,399,059</b>	<b>603,446,409</b>	<b>634,719,583</b>	<b>668,258,404</b>	<b>704,267,962</b>

# APPENDIX D

## STATEMENT OF CASH FLOW

As at December 31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Cash provided by (used in):</b>													
Annual surplus	15,082,286	18,353,297	20,018,786	20,194,493	19,939,144	21,414,195	23,115,721	25,005,656	26,964,799	29,047,350	31,273,174	33,538,821	36,009,559
<b>Operating activities:</b>													
Items not involving cash:													
Amortization	6,657,144	7,282,506	7,907,767	8,415,884	8,626,456	8,727,126	8,875,528	9,042,794	9,221,446	9,405,922	9,582,528	9,816,085	9,993,173
Loss on disposal of tangible capital assets	953,252	840,540	863,584	719,844	-	-	-	-	-	-	-	-	-
Contributed tangible capital assets	(8,804,775)	(8,980,871)	(9,160,488)	(9,343,698)	(9,530,572)	(9,721,183)	(9,915,607)	(10,113,919)	(10,316,198)	(10,522,522)	(10,732,972)	(10,947,631)	(11,166,594)
Change in non-cash assets and liabilities													
Decrease (increase) in water billings receivable	(1,857,148)	(1,308,693)	(779,661)	(537,423)	(816,579)	(797,816)	(838,092)	(880,402)	(924,849)	(971,539)	(1,020,587)	(1,072,112)	(1,126,238)
Decrease (increase) in accounts receivable	(197,960)	(4,082)	(4,107)	(255)	(5,256)	(6,447)	(8,731)	(10,428)	(10,815)	(11,205)	(11,611)	(12,033)	(12,459)
Increase (decrease) in accounts payable	266,390	14,871	(739)	42,602	17,954	33,607	31,465	31,716	35,209	35,558	35,953	39,741	40,206
Increase (decrease) in accrued liabilities	4,631,705	1,329,727	860,479	694,669	1,508,947	1,008,720	1,055,608	1,104,675	1,156,024	1,209,780	1,265,994	1,324,842	1,386,427
Increase in employee future benefits	174,489	210,911	221,457	232,530	244,156	256,364	269,182	282,641	296,774	311,612	327,193	343,552	360,730
<b>Capital activities:</b>													
Cash used to acquire tangible capital assets	(30,219,904)	(26,515,937)	(26,693,899)	(19,265,337)	(5,209,180)	(5,140,576)	(6,415,840)	(5,624,467)	(9,149,006)	(10,006,281)	(7,439,372)	(17,211,894)	(11,739,384)
<b>Financing activities:</b>													
Debt and other debt incurred/(repaid)	-	-	-	-	18,671,665	(607,613)	(638,374)	(670,691)	(704,645)	(740,318)	(777,796)	(817,172)	(858,541)
<b>Increase (decrease) in Cash and Cash Equivalents</b>	<b>(13,314,521)</b>	<b>(8,777,730)</b>	<b>(6,766,841)</b>	<b>1,133,309</b>	<b>33,446,636</b>	<b>15,166,377</b>	<b>15,530,861</b>	<b>17,967,546</b>	<b>16,568,739</b>	<b>17,758,337</b>	<b>22,502,513</b>	<b>15,002,199</b>	<b>22,886,888</b>
Cash and Cash Equivalents, beginning of year	85,635,000	72,320,479	63,542,749	56,775,908	57,909,217	91,355,853	106,522,229	122,053,090	140,020,636	156,589,375	174,347,713	196,850,226	211,852,425
<b>Cash and Cash Equivalents, end of year</b>	<b>72,320,479</b>	<b>63,542,749</b>	<b>56,775,908</b>	<b>57,909,217</b>	<b>91,355,853</b>	<b>106,522,229</b>	<b>122,053,090</b>	<b>140,020,636</b>	<b>156,589,375</b>	<b>174,347,713</b>	<b>196,850,226</b>	<b>211,852,425</b>	<b>234,739,313</b>

# APPENDIX E

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

As at December 31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Annual Surplus/(Deficit)</b>	15,082,286	18,333,297	20,018,786	20,194,493	19,939,144	21,414,195	23,115,721	25,005,656	26,964,799	29,047,350	31,273,174	33,538,821	36,009,559
Amortization of tangible capital assets	6,657,144	7,292,506	7,907,767	8,415,884	8,626,456	8,727,126	8,875,528	9,042,784	9,221,446	9,405,922	9,582,528	9,816,085	9,993,173
Loss on disposal of tangible capital assets	953,252	840,540	863,584	719,844	0	0	0	0	0	0	0	0	0
Acquisition of tangible capital assets	(39,024,679)	(35,496,808)	(35,854,388)	(28,629,035)	(14,739,752)	(14,861,759)	(16,331,447)	(15,938,406)	(19,465,204)	(20,528,802)	(18,172,344)	(28,159,525)	(22,905,988)
Increase (decrease) in net financial assets	(16,331,997)	(9,020,465)	(7,064,250)	701,186	13,625,949	15,279,561	15,659,803	18,110,034	16,721,041	17,924,469	22,683,358	15,195,380	23,096,763
<b>Net financial assets, beginning of the year</b>	77,251,171	60,919,174	51,898,710	44,834,460	45,535,645	59,361,494	74,641,055	90,300,858	108,410,892	125,131,933	143,056,403	165,739,761	180,935,141
<b>Net Financial Assets, end of the year</b>	60,919,174	51,898,710	44,834,460	45,535,645	59,361,494	74,641,055	90,300,858	108,410,892	125,131,933	143,056,403	165,739,761	180,935,141	204,031,904

**City of Vaughan**  
Office of the Chief Financial Officer  
and City Treasurer

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L6A 1T1

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## **Finance, Administration and Audit Committee Report**

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: SUMMARY OF LEASE AND LICENCE AGREEMENTS  
OPERATING IN CITY OWNED FACILITIES**

**FROM:**

Mary Reali, Deputy City Manager, Community Services

**ACTION:** FOR INFORMATION

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**Purpose**

To provide a report on long-term contracts and leases that the City of Vaughan has with profit and non-profit organizations.

**Report Highlights**

- The City has 89 properties including community centres, heritage homes, fire stations, libraries and parks buildings.
- There are several processes utilized to arrange for the uses including license agreements, leases and rental contracts.
- Many organizations use City facilities to coordinate their programs and meet their administrative needs.
- Agreements for use of City space listing of all current long-term contracts and leases with profit and non-profit organizations including operational and financial obligations is attached.
- A review of the processes for leasing is being undertaken in 2019 to standardize and have consistent guiding principles and terms.

**Recommendations**

1. THAT this list of Leases and Licenses be received by Council for informational purposes only.

## **Background**

At the Finance, Administration and Audit Committee meeting of April 1, 2019 Council directed staff to report back with a list of all contracts and leases that the City of Vaughan has with profit and non-profit organizations, excluding short-term rentals.

The list is comprised of groups who lease or license space in City owned facilities and excludes:

- Shared space lease agreements (EMS/School Board);
- Lease agreements for cell towers and storage; and,
- Short-term rental contracts.

The City has 89 properties including community centres, heritage homes, fire stations, libraries and parks buildings. The current practice is to present all lease or license space arrangements in City owned facilities for Council approval and enact the necessary by-laws required by the City. In consultation with Legal Services, Real Estate and Finance, the attached list of leases and licenses have all come forth for Council approval and all terms and conditions approved prior to entering into an agreement with the various groups.

Facility Services is currently in the process of developing a leasing framework to standardize the licensing process and establish consistent guiding principles and terms.

## **Previous Reports/Authority**

None

## **Analysis and Options**

The City currently offers a variety of options for use of City space which includes hourly permitting, short term permitting and seasonal use. For the purpose of this report we included agreements with a long-term Lease or License Agreements in place.

A review of is being conducted to develop a leasing framework to standardize the licensing process and establish consistent guiding principles and terms.

## **Financial Impact**

There is no financial impact as a result of this report

## **Broader Regional Impacts/Considerations**

There are no implications to the Region or to other levels of government as a result of this report.

**Conclusion**

Provide Council for review a consolidated list of all Lease and License agreements currently operating in City owned facilities.

**For more information**, please contact: Dave Merriman, Director, Facility Services, ext. 8296.

**Attachments**

1. Summary of Leased and Licensed Facilities owned by the City, April 24, 2019

**Prepared by**

Leena Kapadia, Supervisor Contract and Leases, ext. 8894

# Summary of Leased & Licensed Facilities owned by the City

April 24, 2019

Group	Location	Agreement Type	Initial Start Date	Renewal Term	Terms of Agreement *
Canadian Confederation of Clubs & Associations Laziali  Not-for-profit organization  Used for meetings & social events	10401 Dufferin Street, Maple, ON L6A 1S9 (MNR Lands)	License	15-Jan-03	Month to Month	Tenant: - \$1.00 per annum - payment for all utility costs - \$562 plus HST per month for maintenance  City: - repairs & defects in the structure - annual reconciliation for utility costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
Cultural & Educational Centre of the Minime Sisters of The Passion  Not-for-profit organization  Used as a residence*	7543 Kipling Avenue, Vaughan, ON L4L 1Y5	License	6-Oct-88	30-Mar-35	Tenant: - \$2.00 per annum - payment for all operating costs - financial reports to be filed with the Province & the City  City: - leasing from Province & sub-leasing to Cultural & Educational Centre of the Minime Sisters of the Passion  * currently vacant, discussions for next steps to take place
DANI - Developing & Nurturing Independence  Not-for-profit organization  Deliver programs & activities for participants with special needs	Garnet A. Williams CC 501 Clark Avenue West, Thornhill, ON L4J 4E5  Occupies approx. 8,200 sq. ft of space adjacent to GAWCC	RFP12-234 Lease of Space	1-Sep-12	Option Term 1: 2017-2022  Option Term 2: 2022-2027	Tenant: - \$81,146/year (+ inflation) - payment for all utility costs - maintains, repairs & pays for interior & playground - pays for turf maintenance & snow removal  City: - annual reconciliation for all utility costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
Filipino-Canadian Association of Vaughan  Not-for-profit organization  Used for offices, meetings & community events	Patricia Kemp CC 7894 Dufferin Street, Concord, ON L4K 1R6	Lease	1-Nov-12	31-Oct-32	Tenant: - \$1.00 per annum - payment for all operating costs - ensures the demised space is being maintained - monthly HVAC & mechanical system inspections - sub-leases to Glen Sheild Soccer Club & Philippine Heritage Band  City: - maintains & repairs exterior of the facility - interior & exterior capital improvements
Gallanough Resource Library  Public Library  Used as a library for maintaining a collection of materials which includes books, periodicals, newspapers, videotapes & audio recordings	1 Brooke Street, Thornhill, ON L4J 2K7  60% occupancy by library	License & Mgmt Agmt.	8-Jul-99	Library Agmt - Auto renews every 5 years.	City: - maintenance, repairs, cleaning & operating costs - \$45,000 paid per annum to Library for support staff - interior & exterior monthly maintenance inspections - interior & exterior capital improvements  Gallanough Library has a Month to Month Lease Agreement with Northwood Academy that operates as a daycare.
Golf North Properties Inc.  Operates and manages the Uplands Golf & Ski Centre	Uplands Golf & Ski Centre 46 Uplands Avenue, Thornhill, ON L4J 1K2	RFP 17-079	1-Nov-17	Option Term 1: 2037-2042	Tenant: - minimum rent = \$75K/yr which goes towards capital improvement reserve - variable rent = 10% of gross revenues less minimum rent - capital repair & replacement - payment for utility & maintenance costs  City: - water supply, major tree pruning/tree preservation & woodlot management - oversight of electrical volt - full capital facility audits every five years (colead by City & Tenant)

Group	Location	Agreement Type	Initial Start Date	Renewal Term	Terms of Agreement *
Hospice Vaughan  Not-for-profit organization  Used as centre that provides compassionate support to those in our community	Piazza House 31 Woodbridge Ave, Woodbridge, ON L4L 2S6	License	1-Nov-01	Month to Month	Tenant: - \$1.00 per annum - payment for all utility & cleaning costs - \$1,075 plus HST per month for utility & cleaning costs  City: - interior & exterior maintenance & repairs - repairs & defects in the structure - annual reconciliation for utility & cleaning costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
Human Endeavour  Not-for-profit organization  Used for offices, meeting rooms & program space	Michael Cranney House 439 Glenkindie Ave. Maple, ON L6A 2A2  Human Endeavour occupies 80% of facility.	Lease	1-May-15	Month to Month	Tenant: - \$2.00 per annum - payment for all utility & maintenance costs - \$1,200 plus HST per month  City: - annual reconciliation for utility & maintenance costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
Kleinburg Nobleton Soccer club  Not-for-profit organization  Used as administrative offices	Kleinburg Railway Scout House 10415 Islington Ave, Kleinburg, ON L0J 1C0	License	1-Jul-03	Month to Month	Tenant: - \$2.00 per annum - payment for utility, maintenance & cleaning costs - \$858.40 plus HST per month  City: - repairs & defects in the structure - annual reconciliation for utility, maintenance & cleaning costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
Mentana Group  Operates & manages the Sports Village Complex	The Sports Village Complex 2600 Rutherford Road, Maple, ON L4K 5R1	Land Lease	1-Jul-99	30-Jun-40	Tenant: - payment for full operating costs (including staff, repairs & maintenance, capital repairs, etc) - pay the City a variable rent based on 80% of the available cash (approximately the cumulative income from the previous period audited financial statement)  City: - Guarantor for the project financial arrangement, stemming from the construction of the Complex - construction loan of \$9.76M forgivable at end of 40 year term provided that various agreements related to the complex are adhered to - funds 90% of any approved requirements resulted from operating deficits recouped from future income - purchases 5,440 hours of ice annually & sells ice time to minor sports organizations - Working Committee between City & Tenant
Ontario Soccer  Not-for-profit organization  Operates & manages the Soccer Centre	The Soccer Centre 7601 Martin Grove Rd, Woodbridge, ON L4L 9E4	Lease	20-Jun-96	20-Jun-39	Tenant: - \$1.00 per annum - construct, operate, manage & maintains the indoor facility - maintain the whole of the subject lands in good order - pay 5% of the gross revenues from food & beverage sales per annum after capital debt is retired  City: - City representation on their Board
Phillippine Heritage Band  Not-for-profit organization  Used for offices, meeting rooms & band practice	Baker Homestead House 91 Thornhill Woods Dr., Thornhill, ON L4J 8R5  40% occupancy of facility	License	1-Nov-01	31-Oct-21	Tenant: - \$1.00 per annum - payment for utility & cleaning costs - \$2,100 per annum  City: - repairs & defects in the structure - annual reconciliation of utility & cleaning costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements

Group	Location	Agreement Type	Initial Start Date	Renewal Term	Terms of Agreement *
Shining Through Centre for Children with Autism  Not-for-profit organization  Operates a centre for children with Autism	Tushingham House 7365 Martingrove Rd. Woodbridge, ON L4L 9K1	License	1-Jun-02	20-Jun-39	Tenant: - \$1.00 per annum - keep, operate & maintain the subject lands, buildings & structures - relocated the heritage house at it's expense - payment for all operating costs - building becomes asset of City at the end of the lease
The Society for the Preservation of Historic Thornhill  Not-for-profit organization  Used for offices, storage & archiving	Armstrong House 42 Old Yonge St. Thornhill, ON L4J8C5  Occupies ~30% of facility.	Lease	1-Jun-11	Month to Month	Tenant: - \$350.00 per month  City: - interior & exterior maintenance & repairs - repairs & defects in the structure - monthly maintenance inspections - interior & exterior capital improvements
Thornhill Park Tennis Club  Not-for-profit organization  Used as administration office & changerooms for members	26A Old Yonge St. Thornhill, ON L4J 1W3	License & Rental Contracts	15-Apr-10	14-Apr-20	Tenant: - \$2,998.40 annually - \$6,000 for the "annual contribution cost" to maintain asphalt on tennis courts - payment for all utility & cleaning costs  City: - water, garbage removal - monitoring fire alarm - annual reconciliation of utility & cleaning costs - monthly maintenance inspections - interior & exterior capital improvements
Upper Canada Childcare Centre  Not-for-profit organization  Operates the child care centre at NTCC	North Thornhill CC 300 Pleasant Ridge Ave Thornhill, ON L4J 9B3  Occupies 4,046 sq. ft of space located inside NTCC.	RFP09-140  Lease of Space for Operations of a Child Care Centre	6-Sep-10	Option Term 1: 2015-2020  Option Term 2: 2020-2025	Tenant: - \$75,869/year (+inflation) - maintains, repairs & pays for interior & playground - payment for utility costs  City: - maintains & repairs the exterior & structural components of the facility - annual reconciliation of utility costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
Vaughan Soccer Club Inc  Not-for-profit organization  Used as administrative offices	Devlin House 11151 Keele St Maple, Ontario L6A 1S8	License	1-Nov-06	Month to Month	Tenant: - \$2.00 per annum - payment for all utility, maintenance & cleaning costs - \$1,393.80 plus HST per month  City: - interior & exterior maintenance & repairs - repairs & defects in the structure - annual reconciliation for utility, maintenance & cleaning costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
Veneto Clubs of Ontario  Not-for-profit organization  Operates the premises for public, social & recreational uses.	7465 Kipling Ave, Woodbridge, ON L4L 1Y5	License	1-Apr-85	31-Mar-35	Tenant: - \$2.00 per annum - payment for all operating costs - maintain the land & all structures on the property - Veneto subleases to Meta Centre  City: - leasing from Province & sub-leasing to Veneto Clubs of Ontario
Villa Giardino Homes Ltd.  Uses parking lot	7371 Martin Grove Rd, Woodbridge, ON L4L 9N2	Land Lease	1-Jan-99	30-Jun-39	Tenant: - \$1.00 per annum - has overflow parking privileges on the property - payment for maintenance of the parking lot

Group	Location	Agreement Type	Initial Start Date	Renewal Term	Terms of Agreement *
Woodbridge Soccer Club  Not-for-profit organization  Used as administrative offices & changerooms	Vaughan Grove Building 7401 Martingrove Rd., Woodbridge ON L4L 9E4	License	1-May-01	Month to Month currently in discussions	Tenant: - \$1.00 per annum - payment for utility & cleaning costs - \$1,676.59 plus HST per month (subject to change pending imminent discussion on cleaning requirements)  City: - interior & exterior maintenance & repairs - annual reconciliation for utility & cleaning costs - repairs & defects in the structure - monthly maintenance inspections - interior & exterior capital improvements
YMCA  Not-for-profit organization  Operates the child care facility at Vaughan City Hall	Vaughan City Hall 2141 Major Mackenzie Dr. Vaughan, ON L6A 1T1  Occupies 5,605 sq. ft. of space located in the basement of City Hall	RFP13-017  Lease of Space for Operations of a Child Care Centre	1-Sep-13	Option Term 1: 2018-2023  Option Term 2: 2023-2028	Tenant: - \$88,184.31/yr (+inflation) - maintains, repairs & pays for the interior including the playground - payment for all utilities  City: - maintains & repairs the exterior and structural components of the facility - annual reconciliation for all utility costs - interior & exterior monthly maintenance inspections - interior & exterior capital improvements
<b>* These are high level terms of agreement and are not intended to reflect all details</b>					
<b>List includes:</b>					
- Groups who Lease or License space in City owned facilities					
<b>List excludes:</b>					
- Shared space lease agreements (EMS/School Board)					
- Agreements for cell towers, storage					
- Short term rental contracts					

## **Finance, Administration and Audit Committee Report**

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: CAPITAL BUDGET AMENDMENT FOR FL-5411-18 -  
REPLACEMENT FORESTRY BUCKET TRUCK WITH CHIPPER  
BODY; AND, FL-5215-19 - PKS-ADDITIONAL 2 TON 4X4 CREW  
CAB DUMP TRUCK**

**FROM:**

Zoran Postic, Interim Deputy City Manager, Public Works

**ACTION:** DECISION

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**Purpose**

The purpose of this report is to seek approval to increase the capital project budget for FL-5411-18 for the replacement of one (1) Forestry Bucket Truck with a Chipper Body; and FL-5215-19 for the purchase of a Parks and Roads Operations 2-ton dump truck.

**Recommendations**

1. That the approved budget in Capital Project FL-5411-18 - PKS-FORESTRY- Replace Unit #1519 with Bucket chipper truck, be increased by \$46,000 inclusive of applicable taxes and administration recovery and funded from the Vehicle Replacement Reserve;
2. That the approved budget in Capital Project FL-5215-19 - PKS-Additional 2 ton 4x4 crew cab dump truck be increased by \$55,000 inclusive of applicable taxes and administration recovery, funded 90% from City-Wide DC Public Works/Fleet Reserve and 10% from the Capital from Taxation Reserve; and
3. That inclusion of this matter on a Public Committee or Council agenda with respect to amending the capital budget as identified above be deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002, as amended.



### **Report Highlights**

- Capital Project FL-5411-18 is insufficiently budgeted to award a tender for the replacement of one (1) forestry bucket truck with a chipper body.
- The City has received new information indicating that the current approved budget for capital project FL-5215-19 is insufficiently budgeted to tender the purchase of one (1) 2-ton 4x4 crew cab dump truck

### **Background**

Capital project FL-5411-18 funds the procurement of a bucket truck with a chipper body that will support the delivery of forestry services by City staff.

The bid response received for this equipment exceeds the available budget for the project. The budget amendment would provide sufficient funds in the project to award the contract for the replacement of one unit that has reached the end of its service life. It will also allow sufficient funding for additional equipment on the vehicle that would automate critical field maintenance, improve hydraulic equipment cold weather performance and protection, and enable supply and installation of a larger working bucket more closely matching the size of bucket in the unit to be replaced.

Capital project FL-5215-19 - PKS-Additional 2 ton 4x4 crew cab dump truck funds the procurement of one 2-ton 4x4 crew cab dump truck. The unit will be used to support growth related road and park maintenance, as well as snow operations through the winter season. In accordance with the City's procurement procedures, a budget amendment is being sought at this stage of the procurement process to ensure sufficient funding is available for the unit.

### **Previous Reports/Authority**

N/A

### **Analysis and Options**

**The cost for the forestry bucket truck has increased in part due to steel and aluminum tariffs, as well as the addition of beneficial provisional items.**

The Request for Tender for this unit was issued in Q1 2019 and was executed in compliance with the Corporate Procurement Policy assuring that award of the tender within the amended budget will represent good value to the City for this necessary equipment. The tender also informed that the following additional equipment is available:

- An automated field equipment lubrication system that will reduce productive time

loss for this function, as well as likely both reducing equipment downtime, and increasing life expectancy of the asset;

- Up-rated hydraulic fluid that provides improved wear protection, water separation and foam resistance in cold weather use; and,
- A larger aerial bucket, more closely matching the size of the bucket installed on the unit to be replaced.

The bid response received for the tender for this equipment exceeds the available budget for this project. It is believed that increases in steel and aluminum tariffs were principal drivers for the price increase above the project estimates. Selected additional maintenance equipment further increases the cost for this equipment beyond the available budget for this project.

A budget amendment is being sought for FL-5411-18 to provide sufficient funds to award this tender.

An alternative to the budget amendment for the bucket truck with chipper body is to reduce cost by altering the specifications of the unit and foregoing the addition of the provisional field maintenance equipment, up-rated hydraulic fluid, and larger aerial bucket. However, doing so would reduce the performance, flexibility, and utility of the unit, as well as potentially negatively impacting unit reliability, service delivery efficiency, and productivity. Further, the activity of re-specification would require the re-issuance of the Request for Tender and would delay the delivery of the unit.

**A recent vendor inquiry has informed that the budget for FL-5215-19 is insufficient to tender the purchase of a 2-ton 4x4 crew cab dump truck.**

A budget amendment is being sought to provide sufficient funds to tender a 2-ton 4x4 crew cab dump truck. If approved, the Request for Tender for the unit will be executed in compliance with the Corporate Procurement Policy assuring that the award within the amended budget represents good value to the City for this necessary equipment.

No adjustments can be made to the unit specification to tender it within the current approved project budget. One alternative to the budget amendment is to not procure this unit. Not having this unit will impact the City's ability to maintain service levels as the City grows.

## **Financial Impact**

A capital budget amendment is required to project FL-5411-18 to enable the award of the tender for the equipment.

The recommended capital budget increase of \$46,000 is inclusive of applicable taxes and administration recovery and would be funded from the Vehicle Replacement

Reserve. Any residual funds would be returned to the original funding source.

The additional funds required in the project is summarized in the table below.

<b>Table 1: Capital Budget Amendment Summary</b>	
	<b>FL-5411-18</b>
	<b>FORESTRY BUCKET TRUCK WITH CHIPPER BODY</b>
Total Estimated Costs (including HST and 3% Administration Recovery)	\$337,550
Approved Budget	\$297,670
Less: Actual Costs & Commitments	(\$5,384)
Budget Available	\$292,286
<b>Budget Amendment Required (rounded to the nearest Thousand)</b>	<b>\$46,000</b>

A capital budget amendment of \$55,000 is required to increase the budget of FL-5215-19 sufficiently to enable the tendering of a 2-ton 4x4 crew cab dump truck.

The recommended capital budget increase is inclusive of applicable taxes and administration recovery and would be funded 90% from the City-Wide DC Public Works/Fleet Reserve and 10% from the Capital from Taxation Reserve. Any residual funds would be returned to the original funding source.

The additional funds required is summarized in the table below.

<b>Table 2: Capital Budget Amendment Summary</b>	
	<b>FL-5215-19</b>
	<b>PKS-Additional 2 ton 4x4 crew cab dump truck</b>
Total Estimated Costs (including HST and 3% Administration Recovery)	\$135,000
Approved Budget	\$80,000
Less: Actual Costs & Commitments	\$0
Budget Available	\$80,000
<b>Budget Amendment Required (rounded to the nearest Thousand)</b>	<b>\$55,000</b>

### **Broader Regional Impacts/Considerations**

There are no regional implications from the recommendations of this report.

## **Conclusion**

Staff recommends that:

- An increase to the approved budget in Capital Project FL-5411-18 be approved to ensure sufficient funds are available to award the tender contract for this equipment and selected provisional items; and,
- An increase to the approved budget in Capital Project FL-5215-19 be approved to ensure sufficient funds are available to move forward with a tender for this equipment.

**For more information**, please contact: Donald Eta, Director, Fleet Management Services.

## **Attachments**

There are no additional attachments for this report.

## **Prepared by**

Donald Eta, Director, Fleet Management Services, ext. 6141.

## MEMBER'S RESOLUTION

<b>Meeting/Date</b>	<b>FINANCE, ADMINISTRATION AND AUDIT COMMITTEE - MAY 6, 2019</b>
<b>Title:</b>	<b>MAYOR MAURIZIO BEVILACQUA'S 2018-2022 TERM OF COUNCIL PRIORITY TASK FORCES</b>
<b>Submitted by:</b>	<b>Mayor Maurizio Bevilacqua</b>

**Whereas**, the following priorities were identified during the 2018 Inauguration address: diversity and citizen engagement; economic prosperity, investment and social capital; environmental leadership; governance; hospital precinct; older adult; Smart City; affordable housing and growth; and transportation and infrastructure.

**Whereas**, the Mayor committed to the creation of task forces during this Term of Council to address these specific policy issues and city-building more generally.

**Whereas**, the Mayor's task forces will provide Council with evidence-informed and action-oriented recommendations that will further Council's ongoing commitment to safeguard and elevate the quality of life for all citizens.

**Whereas**, the mandate of each task force will be established by a terms of reference and each task force will include a Member of Council as Chair and as Vice-Chair.

**Whereas**, the task forces will conduct their work over a maximum of an 18-month duration and provide a full report of findings and recommendations to a future Committee at the completion of the task force's mandate.

**Whereas**, task force representation will come from a cross-section of citizens, businesses, stakeholders and sector/industry experts.

**Whereas**, each task force will be provided with two senior staff in addition to one member of the Office of the City Clerk and one member of Corporate and Strategic Communications to support the work of the task force.

**Whereas** each Chair will work with staff to complete detailed project plans and deliverables once the task forces are established.

**Whereas**, three of the task forces will begin their mandates in September 2019. These task forces include Transportation and Infrastructure, Smart City, and Governance.

***It is therefore recommended:***

1. That the following Members of Council be appointed to the following task forces:
  - (a) Transportation and Infrastructure Task Force:  
Chair, Ward 3 Councillor Rosanna DeFrancesca, and Vice-Chair, Reg. Councillor Gino Rosati
  - (b) Governance Task Force:  
Chair, Ward 2 Councillor Tony Carella, and Vice-Chair, Ward 5 Councillor Alan Shefman
  - (c) Smart City Task Force:  
Chair, Mayor Maurizio Bevilacqua, and Vice-Chair, Ward 4 Councillor Sandra Yeung Racco

2. That the City Manager identify the appropriate staff representation for each task force and that staff meet with the Chair and Vice-Chair at their earliest convenience to commence work.

3. That the City Clerk be requested to work with each task force to prepare terms of reference and commence recruitment pursuant to the membership and selection criteria identified by the Chair and appropriate staff as part of the development of the terms of reference of the task force.

Respectfully submitted,

Mayor Maurizio Bevilacqua

## Finance, Administration and Audit Committee

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**DATE:** Monday, May 06, 2019

**WARD(S):** ALL

**TITLE: COUNCIL STAFF RELATIONS POLICY**

**FROM:**

Nick Spensieri, Deputy City Manager, Corporate Services

**ACTION:** DECISION

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**Purpose**

The purpose of this report is to ensure compliance with new legislated requirements prescribing that as of March 1, 2019 all municipalities in Ontario must develop a Council Staff Relations Policy.

**Report Highlights**

- Ontario legislation requires municipalities to develop and implement a Council Staff Relations Policy as of March 1, 2019
- Staff have consulted with members of Council, Staff and have reviewed academic literature in the development of the Policy.
- Additional input received from members of Council at the April 1, 2019 FA&A meeting has been incorporated in the attached revised draft.

**Recommendations**

1. That the attached Staff Council Relations Policy, as substantially set out in Attachment 1 be approved.

## **Background**

Staff presented the attached draft Council Staff Relations Policy at the April 1, 2019 Finance Administration and Audit Committee meeting. Staff considered the comments expressed by individual members of Council at the last committee meeting and incorporated changes in the wording as attached. The attached revised draft policy has been further discussed with each member of Council to ensure that Staff captured the essence of their comments.

As of March 1, 2019, municipalities are required to adopt a policy on the relationship between members of council and municipal staff. Municipalities have the flexibility to determine the content of these policies.

The relationship between council and staff is a vital component of an effective municipal government. Staff and council rely on one another to move the municipality forward. Both staff and council provide leadership; council provides political leadership, while staff provide leadership in implementing council decisions.

The relationship between staff and council is intertwined and it is important for council members and staff to respect one another's roles so that they can serve the public in an effective and efficient manner.

Earlier this year Staff retained the services of an independent consultant to solicit input from each member of Council on the development of this policy. In addition, this topic was discussed with council as part of the agenda at the February 2019, Council Education session.

The attached draft policy has been developed based on all feedback gathered from individual members of council, feedback from the Council Education Session, input from senior administrative staff and leading practice based on academic research. The specific principles outlined in the policy were identified in an academic research paper by Political Science Professor David Siegel and former Chief Administrative Officer Michael Fenn.

Staff will consult with council members and with senior leaders of the administration to develop a comprehensive guide that will support the implementation of this policy including training of staff and orienting new members of council.

## **Financial Impact**

There is no financial impact associated with the approval and implementation of these policies outside the existing approved operating budget.



### **Broader Regional Impacts/Considerations**

There are no regional impacts associated with these policies.

### **Conclusion**

Following the additional comments and consultation with members of Council and with Staff the attached Council Staff Relations policy has been further revised to address the legislative requirements and provide a standard by which the Council and Staff will continue to work collaboratively to serve Vaughan citizens. This principled based policy identifies how complaints can be addressed to ensure adherence to the standard.

### **Attachments**

1. Council Staff Relations Policy, May 6, 2019

### **Prepared by**

Demetre Rigakos, Chief Human Resources Officer, extension 8297.

## CORPORATE POLICY

**POLICY TITLE:** COUNCIL-STAFF RELATIONS

**POLICY NO.:** 13.C.04

<b>Section:</b>	Human Resources		
<b>Effective Date:</b>	May 14, 2019	<b>Date of Last Review:</b>	May 6, 2019
<b>Approval Authority:</b> Council	<b>Policy Owner:</b> City Manager		

### POLICY STATEMENT

The City of Vaughan, guided by its values of Respect, Accountability and Dedication, will promote an environment of mutual respect and trust and will support sound decision making based on knowledge, areas of expertise and sound judgment. Members of Council and Staff shall demonstrate leadership, commit to a high-degree of confidentiality, support and enhance public education about the political and decision-making processes and will refrain from publicly criticizing Members of Council, Staff or any decision of the Corporation. For clarity this does not prevent a Member of Council from stating their views on a particular issue. The intent is to show respect for the decisions of the Corporation once the debate has concluded.

### PURPOSE

The purpose of this policy is to ensure that the relationship between Members of Council and Staff of the Corporation is co-operative, supportive and positive with a clear understanding of the respective roles and responsibilities.

### SCOPE

This policy applies to all Staff, Officers and Members of Council in their interactions with Staff, volunteers, consultants and contractors that work on behalf of the Corporation. This policy applies to all interactions, including on-site and off-site of City facilities, before, during and after work hours.

**POLICY TITLE: COUNCIL-STAFF RELATIONS**

**POLICY NO.: 13.C.04**

**LEGISLATIVE REQUIREMENTS**

Section 270 (1) of the *Municipal Act, 2001* as amended, requires City Council to adopt and maintain a policy with respect to the relationship between Members of Council and the Staff of the Corporation. The effective date of this requirement is March 1, 2019.

**DEFINITIONS**

1. "Members(s) of Council" means a member or members of the municipal council of the Corporation of the City Vaughan.
2. "Corporation" refers exclusively to the City of Vaughan.
3. "Officer(s)" means a person who holds a position of responsibility with definite rights and duties by statute or by-law.
4. "Staff" means any of the following:
  - a. A person, not including Members of Council, who performs work for the Corporation for wages;
  - b. A person who supplies services to the Corporation for wages;
  - c. Such other persons as may be prescribed who perform work or supply services to the Corporation for no monetary compensation.
5. "Senior Management" means a staff member who is either a department head or holds the title of Director, Chief, Deputy City Manager and or City Manager
6. "*Code of Ethical Conduct for Members of Council*": Establishes rules that guide Members of Council in performing their diverse roles in representing their constituents and recognize Members' accountability for managing City resources allocated to them. Is a written Code of Ethical Conduct to protect the public interest and helps to ensure that the Members of Council share a common basis for acceptable conduct. These standards are designed to provide a reference guide and a supplement to the legislative parameters within which the members must operate.
7. "*Employee Code of Conduct*": Establishes that City employees must follow standards of ethical and professional behavior in the course of their work to ensure that public confidence and trust is maintained. This code establishes standards designed to promote and protect the public interest through honest and ethical conduct which enhances public confidence and trust in the integrity, objectivity and impartiality of the City.

**POLICY**

**Clarifying Roles**

**I. Role of Council**

**Policy focus:** Represent the Corporation, provide direction and create policy. Specifically, Section 224 of the Municipal Act, 2001 states:

224. It is the role of council,

- a) to represent the public and to consider the well-being and interests of the municipality;
- b) to develop and evaluate the policies and programs of the municipality;
- c) to determine which services the municipality provides;
- d) to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council;
- d.1) to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality;
- e) to maintain the financial integrity of the municipality; and
- f) to carry out the duties of council under this or any other Act.

**I. Role of Head of Council (Mayor)**

Section 225 of the Municipal Act, 2001 defines the role of the Mayor as follows:

225. It is the role of the head of council,

- a) to act as chief executive officer of the municipality;
- b) to preside over council meetings so that its business can be carried out efficiently and effectively;
- c) to provide leadership to the council;
- c.1) without limiting clause (c), to provide information and recommendations to the council with respect to the role of council described in clauses 224 (d) and (d.1);
- d) to represent the municipality at official functions; and
- e) to carry out the duties of the head of council under this or any other Act.

Section 226.1 sets out special responsibilities of the chief executive officer which include:

- a) uphold and promote the purposes of the municipality;
- b) promote public involvement in the municipality's activities;
- c) act as the representative of the municipality both within and outside the municipality, and promote the municipality locally, nationally and internationally; and
- d) participate in and foster activities that enhance the economic, social and environmental well-being of the municipality and its residents.

The head of council has a prominent and very public profile. Many citizens within the City of Vaughan will have high and often varied expectations for the head of council. The head of council must find a way to balance these expectations and special responsibilities.

Municipal decisions, however, are made by council as a whole. The head of council does not have any more power than any other member of council to make decisions on behalf of the municipality. Each member of council only has one vote.

## **II. Role of the City Manager**

**Direction Focus:** The City Manager leads in three dimensions. Up to Council, down to staff and out to the community stakeholders. The City Manager is responsible for providing professional advice to Council and leading staff in the implementation of Council's direction / policies. The City Manager specific responsibilities are outlined in the City Manager's By-Law 012-2013.

## **III. Role of Senior Management:**

**Direction Focus:** Act as the liaison between Council and Staff, direct implementation of Council's policies, hire and develop a team of competent Staff.

## **IV. Role of Staff and Other Officers:**

**Implementation Focus:** Research policy and programs give best professional advice, implement decisions of Council, fulfill statutory duties, follow direction of City Manager generally see to the operation of the Corporation.

## **Guiding Principles**

*“Council should give the City Manager clear and unequivocal responsibility and accountability for the overall management of the administration of the City. Not doing so undermines the City Manager’s effectiveness...”*

*“Although the Mayor can properly be involved in hiring the City Manager, there should be a clear division of responsibility between the Mayor and the office of the City Manager – a separation of the political from the administrative...”*

*Madam Justice Denise Bellamy,*

*Toronto External Contracts Inquiry, 2005, p. 424*

### **I. Respect**

Members of Council, Staff and Officers shall at foster a climate of mutual respect. Each must be respectful of each others’ intelligence and professional duties. Members of Council, Staff and Officers must understand that they all face different, often unique, challenges and recognize their overarching goal is to serve the best interests of the Municipality.

### **II. Professionalism**

Members of Council, Staff and Officers commit to treat each other with professionalism. When Council requests that Staff and Officers appear before Council, they must comply and be prepared for any questions Council has. Advance notice of questions to Staff provides an opportunity for Staff to provide quality reports and advice.

### **III. A Formal Relationship**

Staff and Officers shall treat Council as a collective decision-making body. Staff and Officers shall not communicate directly with individual Members on municipal business, rather they must communicate on such matters through the City Manager or appropriate Senior Management Member as designated through the City Manager. Information from the City Manager shall be communicated to all Members. Staff and Officers shall stay out of political lobbying. To ensure clarity this will be further defined in an implementation procedure that will replace the former Staff Protocol for responding to members of Council.

#### **IV. Politics or Management – Not Both**

Council provides direction, Staff and Officers give professional advice and implement Council's directives. Members of Council are not elected to be technical experts nor to act in their professional capacities. Likewise, Staff and Officers are not politicians. Advice comes from Staff, policy and service delivery decisions are made by Council.

#### **V. Respect Staff**

Members of Council are to avoid the temptation to play up divisions or conflicts. Staff and Officers shall not be targets of derisive/vexatious comments/behaviour/conduct. The public expects Members to do the job that they have been elected to do. The public expects Staff and Officers to do the job that they have been hired to do. Comments on Staff and Officer performance shall be directed through the appropriate confidential performance reviews.

As per the commentary in rule 16 of the Code of Ethical Conduct for Members of Council an individual member should not request staff to undertake extensive work or prepare lengthy reports, other than pursuant to a Council direction.

Members should be discouraged from asking for reports as a means of getting past an unhappy public delegation.

#### **VI. Represent the Whole Community**

Members, together with the Municipality's Staff and Officers, work for the public good. Decision making by Members should be based on complete information and unbiased recommendations from Staff and Officers. Members should, in addition to such information and recommendations, rely on their own judgment and show leadership in their decision making.

#### **VII. Effective Use of Council Time**

Staff should be mindful and make good use of Council time. As an example, Staff should keep presentations concise and succinct and enable Council to make informed decisions. Sufficient time should be allocated to debate various issues.

#### **VIII. Respect the Chain of Command**

**POLICY TITLE: COUNCIL-STAFF RELATIONS****POLICY NO.: 13.C.04**

Members of Council acknowledge they have no individual capacity to direct Staff to perform, or not perform functions or duties. The City Manager is responsible for Staff and Officers - Members of Council who need to engage with Staff and Officers must do so through the City Manager or Senior Staff. This would include both in person, verbal, written and electronic messages. Routine questions from a member of Council or access to information that is readily available to a member of the public can be provided by any knowledgeable staff member the same way we serve all citizens. T

**IX. All Members of Council are Equal**

Staff are expected to show respect and professionalism and treat all Members of Council equally.

**X. Members of Council are Elected Representatives, not Staff and Officers.**

Once a matter is proposed or decided, Staff should only comment on matters of fact or history in discussing issues with the public and the media and should comply with the Corporate and Strategic Communications Press Releases policy. Dealing with the media is generally part of an elected representative's job.

**Complaints**

The City Clerk will be responsible for receiving complaints and or concerns related to this Policy. Upon receipt of a complaint and or concern, the Clerk shall notify:

- a) In the case of a Staff and Officers other than the City Manager or Clerk, the City Manager
- b) In the case of the City Manager or Clerk, Council or
- c) In the case of a Member of Council, the Integrity Commissioner

**ADMINISTRATION**

*Administered by the Office of the City Clerk.*

<b>Review Schedule:</b>	Other (specify) Yearly	<b>Next Review Date:</b>	February 1, 2022
<b>Related Policy(ies):</b>	13.C.02 – Delegation of Powers & Duties Policy 13.C.01 – Respectful Workplace Policy 13.C.03 – Workplace Violence Policy		



**POLICY TITLE: COUNCIL-STAFF RELATIONS**

**POLICY NO.: 13.C.04**

	CC-005 – Social Media Policy CL-011 – Code of Ethical Conduct for Members of Council
<b>Related By-Law(s):</b>	012-2013 – Roles and Responsibilities of the City Manager
<b>Procedural Document:</b>	
<b>Revision History</b>	
<b>Date:</b>	<b>Description:</b>
Click or tap to enter a date.	