

FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – MAY 6, 2019

COMMUNICATIONS

Distributed May 3, 2019

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Please note there may be further Communications.



memorandum

C 1
COMMUNICATION
FAA- May 6, 2019
ITEM - 4

DATE: May 6, 2019
TO: MAYOR AND MEMBERS OF COUNCIL
FROM: MICHAEL CORONEOS, CHIEF FINANCIAL OFFICER AND CITY TREASURER
RE: Communication - Update on City's Federal Gas Tax Program (Related to: Finance, Administration and Audit Committee, Fiscal Health Report – Year Ending December 31, 2018)

Purpose

To provide Council with a status update on the City's Federal Gas Tax Program and to seek Council approval on the proposed budget amendments to allocate the top-up Federal Gas Tax Fund announced in the 2019 Federal Budget.

Recommendation

- 1. That Council authorize the City Treasurer to apply the required budget amendment to the 2019 capital budgets arising from the Federal Gas Tax one-time top-up funding allocation.

Background

The City is expecting to receive approximately \$18.5 million from the federal Gas Tax Fund in 2019, of which approximately \$9.2 million is a one-time top-up allocation announced in the 2019 Federal Budget.

The federal Gas Tax Fund (the "GTF") was first introduced in the 2005 Federal Budget to assist Canadian municipalities imposed with a large burden to maintain public infrastructure. In 2008 the federal government announced that the GTF would be made permanent to ensure stable, long-term funding to municipalities.

In Ontario, the GTF is administered by the Association of Municipalities of Ontario (AMO). AMO receives GTF funding representing the per capita amount for Ontario Municipalities (excluding Toronto). Municipal allocation is based on a per capita basis and allocations are made on a 50:50 basis for upper and lower tier municipalities.

The following is a summary of the City of Vaughan's allocation for 2015-2019.

2015	2016	2017	2018	2019	2019 Top-up
\$8.3M	\$8.8M	\$8.8M	\$9.2M	\$9.3M	\$9.2M

Analysis and Options

Update of the City's GTF Program

The City has received approximately \$88 million in the Gas Tax Fund since 2005, of which over \$63 million has been spent.

As of December 31, 2018, the City has received approximately \$88 million in GTF since 2005. The following is a summary of the GTF expended during the period from 2005 through 2018. It should be noted that the categories largely reflect repair and replacement programs and not growth driven projects.

Table 1

Project Category	2018 Expenditure (\$millions)	Accumulated Expenditures since 2005 (\$millions)
Local Roads and Bridges	8.1	43.0
Community Energy Systems	0.2	9.3
Water/Wastewater	0.2	2.9
Public Transit	0.0	4.8
Capacity Building	0.2	0.9
Solid Waste	0.0	1.4
Disaster Mitigation	0.1	0.1
Sports & Recreation	0.6	0.7
Total Expenditures	\$9.4	\$63.1

There was approximately \$0.5 million excess fund uncommitted in the Gas Tax Fund as of December 31, 2018.

Reviewing and monitoring of GTF projects' funding and spending is ongoing. Staff continue to work with AMO to improve and enhance the City's GTF program. Funds received in recent years have been allocated to its maximum allowed amount based on a review and prioritization of eligible projects and eligible costs. The annual GTF allocation for the fiscal year 2019 of \$9.2 million was allocated to eligible projects as part of the 2019 budget process.

The following table illustrates the financial summary of the City's GTF program.

Table 2

Financial Summary	Amount (\$millions)
GTF Received Since 2005	\$87.8
Less: Accumulated Expenditures	\$63.1
Add: Investment Income	\$2.7
Unspent GTF	\$27.4
Less: Commitment in Capital Budget	\$26.9
Remaining Uncommitted Fund as of December 31, 2018	\$0.5

Allocation of the One-Time Top-Up Gas Tax Fund

The 2019 Federal Budget includes additional funding to local municipalities through a top-up to the Federal Gas Tax Fund. The allocation for the City of Vaughan is approximately \$9.2 million.

The Federal government made a commitment in Budget 2019 that an additional \$2.2 billion will be added to the Federal Gas Tax Fund.

A total amount of \$819 million will be provided to Ontario and will be distributed to recipients in accordance with the allocation formula used for gas tax payments made in 2018. The City of Vaughan's allocation is approximately \$9.2 million, and the fund is expected to be received following royal assent of the Federal Budget 2019.

The GTF top-up fund provides the City with an opportunity to further maximize the utilization of the Federal Gas Tax Fund by reallocating the funds to eligible projects that are currently funded from tax-funded sources.

Staff reviewed approved and recognized capital projects' cash flow and scope, and identified, in the Attachment 1, a detailed GTF top-up fund utilization proposal.

Projects are prioritized based on the City's asset management framework and business cases are reviewed to ensure alignment with Term of Council strategic objectives and compliance with the Federal Gas Tax Guidelines. Furthermore, considerations were given to the long-term financial and economic impact in the prioritization process.

The majority of projects that are proposed to receive the top-up GTF are forecasted to be spent within this Term of Council. The top-up GTF will be utilized to help advance infrastructure renewal projects while potentially reducing the funding pressure on property taxation.

The table below illustrates that about \$2.3 million funding commitment will be released from tax-funded reserves such as Parks Reserves and Roads Reserves. The release of these much-needed funds may potentially provide an opportunity to help address the funding shortfall anticipated in some of the City's strategic and visionary capital plans.

Funding Sources		Fund Released (\$)
Debenture Borrowing		6,092,579
Tax Funded Reserves		
	Capital from Taxation Reserve	301,354
	Parks Infrastructure Reserve	1,398,460
	Roads Infrastructure Reserve	555,265
	Subtotal - Tax Funded Reserves	2,255,079
Water Reserve		411,393
Totals		8,759,051

Furthermore, under the current proposal approximately \$2 million will be used to fund projects that are approved to be financed through external debts. This will not only provide an opportunity for the City to avoid debenture issuance of approximately \$6 million in 2019, it could further save the City's taxation money as it would help reduce the City's debt servicing costs by immediately reducing near future borrowing needs.

The savings are estimated to be approximately \$700,000 each year assuming a borrowing rate of 3% for a 10-year debenture.

The projects that are proposed to receive the top-up GTF represent key asset investments as prioritized by the City's asset management framework to improve roads and traffic, replace aging watermains, redevelop parks, and upgrade existing facilities.

Asset management is the integrated, lifecycle approach to effective stewardship of assets that will maximize benefits, manage risk, and provide appropriate levels of service to the public in a sustainable and environmentally responsible manner. As the City matures, multi-faceted integration across all asset classes is needed to support long-range financial planning that ensures that future funding is available to achieve target levels of service. The below discussion highlights some of the key projects that meet these asset management objectives and would benefit from the GTF top-up under the current proposal.

Roads and Traffic Improvements

The City's extensive road and traffic network is responsible for connecting communities and moving people and goods in a safe, efficient, and sustainable manner. The City's Pavement Management Program (PMP) establishes a level of service for the entire road network to develop a prioritized listing of roads for preventative maintenance, pavement preservation, road rehabilitation and reconstruction to ensure that an acceptable level of service is maintained for the safety and well-being of all citizens. It is a planned system of treating pavements at the optimum time to maximize their useful life, resulting in enhanced pavement longevity at a minimized cost. Continued investment in the PMP is critical to maximize the benefit for every dollar invested in road rehabilitation, which will mitigate the risks of further deterioration of roads reduced serviceability, increased traffic congestion, and increased long-term maintenance and reconstruction costs. GTF top-up funds are also proposed to be allocated to guiderail replacement, traffic control system replacement, streetlight pole replacement and streetlight utility infrastructure repairs.

Parks Redevelopment

Parks are gathering places that strengthen neighbourhoods and create healthy, complete communities. As the City matures, the need for park redevelopment is growing. Park redevelopment projects are comprehensive undertakings that involve wholesale change within the majority of a park. This may include park reconfiguration, the introduction of new amenities and/or the removal of under-utilized amenities, replanting, regrading and more. The Parks Redevelopment Strategy (May 2018) identifies Glen Shields Park Redevelopment as a top priority project to be initiated in 2019. Playground Replacement, Playground Surfacing Replacement programs and Baseball Diamond Redevelopment programs include ongoing City-wide replacement projects to ensure safe, functional and accessible park assets. Overall, these

improvements allow the City's parks and open space facilities and infrastructure to continue to be responsive to the current and future needs of Vaughan communities in a responsible and cost-effective manner.

Facility Upgrades

The Garnet A. Williams Community Centre was constructed in 1984 and a Feasibility Study has been conducted to identify several revitalization priorities to support the needs of the existing and future user base. The study focused on upgrading the facility to create a more inviting exterior, improve functionality, and meet building code and accessibility requirements, which will better-optimize the utilization of the facility by the various user groups and potentially enhance the experience of existing users while attracting new users. The GTF top-up will support the opportunity to revitalize and sustain this facility for another 40 or 50 years.

The parking lots in various community centres and sports facilities have been identified as one of recreational infrastructure renewal priorities for this Term of Council. As the existing parking infrastructure approaches its useful life the asset condition deteriorates which in turn could quickly become a safety issue for residents and visitors. The GTF top-up will be utilized to advance some parking lot renewal work to 2019 from previously scheduled 2020-2021 timeline.

Conclusion

This one-time top-up fund will provide additional support to the City to address certain infrastructure deficits to support improved productivity, economic growth, a clean environment, and help to build strong cities and communities.

The proposed amendments to the capital projects outlined in the communication help position the City to better manage funding pressures and continue its pursuit of service excellence, while delivering the needed services and infrastructure to Vaughan citizens.

Respectively submitted,



Michael Coroneos, CPA, CMA
Chief Financial Officer and City Treasurer

Attachments

1. The 2019 Top-Up GTF Capital Budget Amendment

Memo Authored by:
Maggie Wang, MBA, CPA, CGA, A.I.M.A.
Manager, Corporate Financial Planning & Analysis

Project	Account Description	Asset Class	Existing Budget and Actual Information				Funding Adjustment					
			Total Budget	Total Actual	Total Variance	Revised Budget	Gas Tax	Debenture	Tax	Parks Reserve	Roads Reserve	Water
EN-1731-09 Pre-Engineering Pavmt. Mgmt. P												
	Consultant		800,000.00	448,815.00	351,185.00	448,815.00						
	Admin Recovery 3%		24,000.00	13,464.00	10,536.00	13,464.00						
	Debenture Financing		(824,000.00)	-	(824,000.00)	-		462,800.00				
	Gas Tax Reserve	Traffic				(448,815.00)	(448,815.00)					
	Transfer from Taxation					(13,464.00)			(13,464.00)			
			-	462,280.00	(462,280.00)	-						
EN-1871-13 2013 Pavement Management Prog.												
	Contractors		4,693,000.00	3,135,207.00	1,557,793.00	3,135,207.00						
	Consultant		47,000.00	39,170.00	7,830.00	39,170.00						
	Admin Recovery 3%		41,521.00	28,388.00	13,133.00	28,388.00						
	Gas Tax Reserve	Traffic	(3,355,966.00)	(2,247,898.00)	(1,108,068.00)	(2,251,188.00)	1,104,778.00					
	Debenture Financing		(1,425,555.00)	(951,577.00)	(473,978.00)	(951,577.00)		3,291.00				
			-	3,291.00	(3,291.00)	-						
EN-1912-14 2015 PMP - Phase 1												
	Contractors		3,074,600.00	1,950,926.00	1,123,674.00	1,950,926.00						
	Consultant		50,000.00	44,743.00	5,257.00	44,743.00						
	Admin Recovery 3%		27,200.00	15,830.00	11,370.00	15,830.00						
	Contingency		307,570.00	-	307,570.00	-						
	Gas Tax Reserve	Traffic	(2,544,659.00)	(1,479,627.00)	(1,065,032.00)	(1,995,669.00)	548,990.00					
	Debenture Financing		(914,711.00)	-	(914,711.00)	-		531,871.00				
	Transfer from Taxation					(15,830.00)			(15,830.00)			
			-	531,871.00	(531,871.00)	-						
EN-1913-14 2015 PMP - Phase 2												
	Contractors		3,150,000.00	1,670,805.00	1,479,195.00	1,670,805.00						
	Consultant		50,000.00	35,827.00	14,173.00	35,827.00						
	Admin Recovery 3%		1,500.00	779.00	721.00	779.00						
	Contingency		315,000.00	71,133.00	243,867.00	71,133.00						
	Gas Tax Reserve	Traffic	(3,465,000.00)	(1,752,497.00)	(1,712,503.00)	(1,777,765.00)	1,687,235.00					
	Debenture Financing		(51,500.00)	-	(51,500.00)	-		26,047.00				
	Transfer from Taxation					(779.00)			(779.00)			
			-	26,047.00	(26,047.00)	-						
EN-1914-14 2015 RRWR - Phase 1												
	Transfer to Revenue		-	75,485.00	(75,485.00)	75,485.00						
	Contractors		1,367,646.00	1,074,870.00	292,776.00	1,074,870.00						
	Consultant		89,000.00	140,876.00	(51,876.00)	140,876.00						
	Admin Recovery 3%		48,189.00	38,737.00	9,452.00	38,737.00						
	Contingency		150,200.00	-	150,200.00	-						
	Other Recoveries		-	(11,891.00)	11,891.00	(11,891.00)						
	Water Reserve		(794,417.00)	(632,678.00)	(161,739.00)	(632,678.00)						161,739.00
	Gas Tax Reserve	Water				(685,399.00)	(685,399.00)					
	Debenture Financing		(860,618.00)	-	(860,618.00)	-		685,400.00				
			-	685,400.00	(685,400.00)	-						
EN-1915-14 2015 RRWR - Phase 2												
	Contractors		95,960.00	507,883.00	(411,923.00)	507,883.00						
	Consultant		161,600.00	64,021.00	97,579.00	64,021.00						
	Admin Recovery 3%		83,394.00	17,157.00	66,237.00	17,157.00						
	Contingency		248,200.00	-	248,200.00	-						
	Water Reserve		(54,490.00)	(54,481.00)	(9.00)	(54,481.00)						9.00
	Debenture Financing		(534,664.00)	-	(534,664.00)	-		534,580.00				
	Gas Tax Reserve	Water				(534,580.00)	(534,580.00)					
			-	534,580.00	(534,580.00)	-						

Project	Account Description	Asset Class	Existing Budget and Actual Information				Revised Budget	Funding Adjustment					
			Total Budget	Total Actual	Total Variance	Gas Tax		Debenture	Tax	Parks Reserve	Roads Reserve	Water	
ID-2038-17	Intersection Improvements at J												
	Contractors		700,000.00	174,212.00	525,788.00	174,212.00							
	Consultant		75,000.00	37,919.00	37,082.00	37,919.00							
	Admin Recovery 3%		25,600.00	6,364.00	19,236.00	6,364.00							
	Contingency		77,500.00	-	77,500.00	-							
	Debenture Financing		(878,100.00)	-	(878,100.00)	-		218,494.00					
	Gas Tax Reserve	Traffic				(212,131.00)	(212,131.00)						
	Transfer from Taxation					(6,364.00)				(6,364.00)			
			-	218,494.00	(218,494.00)	-							
ID-2045-17	Garnet A. Williams Consultant												
	Transfer to Revenue		120,000.00	9,654.00	(9,654.00)	120,000.00							
	Consultant		1,550,000.00	-	575,000.00	5,000,000.00							
	Admin Recovery 3%		53,875.00	290.00	17,810.00	150,000.00							
	Contingency		125,000.00	-	27,500.00	500,000.00							
	Pre 99-Bldg & Facility		(1,848,875.00)	(9,944.00)	(610,656.00)	(1,848,875.00)							
	Gas Tax Reserve	Facilities				(3,921,125.00)	(3,921,125.00)						
			-	-	-	-							
BF-8800-19	Various Parking Lot Renewals - Community Centres (MCC, FEBCC, OSC,RCC)												
	Construction					700,000.00							
	Consultant					50,000.00							
	Admin Recovery 3%												
	Gas Tax Reserve	Facilities				(750,000.00)	(750,000.00)						
PK-6423-19	Glen Shields Park Redevelopmen												
	Consultant		220,653.00		220,653.00	220,653.00							
	Admin Recovery 3%		7,282.00		7,282.00	-							
	Contingency		22,065.00		22,065.00	22,065.00							
	Parks Infrastructure		(250,000.00)		(250,000.00)	-				250,000.00			
	Gas Tax Reserve	Parks				(242,718.00)	(242,718.00)						
			-	-	-	-							
PK-6572-19	Playground Surfacing Replaceme												
	Contractors		62,886.00		62,886.00	400,000.00							
	Consultant		356,355.00		356,355.00	70,000.00							
	Admin Recovery 3%		41,924.00		41,924.00	-							
	Contingency		13,835.00		13,835.00	47,000.00							
	Parks Infrastructure		(475,000.00)		(475,000.00)	(67,000.00)				408,000.00			
	Gas Tax Reserve	Parks				(450,000.00)	(450,000.00)						
			-	-	-	-							
PK-6588-19	Playground Replacement Program												
	Contractors		397,176.00		397,176.00	450,000.00							
	Admin Recovery 3%		39,718.00		39,718.00	-							
	Contingency		13,106.00		13,106.00	45,000.00							
	Parks Infrastructure		(450,000.00)		(450,000.00)	-				450,000.00			
	Gas Tax Reserve	Parks				(495,000.00)	(495,000.00)						
			-	-	-	-							
RP-2013-15	Street Light Pole Replacement												
	Contractors		1,129,323.00	429,011.00	700,312.00	1,061,823.00							
	Transfer to Revenue					67,500.00							
	Admin Recovery 3%		33,380.00	12,870.00	20,509.00	33,380.00							
	Transfer from Taxation		(546,702.00)	(207,773.00)	(338,930.00)	(207,773.00)				338,929.00			
	Roads Reserve		(616,000.00)	(234,109.00)	(381,891.00)	(322,930.00)					293,070.00		
	Gas Tax Reserve	Traffic				(632,000.00)	(632,000.00)						
			-	-	-	-							
RP-6763-17	Baseball Diamond Redevelopment												
	Contractors		282,000.00	-	282,000.00	282,000.00							
	Admin Recovery 3%		8,460.00	-	8,460.00	-							
	Parks Infrastructure		(290,460.00)	-	(290,460.00)	-				290,460.00			
	Gas Tax Reserve	Parks				(282,000.00)	(282,000.00)						
			-	-	-	-							

Project	Account Description	Asset Class	Existing Budget and Actual Information				Funding Adjustment					
			Total Budget	Total Actual	Total Variance	Revised Budget	Gas Tax	Debenture	Tax	Parks Reserve	Roads Reserve	Water
RP-6768-18 Traffic Control and Management												
	Transfer to Revenue		50,000.00	-	50,000.00	50,000.00						
	Contractors		661,273.00	-	661,273.00	661,273.00						
	Admin Recovery 3%		23,429.00	-	23,429.00	23,429.00						
	Miscellaneous Costs		66,403.00	-	66,403.00	66,403.00						
	Roads Reserve		(801,105.00)	-	(801,105.00)	(400,000.00)					401,105.00	
	Gas Tax Reserve	Traffic				(401,105.00)	(401,105.00)					
			-	-	-	-						
RP-6772-18 Guiderail Replacement Program												
	Contractors		404,942.00	204,272.74	19,593.00	404,942.00						
	Admin Recovery 3%		12,148.00	5,470.00	588.00	12,148.00						
	Roads Reserve		(417,090.00)	(187,820.00)	(20,180.00)	(200,000.00)					217,090.00	
	Gas Tax Reserve	Traffic				(217,090.00)	(217,090.00)					
			-	-	-	-						
RP-6781-19 Street Light Utility Infrastru												
	Contractors		200,000.00		200,000.00	160,000.00						
	Consultant		100,000.00		100,000.00	72,500.00						
	Transfer to Revenue					67,500.00						
	Admin Recovery 3%		9,000.00		9,000.00	6,975.00						
	Roads Reserve		(309,000.00)		(309,000.00)	(150,000.00)					159,000.00	
	Gas Tax Reserve	Traffic				(156,975.00)	(156,975.00)					
RP-6777-19 Asset Management Plan for Green Infrastructure												
	Consultant					100,000.00						
	Gas Tax Reserve	AM Plan				(100,000.00)	(100,000.00)					
EN-1696-08 Applewood Flyover-407/ETR												
	Miscellaneous Costs		515,000.00		515,000.00	515,000.00						
	Gas Tax Reserve	Traffic	(515,000.00)		(515,000.00)		515,000.00					
	Roads Reserve					(515,000.00)					(515,000.00)	
Total Funding Released (Needed)							(9,675,175.00)	6,092,579.00	301,354.00	1,398,460.00	555,265.00	411,393.00

From: Clerks@vaughan.ca
Sent: May-02-19 2:30 PM
To: Bellisario, Adelina
Subject: FW: Feedback on Vaughan preliminary short-term rental by-law - Airbnb

From: Sta Kuzviwanza <sta.kuzviwanza@airbnb.com>
Sent: Thursday, May 02, 2019 1:47 PM
To: Clerks@vaughan.ca
Subject: Feedback on Vaughan preliminary short-term rental by-law - Airbnb

Thank you for the opportunity to respond to Vaughan staff's preliminary recommendations for short-term rental regulations ahead of the release of the May report.

While short-term rentals have been part of Vaughan's economy for generations, we recognize the desire of the community to develop short-term rental rules that foster healthy home sharing. Our experience working with governments around the world has consistently shown that broad and thoughtful consultation, drawing upon facts and constructive experiences in other cities and communities, are the best way to reach a positive outcome for hosts, guests, neighbours, and the entire community. With that in mind, we would like to provide some feedback on your current proposal.

Given the size of the host community in Vaughan, we would like to re-emphasize the importance of taking an approach that accounts for the size and scale of the community. A light-touch framework that avoids an unreasonable burden on responsible hosts would be better suited to achieving Vaughan's compliance and enforcement objectives. Cities with small host communities have had greater success when they choose to not duplicate the regulatory frameworks of municipalities like Toronto or Vancouver, who have significantly larger host communities. We encourage you to continue to look for a tailored, made-in-Vaughan solution that reflects the actual scale of home sharing in Vaughan.

One of our biggest concerns as set out in your preliminary proposal is the fee that prospective hosts would be expected to pay in order to register their property with the city. This fee, scaling from \$300 to up to \$10,000 for hosts with more than one property, is very high. The majority of Airbnb hosts are sharing the home where they live and use the platform to make a little extra income each month. Recognizing the casual nature of home sharing through affordable licensing fees is an important first step in encouraging compliance. For example, some communities have put forward a reasonable licensing fee of \$50 annually for hosts.

Given that you are considering a municipal registration system, we encourage staff to explore the option of an online registration system, if this is not already being done. Our experience in other jurisdictions has shown that providing a simple online registration process encourages higher compliance rates. Our hosts are responsible community members who want to abide by the law. As more government and consumer services are being made available online, we support a digital registration option that encourages compliance through ease of application. Effective registries are easy to access and complete, available online, and subject to no or low fees.

We have also noted that the proposal for short-term rentals will be restricted to one per property. We would question the fundamental reason for that proposed restriction. It is not yet clear how secondary suites or hosts renting out more than one bedroom will be addressed in this framework.

Many hosts may own homes with existing basement or attic suites, which they require for their own use when welcoming friends or family, or they may not be suitable for the long-term rental market. In either scenario,

home sharing that space is a reasonable option that can help pay the bills. In fact, many of our hosts have pointed to home sharing as the means by which they are even able to stay in their home, given the high cost of living. For these reasons, we encourage you to allow home sharing in secondary suites.

Additionally, many hosts appreciate the flexibility of being able to rent out more than one bedroom in their home. Some hosts end up listing a secondary bedroom so that they are able to accommodate families, who often require more than one bedroom. The potential restriction of one short-term rental per property, which could be interpreted as one bedroom per property, could cause unintended confusion to hosts and severely impact the diversity and accessibility of accommodation offerings in Vaughan.

As you prepare your report and recommendations ahead of a council vote, we sincerely hope that this input will prove to be helpful as you consider policy options. We stand by our commitment to be a good community partner in your consultations and we continue to urge you to not over-regulate the entire home sharing community - a community that is made up of Vaughan citizens who are helping bring recognition to the hospitality of your city to travellers from around the world.

Best Regards,

Sta Kuzviwanza

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Sta Kuzviwanza

Public Policy

Canada

514-436-7673

[#WeAccept](#)



Internal Audit Annual Report

FA&A Committee – Monday May 6, 2019



Today's Presentation

- Internal Audit Governance Structure
- Measuring Internal Audit's Performance
- Common Themes and Issues
- Anonymous Reporting System Annual Update
- IIA International Internal Audit Awareness Month
- Questions



2

Internal Audit's Purpose

- Provides independent, objective assurance and consulting activity designed to add value and improve the City's operations
- Systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes
- Term of Council Priority of "Good Governance"



3

Functional Reporting To Council – Council Responsibilities

- Approving Audit Charter and Risk Based Work Plan
- Ensuring that Internal Audit has sufficient authority and standing to carry out its tasks effectively
- Making appropriate inquiries to determine whether there are inappropriate scope or resource limitations
- Providing direct access to the FA&A Chair and FA&A committee members



Functional Reporting To Council – Council Responsibilities

- Receiving communications from the Director of Internal Audit
- Reviewing and monitoring management's responsiveness to audit findings and recommendations
- Monitoring and assessing the quality and effectiveness of Internal Audit
- Appointment and removal of the Director of Internal Audit



Director of IA assists Council by:

- Reviewing the Internal Audit governance structure
- Annual declaration of organizational independence
- Providing feedback on the sufficiency of internal audit resources
- Presenting reports related to the Department's activities through FA&A
- Providing annual updates on ARS, outstanding management action plans and Internal Audit Performance



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Administrative Reporting

- Helps facilitate day-to-day operations
 - 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



Annual Declaration of Independence

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.



2018 Performance Highlights

- Anonymous Reports were investigated and closed 28.5 days faster than the Global Benchmark
- 100% acceptance rate for all audit recommendations
- Internal Audit staff met their respective professional training requirements
- Positive audit quality survey results from Audit Clients.



Common Themes and Issues

1. Developing processes to periodically evaluate direction, strategy, programs and service delivery to ensure efficient and effective deployment of resources.
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.



Anonymous Reporting System

- For Staff Use Only
- Fully functional as of April 15, 2014
- Outsourced Intake
- Internal Audit [Co-ordination and Reporting]
- Investigating Anonymous Reports
- Annual Reporting to Council
- 95 Total Reports (16 – 2014, 18 – 2015, 12 – 2016, 19 – 2017, 30 - 2018)



ARS Results – Trends & Themes

1. Substantiation Rates:

- 20% of the 2018 reports were substantiated. The Global Benchmark substantiation rate was 42%. Our overall substantiation rate since the system was launched is 23%.

2. Reporter Follow-up Rate:

- In 2018, 83% of all reporters logged back in to follow-up on their report. The Global Benchmark Rate is 20%.

3. Anonymous vs Named Reporters

- In 2018, 97% of reporters chose to remain anonymous. The Global Benchmark is 57%.



IIA International Internal Audit Awareness Month

- May is International Internal Audit Awareness Month
- Promoting the profession and building awareness
- The City of Vaughan is committed to accountability and transparency:
 - Internal Audit Department
 - Anonymous Reporting System
 - Integrity Commissioner
 - Lobbyist Registrar
 - Vaughan Accord



IIA International Internal Audit Awareness Month

- External and Internal Communication Plans
- Redistributing flyers and business cards about the Anonymous Reporting System to each department
- Internal Audit will be hosting educational drop-ins at the JOC and City Hall



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Questions?

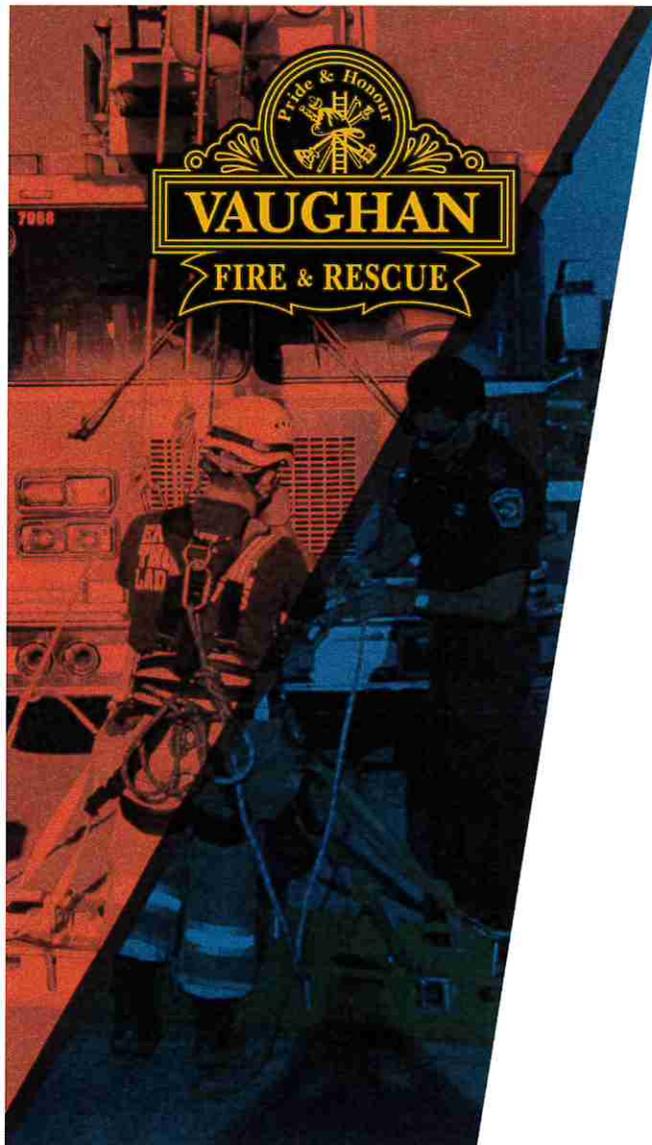


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FINANCE & ADMIN. CMTEE
COMMUNICATION C4
Date: May 6/19 ITEM NO. 2



Master Fire Plan Implementation Strategy

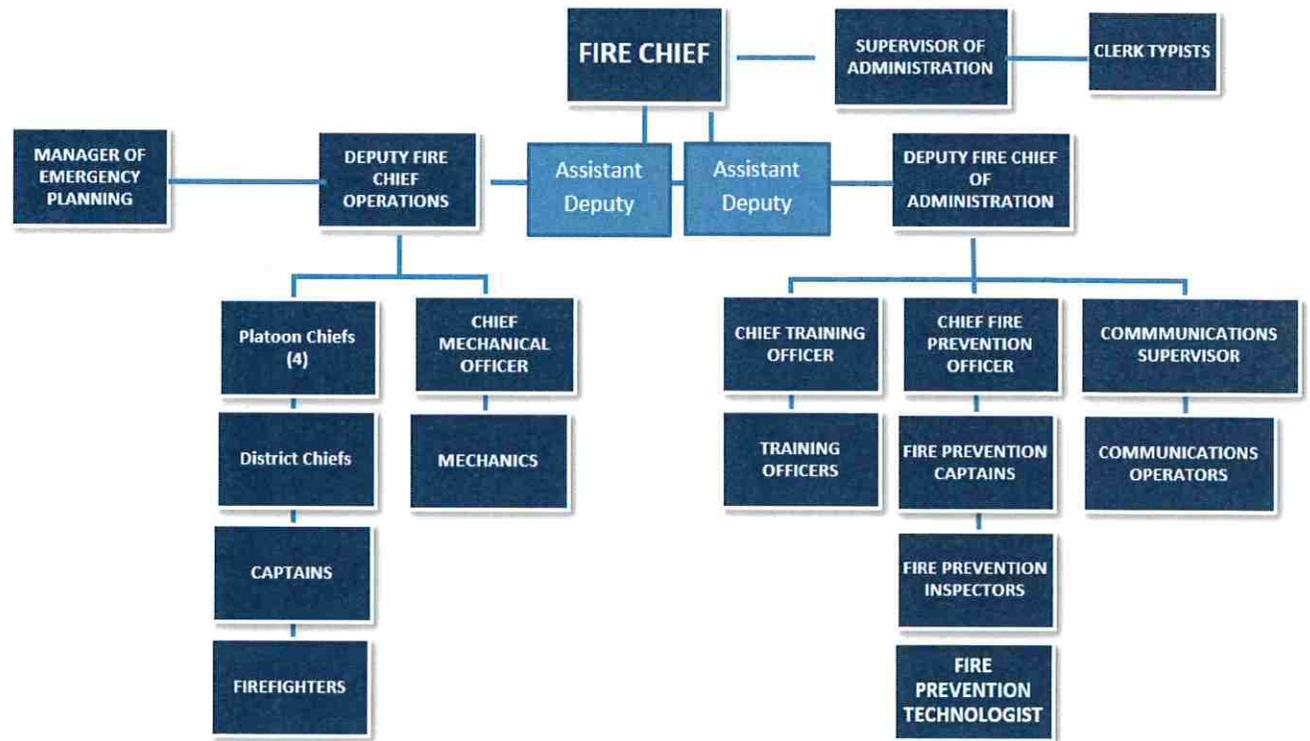


Executive Summary

- The Master Fire Plan Implementation Strategy is derived from the recommendations outline in the 2018-2028 Master Fire Plan produced by Dillon Consulting.
- Council adopted the current Master Fire Plan and instructed Vaughan Fire and Rescue Service (VFRS) staff to report back with an implementation strategy.
- The Master Fire Plan Implementation Strategy outlines our critical initiatives which will be vital in achieving strategic objectives, overcoming challenges, capitalizing on opportunities and ensuring our service is continuously evolving and enhancing our ability to serve and protect our citizens.

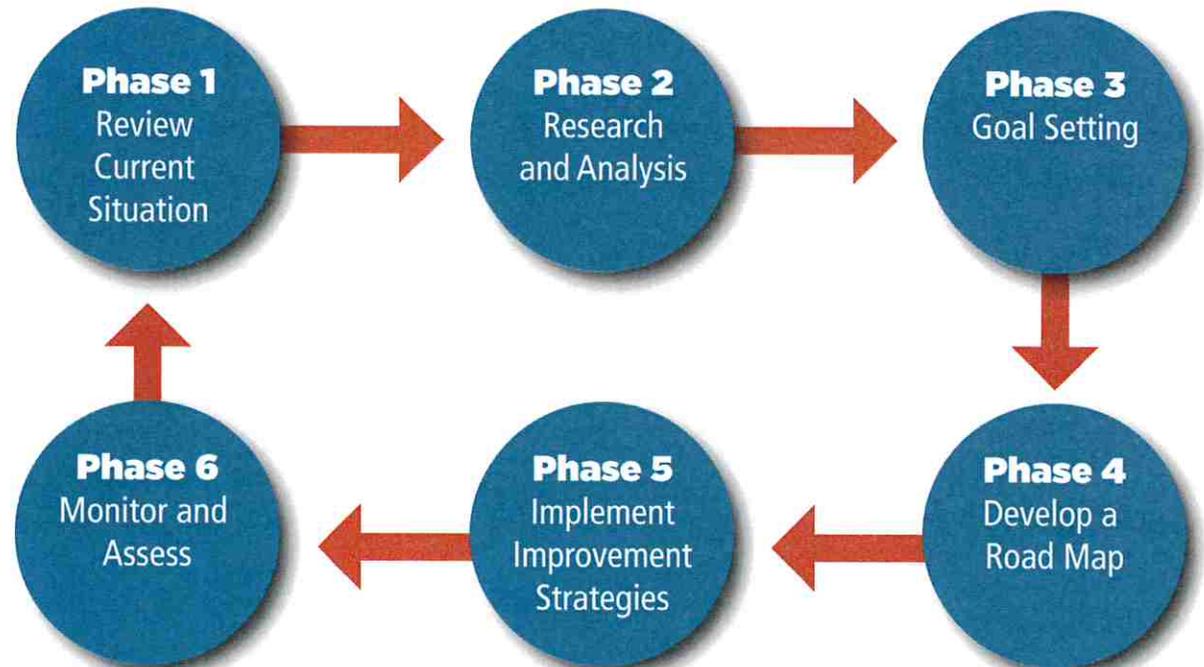


VFRS Organizational Chart



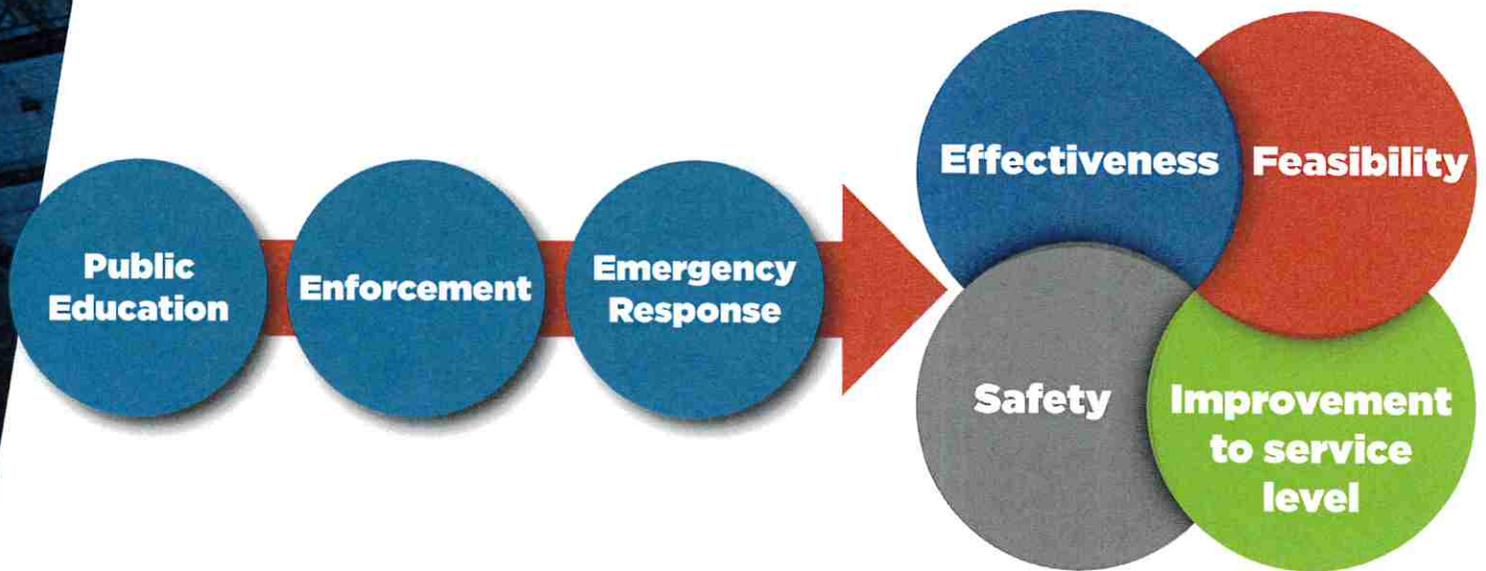


Continuous Improvement Process





Three Lines of Defence

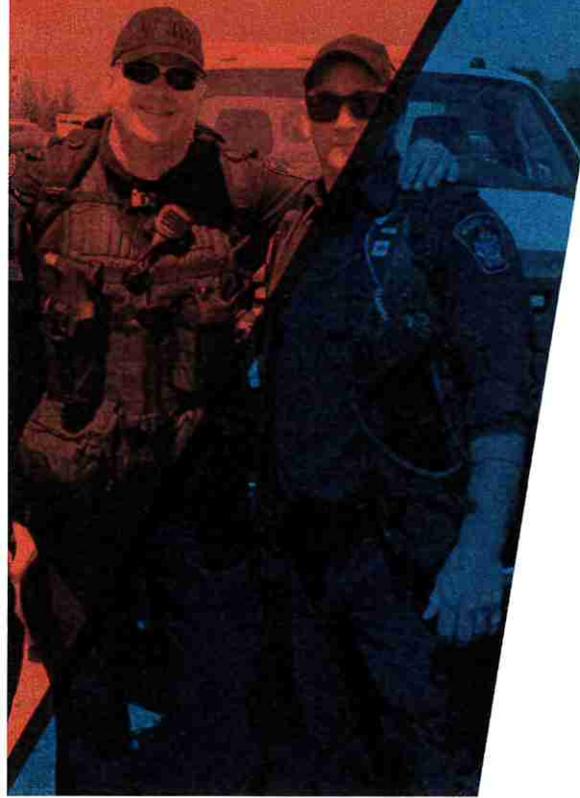




MFP Recommendations

11 of 45 recommendations contained in the MFP, across all divisions of VFRS are already being implemented.

Others tethered to budget requirements or reflecting growth, will be priorities as part of the annual operating and capital process.



Policy Implications





Pride & Honour
VAUGHAN
FIRE & RESCUE

Operations Division



Pride & Honour
VAUGHAN
FIRE & RESCUE

Fire Prevention and Public Education



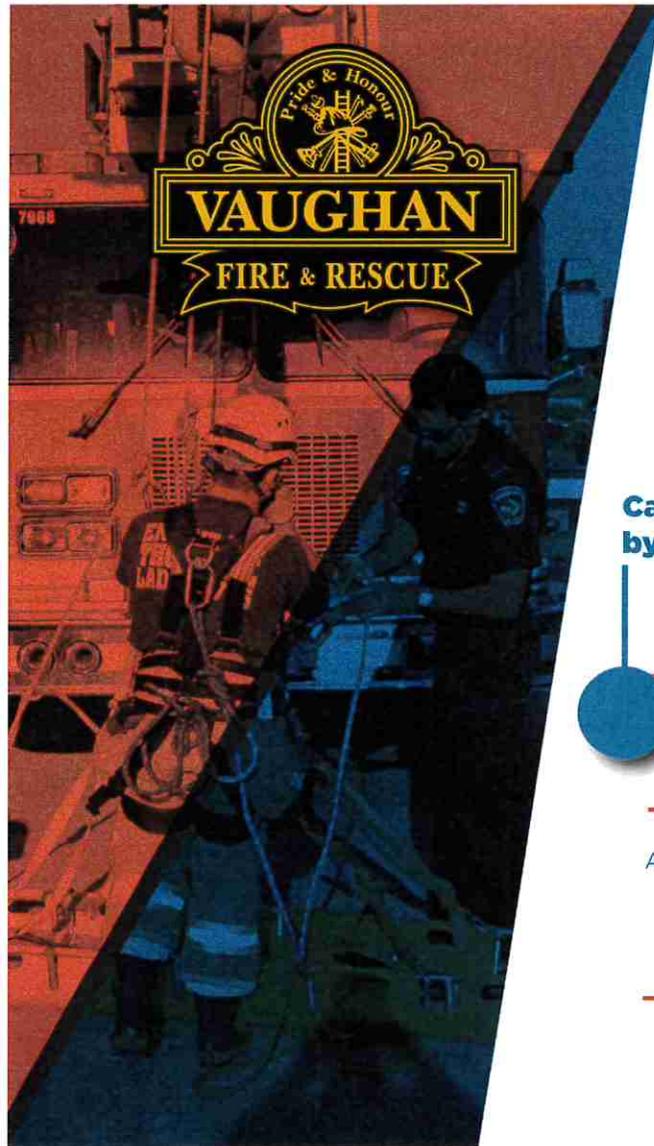
Training Division



Mechanical Division

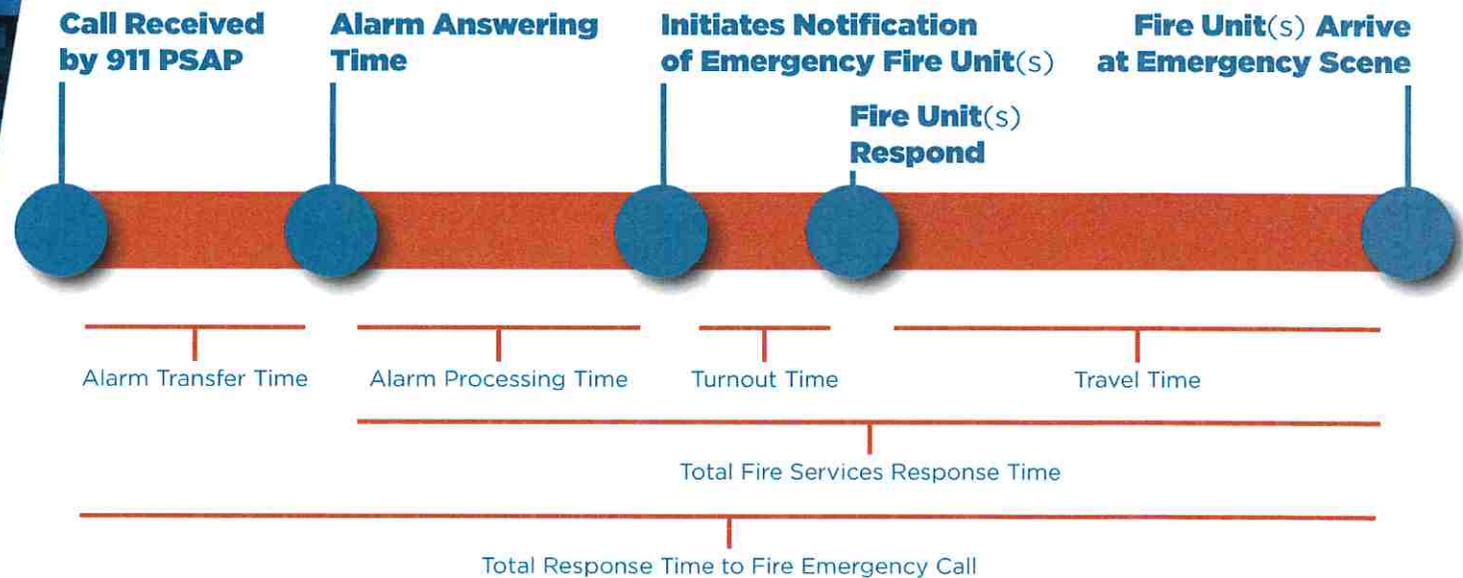


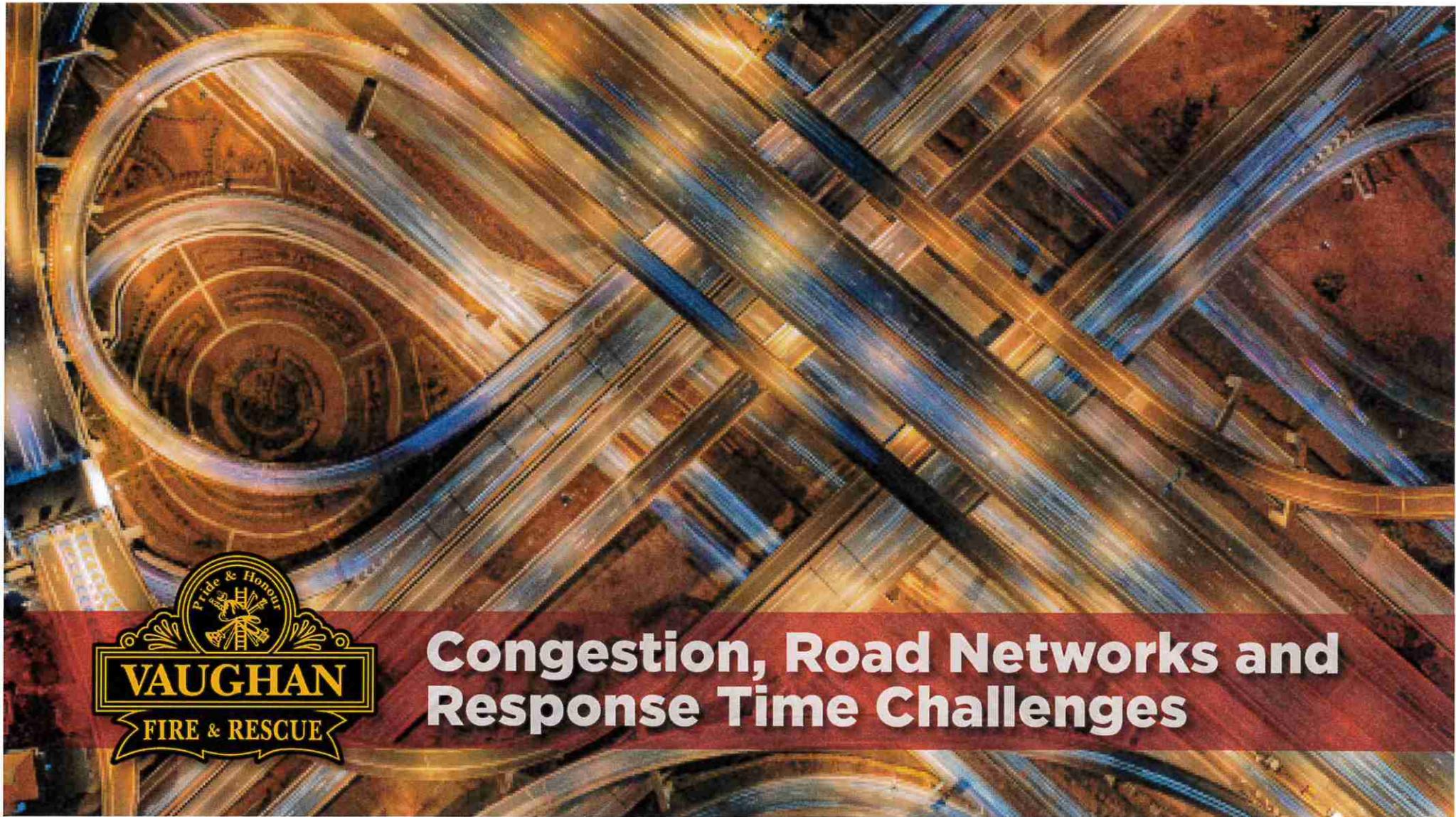
Communications



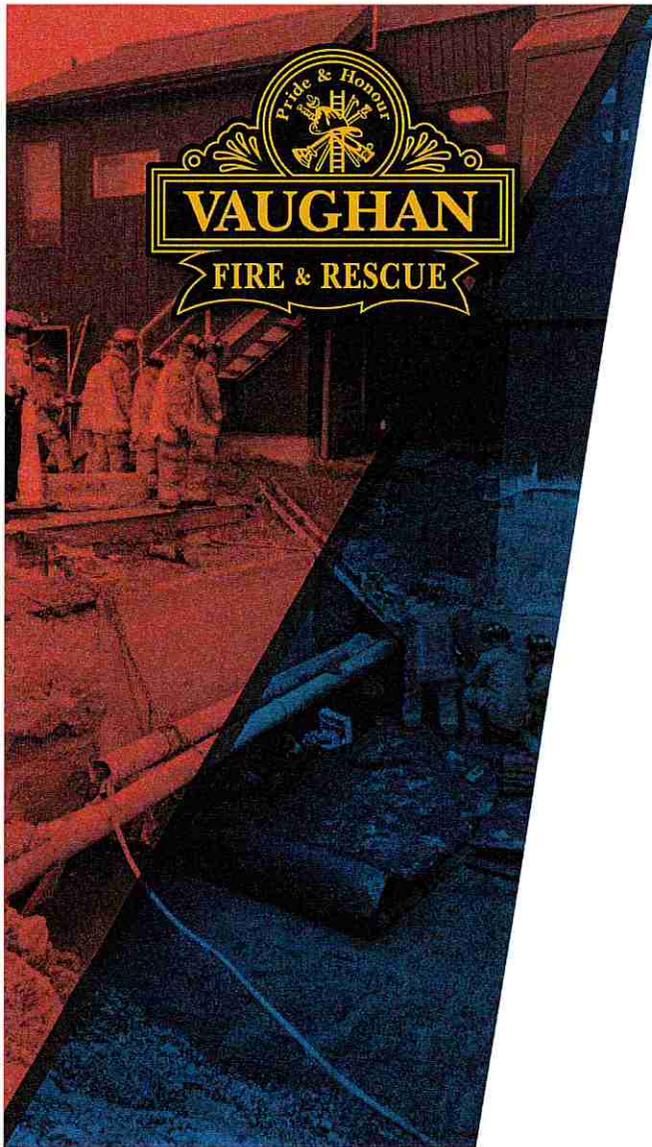
Accepted Timeline

Time Line of a Fire Emergency Call





Congestion, Road Networks and Response Time Challenges



Collecting and Analyzing Data

- One of the integral procedures is to collect and analyze data that can be developed to identify current and future fire protection or risks within a community.
- Fire departments must collect and analyze data effectively to determine fire and life safety risks and other emergency problems.
- Fire departments are experiencing escalating demands in both fire protection and fire prevention services.
- At the same time, the resources to provide these services are diminishing.



Goals, objectives targets, measurables...



“The fact is that you can’t hit a target that you can’t see... If you don’t know where you are going, you will probably end up somewhere else.

You have to have goals.”

- Zig Ziglar



Looking Forward

Understand your data

- Where does it come from?
- Is it accurate?
- Who are the gatekeepers?
- Is it easily accessible?

Ensures unnecessary financial commitments

- Through detailed and thorough analyses

Leverage the skills of internal members

- Limit costly consulting fees

Embracing technology

- Capital budgeting and master plan may assist you





Future Resources

 VAUGHAN



REPORT SUMMARY

Short-Term Rentals Regulations

Finance, Administration and Audit Committee Presentation

Gus Michaels, Director and Chief Licensing Officer
By-law and Compliance, Licensing and Permit Services

Monday, May 6, 2019



1

Overview

- City staff have conducted a comprehensive review of Short-Term Rentals (“STRs”) in line with the City’s *By-law Strategy*.
- This presentation summarizes staff recommendations.
- Staff are proposing a regulatory framework to:
 - license and create standards for STRs
 - support a balance between STRs and affordable housing options
 - satisfy the diverse needs of people visiting Vaughan
 - continue to support business models that spurs economic growth

This report will be posted at vaughan.ca/council.



Council's Strategic Priorities

The proposed framework supports the following Council's Strategic Priorities:

- Area 4: ACTIVE, SAFE AND DIVERSE COMMUNITIES
- Area 5: ECONOMIC PROSPERITY, INVESTMENT AND SOCIAL CAPITAL



the review



4

Background

- Home rentals are not new, but the increasing popularity of online platforms has contributed to the proliferation of STRs in cities around the world.
- Examples of STR “brokers”:

Airbnb

HomeAway

VRBO

Flipkey

Homestay

Go With Oh

OneFineStay

Booking.com



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Staff Short-Term Rental Working Group

- By-law and Compliance, Licensing and Permit Services (BCLPS)
- Building Standards
- Vaughan Fire and Rescue Service (VFRS)
- Economic and Cultural Development (ECD)
- Corporate and Strategic Communications
- Policy, Planning and Environmental Sustainability
- York Regional Police (YRP)



Research and stakeholder engagement

Research

- Jurisdictional scan of other Ontario cities
- Review of **32** complaints received since January 2014

Engagement

- Access Vaughan and online surveys totaling **830** responses
- **Five** public consultation meetings attended by **45** residents
- Numerous meetings and discussions with various interest groups and STR companies, such as the Toronto Real Estate Board, Vaughan Chamber of Commerce and Airbnb
- Review of advocacy group media, such as Fairbnb media



what we heard



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Key survey findings

- **830** respondents
- On average, **57 per cent** of respondents indicated STRs are not an issue in Vaughan
- Approximately **70 per cent** of respondents believe the City of Vaughan should regulate STRs



Concerns about Short-Term Rentals

- Homes being used as party houses
- Poor upkeep of properties
- Insufficient life safety equipment and information provided to renters
- Excessive wear-and-tear of common/shared areas at condominiums
- Competitive unfairness with STRs currently not required to pay Municipal Accommodation Tax (MAT), unlike hotels and motels
- Reduce availability of affordable housing



Positives of Short-Term Rentals

- Additional supplementary income for home owners
- Affordable travel options for tourists, families and those caring for loved ones
- Temporary housing options for those seeking to establish a more permanent residence in Vaughan
- Support to Vaughan business community
- Increased accessibility to housing options through technology



Other cities developing STR regulations

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



Common approaches to regulation

- Requirement for STR brokers and STR operators to be licensed
- Requirement for brokers and operators to share information
- Providing for penalties or ability to ban operators
- Placement of limits on the number of nights a home can be rented as a STR



Common approaches to regulation

- Establishment of fees to recover costs rather than relying solely on the tax base
- Consideration of STRs as accessory to the principal residential use, thereby not necessitating any changes to the city's Official Plan



recommendations



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Proposed regulations and actions

No	Proposed regulation or action	Reasoning
1	<p>Define Short-Term Rentals:</p> <p>“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.”</p>	<p>By defining STRs, the City can clearly articulate what constitutes a legal STR and, in this way, apply specific provisions, regulations and oversight.</p>
2	<p>License:</p> <ul style="list-style-type: none">• STR brokers (such as Airbnb)• STR operators (those who rent their homes)	<p>Licensing provides the City with:</p> <ul style="list-style-type: none">• leverage when it comes to inspection authority and enforcement powers;• revenue to offset the costs of administration, oversight and enforcement.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
3	<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">• their contact information• their property• proof of principal address	<p>To ensure the City has appropriate contacts and information enabling efficient and appropriate response to addressing any complaints related to STRs.</p>
4	<p>Create provisions for which a STR licence may be:</p> <ul style="list-style-type: none">• refused• suspended• subject to conditions• revoked	<p>The City would be able to:</p> <ul style="list-style-type: none">• prohibit a STR broker or host from operating• impose conditions, suspend or revoke any licence• ban a STR broker or host from re-applying for up to 12 months

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
5	Advise that STRs must operate in accordance with all applicable law and regulations, including but not limited to, the Building and Fire Codes.	To create greater awareness amongst operators and in this way, to achieve higher levels of compliance.
6	<ul style="list-style-type: none">• Require STR brokers to list STR operator licence numbers in advertisements.• Require STR brokers to stop advertising any STR for which the licence has been suspended or revoked.	To encourage a system of transparency, enabling complainants to more easily identify STRs and report any issues to the City for follow-up.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
7	Allow STR operators to offer accommodations in residential dwellings only.	<ul style="list-style-type: none">• To identify where STRs are permitted and to prohibit non-residential buildings from being used as STRs.• To continue to support other types of purpose-built accommodation buildings, such as hotels and motels, to remain competitive.
8	Under licensing, STR operators can be compelled to provide access to their properties for purposes of inspection, as well as take other safety measures.	<ul style="list-style-type: none">• To ensure compliance with relevant life-safety and all other regulatory standards.• To create offences for obstructing or hindering inspections or other actions by the City.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
9	<p>Require STR operators to:</p> <ul style="list-style-type: none">• list accommodations that are available to let for periods of 29 consecutive nights or less, per booking• not exceed 180 days for all bookings within any calendar year	<p>This provision is aimed at limiting the adverse impact on potential affordable long-term rental housing, encouraging longer-term rentals.</p>
10	<ul style="list-style-type: none">• Restrict STRs to the operator's principal residence.• Require the owner's permission to operate a STR (if property is tenanted).• If in a condominium, require the additional permission of the Condominium Board.	<p>This provision is aimed at prohibiting strictly commercial and speculative interests from operating STRs at the expense of long-term housing.</p>

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
11	Bed-and-Breakfasts should continue to be a separate category of accommodation that continues to require site-specific Council approval.	No issues have been reported to the City about these businesses.
12	Allow STR operators to have one booking for one property at any time, whether it be the whole home or a single room that is being rented (i.e., no multiple renters).	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.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
13	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	Require that STRs be subject to Municipal Accommodation Tax (MAT).	This will ensure MAT is applied fairly and consistently among different types of accommodations throughout Vaughan; further providing economic stimulus to Vaughan tourism industry and assisting in off-setting administration and enforcement cost, reducing future pressures on Vaughan's tax base.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
15	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 regulations.	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.



Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
16	<p>Establish penalties, such as:</p> <ul style="list-style-type: none">• fines of up to \$100,000• special fines, in an amount the court deems appropriate to eliminate or reduce the possible economic advantage of the contravention• fines of up to \$10,000 per day for each day in which an offence continues	<p>Ensure that the City has the enforcement leverage to compel STRs brokers and operators to comply with municipal regulations.</p>
17	<ul style="list-style-type: none">• STRs in Vaughan are considered to be accessory to principal residential use.• No change to the Official Plan (OP) is proposed at this time.• 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.</p>

Impacts to staffing

- Staff intend to draw on existing staff resources in BCLPS, Building Standards and VFRS to administer, monitor and enforce the proposed regulations.
- City staff are exploring the need for additional resources and technology to administer and enforce the new regulations, proceeding through the appropriate process during the 2020 Budget submission cycle.



Projected licensing revenue

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
TOTAL PROJECTED REVENUE			\$167,000



Projected Municipal Accommodation Tax revenue

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



Broader regional impacts

The proposed recommendations would:

- bring Vaughan in line with common regulatory approaches in other major Ontario municipalities
- provide greater consistency across Ontario cities



Summary of recommendations

- Recognition of STRs as a permitted use in areas where residential uses are permitted
- Introduction of a licensing and regulatory regime
- The requirement for all STRs to be subject to the MAT

Implementation, including the introduction of the required by-laws, will take place in the fall of 2019, with an implementation of Jan. 1, 2020.



Conclusion

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.

The proposed establishment of a regulatory framework will:

- ensure the health and safety of our residents
- maintain a high quality of life
- foster economic sustainability across our city
- align with Council's Strategic priorities



*questions or
comments*



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