

DATE: January 24, 2023

TO: Mayor and Members of Council
Senior Leadership Team – Executive

FROM: Michael Coroneos, Deputy City Manager Corporate Services, City
Treasurer and Chief Financial Officer

**RE: COMMUNICATION – Special Committee of the Whole (Budget)
January 24, 2023**

Purpose

To provide Mayor and Members of Council information in response to questions arising from the Special Committee of the Whole (Budget) meeting of January 18, 2023.

Background

The following questions were received from resident Joseph Brunaccioni via e-mail on January 23, 2023. Responses to each question are provided below.

1. In order to limit the increase to 2.9%. What three Sections had their budget (goals/objectives) reduced the most when compared to their 2022 budgets?

The 2023 budget was approached with a mindset geared towards conservatism, flexibility, and sustainability. None of the City’s operating units had targeted operating budget reductions compared to prior year budget. The 2023 property tax rate increase was limited to 2.9% (despite economic uncertainty and inflationary pressure), through continued focus on overall expense management and prudent prioritization of additional resource requests.

The City of Vaughan’s budget continues to be built on the principles of integrity, accountability, and responsibility. It is focused on keeping property tax, water and wastewater rates low, respecting taxpayers’ hard-earned money and delivering quality public services.

2. Is there an update on Bill 23? What are the contingencies to reduce the impact of Bill 23?

There are no new updates on Bill 23 since the last public budget meeting on Jan 18th, 2023. All municipalities continue to wait on the Province to clarify affordable housing exemptions and future land cost removals, as well as the timing and

magnitude of compensation to neutralize the impact of future reduced growth related revenue.

The 2023 Operating Budget is not impacted immediately by any elements of the Bill 23 legislation. Some of the financial impacts from Bill 23 will not be felt until the next refresh of the City's development charge (DC) background study and rates, which would be 5-10 years into the future (for example, removal of growth studies and land costs from the rate calculation). The 2023 impacts of Bill 23 will be specific to the lower rate of collection of growth-related revenues, such as DC's (due to 20% rate discount in year 1 of the 5 year phase-in) and CIL of parkland dedication, which will affect new development applications once the City's new DC by-law takes effect in June 2023.

The Province has suggested that municipalities will 'be kept whole' on growth-related funding shortfalls following audits of growth-related reserves and the municipality demonstrating what growth-related infrastructure projects within our long-term capital plan cannot be executed. We will continue to monitor the impact of Bill 23 as we move forward.

3. Vaughan's 2021 DC reported balance of \$507,326,000 is significant. Please identify the main components making up the reserve. What variances have been reported and how were they addressed? What controls are in place to confirm the funds are spent effectively and efficiently?

The \$507M in DC reserves is the year-end 2021 balance, prior to approved capital budget commitments. The balance is comprised of several DC reserves including City-wide DC reserves for Engineering, Community Services (Recreation and Parks), Libraries and Public Works, as well as Area-specific DC's. Key projects funded by these reserves include the Carrville Community Centre and Library, Black Creek renewal and Edgeley Pond improvements, Extension/Expansion of Portage Parkway and Kirby Road, Woodbridge Ave Improvements, various new roads across the City.

The DC reserve balances are allocated for works identified in the approved Development Charge Study. The DC reserve balances after commitments is \$135M (as of end of September 2022). The breakdown is as follows:

- City-Wide DC – Engineering \$115.2M
- City-Wide DC – Community Services \$ 15.5M
- City-Wide DC – Public Works \$ 8.7M
- City-Wide DC – Libraries \$ 3.3M
- Area-Specific DC's \$ 1.6M
- Two reserves (Fire and Growth Studies) are currently overcommitted, but the City anticipates full recovery over the next DC by-law period.

DC reserve balances are legislatively required to be reported to the Province annually in June, with itemized reports of collections and expenditures. These reports are made public through the Clerks Office. Funds in each reserve can only

be spent on projects for that specific service category, which is controlled through the City's annual capital budget process.

In addition, the City has a Project Management Office (PMO), with a mandate to oversee capital program delivery, including program controls and reporting, pre-construction services, as well as support to the engineering and asset management functions.

For more information, contact:

Michael Marchetti, Director Financial Planning & Development Finance and Deputy City Treasurer, ext. 8271

Respectfully submitted by

A handwritten signature in blue ink, appearing to read "Michael Coroneos".

Michael Coroneos,
Deputy City Manager,
Corporate Services, City Treasurer and
Chief Financial Officer