

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 14, 2023**

Item 3, Report No. 46, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on November 14, 2023.

#### **3. UPDATES TO THE CONSOLIDATED RESERVE AND RESERVE FUND POLICY**

**The Committee of the Whole recommends approval of the recommendation contained in the following report of the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, dated November 7, 2023:**

##### **Recommendations**

1. That the proposed amendments to the Consolidated Reserve and Reserve Fund policy 12.C.10 be approved.

## Committee of the Whole (2) Report

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**DATE:** Tuesday, November 7, 2023

**WARD(S):** ALL

**TITLE:** **UPDATES TO THE CONSOLIDATED RESERVE AND RESERVE FUND POLICY**

**FROM:**

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

**ACTION:** DECISION

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**Purpose**

To seek approval to revise the existing Consolidated Reserve and Reserve Fund policy.

**Report Highlights**

- Reserves and Reserve Funds (RRFs) are important tools in the planning and management of the City's financial resources and provide a strong indicator of the City's overall financial health.
- The proposed changes include guidelines on surplus and deficit management and flexibility for strategic decision-making around RRFs.
- Contributions to infrastructure renewal reserves are included as options to allocate year-end surpluses.

**Recommendations**

1. That the proposed amendments to the Consolidated Reserve and Reserve Fund policy 12.C.10 be approved.

**Background**

The Consolidated Reserve and Reserve Fund policy provides guidance for the administration of reserves and reserve funds (RRFs) for the City of Vaughan. The policy outlines monitoring and reporting controls for establishing, contributing to and withdrawing from RRFs, as well as the roles of municipal officials.

Operating surpluses, based on the current policy have been allocated primarily to the General Working Capital reserve and Tax Rate Stabilization reserve. The current policy also requires Council approval for all withdrawals from and transfers between reserves, except for withdrawals from revolving reserves or undesignated reserves in emergency situations.

In accordance with best practices in financial management and the City's commitment to excellence in municipal governance, regular policy reviews are conducted to ensure continuous alignment with the changing municipal operating and financial environment, as well as regulatory requirements. The last update to this policy occurred in October 2021, and changes are required to provide more flexibility in administering reserves and reserve funds and allow staff to strategically manage the City's resources, respond to changing fiscal realities and direct resources to priorities and areas requiring additional funds.

### **Previous Reports/Authority**

[Consolidated Reserve Policy Update, Item 3, Report No. 39, September 27, 2021](#)

### **Analysis and Options**

This policy review focuses on enhancing the guidelines on surplus or deficit management and extending in-year flexibility for decision-making. Proposed changes were developed based on a jurisdictional scan comparing RRFs policies of other municipalities with Vaughan's policy to establish current practices in the allocation of surpluses. The municipalities examined include Toronto, Markham, Newmarket, Mississauga, Caledon, and Brampton, as well as York region. Findings indicate that it is common practice for municipalities to prioritize contributions to reserves designated for managing property tax volatility and preserving funds for capital infrastructure renewal and maintenance.

The proposed policy updates for consideration are as follows:

#### **Surplus and Deficit Management**

- A. Documented the current practice of allocating unspent funds for initiatives that qualify to be transferred to the Year-End Expenditure Reserve as requested by departments and as approved by the Chief Financial Officer.
- B. Included options to allocate year-end surplus to infrastructure renewal reserves considering expected future pressures on infrastructure renewal reserves.

- C. Introduced new guidelines on deficit management. The current policy does not include guidelines to address operating deficits.

### **Financial Flexibility and Oversight**

- A. Provided the CFO authorization to transfer funds between rate-supported reserve funds given their operational relatedness.
- B. Provided the CFO authorization to withdraw from RRFs to fund unanticipated operating expenses that are consistent with business objectives and support Council strategic priorities up to \$250,000 per incident up to an annual maximum of \$1 million. Withdrawals will be reported to Council semi-annually.

### **Financial Impact**

There is no financial impact directly associated with this report.

### **Operational Impact**

The policy updates will provide more flexibility in administering reserves and reserve funds and allow staff to strategically manage the City's resources, respond to changing fiscal realities and direct resources to priorities and areas requiring additional funds.

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

The impact of the decision is confined to the City of Vaughan.

### **Conclusion**

The Consolidated Reserve and Reserve Fund policy supports the City's commitment to financial sustainability by providing a principle-based approach to long range fiscal planning. The proposed changes promote stewardship around public funds and the necessary flexibility for strategic decision-making to address the current and future needs of the City. Upon approval by Council, the updated Consolidated Reserve and Reserve Fund Policy 12.C.10 will become effective.

**For more information**, please contact:

Michael Marchetti, Director, Financial Planning and Development Finance, ext. 8271

Kenneth Quan, Senior Manager, Corporate Financial Planning, ext. 8029

### **Attachments**

1. City of Vaughan Consolidated Reserve and Reserve Fund policy 12.C.10
2. Reserve and Reserve Fund policy 12.C.10 – Appendix A

**Prepared by**

Jeremiah Tsungo, Financial Analyst, Fiscal Planning and Policy, ext.8597

**Approved by**



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

**Reviewed by**



Nick Spensieri, City Manager

# THE CORPORATION OF THE CITY OF VAUGHAN

## CORPORATE POLICY

**POLICY TITLE:     CONSOLIDATED RESERVE AND RESERVE FUND**

**POLICY NO.:        12.C.10**

<b>Section:</b>	Finance & Budgets		
<b>Effective Date:</b>	September 27, 2021	<b>Date of Last Review:</b>	November 14, 2023
<b>Approval Authority:</b> Council		<b>Policy Owner:</b> DCM, Corporate Services, City Treasurer & Chief Financial Officer	

<b>POLICY STATEMENT</b>
<p>Reserves and Reserve Funds are important tools in the planning and management of the City’s financial resources and provide a strong indicator of the City’s overall financial health.</p> <p>The City of Vaughan is committed to excellence in municipal governance. This policy establishes consistent guidelines and standards, which govern the use and management of reserves and reserve funds.</p>
<b>PURPOSE</b>
<p>The purpose of the Consolidated Reserve and Reserve Fund policy is to establish financial guidelines and appropriate controls for the administration of reserves and reserve funds for the City of Vaughan. This policy provides regulations and guidelines on the objectives, standards of care, reporting requirements and responsibilities for the creation and management of reserves and reserve funds.</p>
<b>SCOPE</b>
<p>This policy applies to all reserves and reserve funds of the Corporation of the City of Vaughan.</p>
<b>LEGISLATIVE REQUIREMENTS</b>
<p>Legislative and other authorities: All reserves and reserve funds will be managed in accordance with provincial legislation, as outlined within the Municipal Act, 2001.</p> <p>Furthermore, a by-law to establish each reserve and reserve fund is required.</p>

## DEFINITIONS

1. **Annual Surplus:** The excess of revenues over expenses in a given fiscal year.
2. **Annual Deficit:** The excess of expenses over revenues in a given fiscal year.
3. **Development Charges:** Fees against land to pay in full or in part on the increased capital costs required because of increased needs for municipal services arising from development of the area in which the land is located.
4. **Discretionary Reserve Fund:** Established by Council to earmark revenues to finance a future expenditure for which it has the authority to spend money, and physically set aside a certain portion of any year's revenues so that the funds are available as required.
5. **Long Range Fiscal Plan and Forecast (LRFP):** A fiscal planning model and document which highlights constraints being faced by the City in the short, medium and long term. This forecast is used to assist in the planning of future budgets and subsequently of future reserve requirements.
6. **Reserve:** An appropriation from net revenue at the discretion of Council, after the provision for all known expenditures. It has no reference to any specific asset and does not require the physical segregation of money or assets as in the case of a reserve fund. Although a reserve cannot have a revenue or an expense of itself, it can earn income from the investment of the reserve and form part of that reserve.
7. **Reserve Fund:** Funds that have been set aside for a future event either pursuant to a by-law of the municipality, a contractual obligation or a requirement of provincial legislation. Reserve funds are either "discretionary" being those set aside by Council of its own volition or "statutory" or "obligatory" being those required to be set aside by Council by virtue of a requirement of provincial statute. Municipal councils may set up reserve funds for any purpose for which they have the authority to spend money.
8. **Statutory/Obligatory Reserve Fund:** A reserve fund created when required by statute that the revenue received for special purposes be segregated from the general revenues of the municipality.
9. **Tax Levy:** The amount the City decided to raise in its budget for the year under s. 290 of the Municipal Act, 2001, also general levy.

## **POLICY**

Reserves and reserve funds are fundamental to the City's long-term financial sustainability and overall financial health. The City is committed to maintaining healthy reserve and reserve fund balances which are collected through various means (i.e., development charges, contributions, dedications, taxation, etc.).

### **1. Types of Reserves and Reserve Funds**

#### **1.1. Statutory/Obligatory Reserves/Reserve Funds:**

Obligatory reserves are funds that are segregated for specific purposes in accordance with Provincial statutes or other legal agreements. There are strict rules and restrictions around the collection and use of these reserves.

#### **1.2. Discretionary Reserves/Reserve Funds:**

Discretionary reserves and reserve funds are designated for various purposes supported by Council. Segregation is not required. These funds provide the City with financial flexibility to ensure that funds are available to finance a future expenditure or liability, manage cyclical expenditures and plan for contingencies.

#### **1.3. Discretionary reserves and reserve funds are subdivided into:**

1.3.1. Undesignated

1.3.2. Designated for contingencies

1.3.3. Designated for appropriations in future years.

### **2. Objectives of Reserves and Reserve Funds**

Reserves and Reserve Funds provide stability and flexibility in the management and planning of the City's financial resources and contribute to the long-term sustainability of the City's services and infrastructure required to deliver the services.

#### **2.1. Adequately Funded Reserves and Reserve Funds allow the City to:**

- Provide for future expenditures and/or liabilities.
- Ensure funding is set aside to meet legislated and contractual obligations.
- Provide for major capital expenditures.
- Smooth expenditures which would otherwise cause fluctuations in the operating budget and tax levy.
- Take advantage of financial opportunities that may arise.
- Mitigate the impacts of economic downturns, disasters, pandemics and other negative events.
- Provide liquidity; and
- Provide for emergencies.



### **3. Establishing Reserves and Reserve Funds**

3.1. A new reserve/reserve fund should only be established if it cannot be accommodated within an existing reserve and/or all alternative arrangements have been considered.

3.2. Reserves/reserve funds can be established by inclusion in the annual operating or capital budget, report to Council which are approved by Council or through resolution of Council. The budget document, report or resolution must clearly identify the name of the reserve being created and the purpose for the new reserve/reserve fund and include a financial plan which identifies the target funding level (if applicable), funding sources and projected disbursements (when practicable) to meet planned future obligations, and other relevant information where applicable.

### **4. Managing Reserves and Reserve Funds**

To assist the City in managing reserves and reserve funds, where appropriate, guidance related to recommended reserve level targets and funding sources are provided in the reserve and reserve fund guidance in Appendix A.

Discretionary reserve fund balances will be determined by the City's fiscal strategies, financial obligations, future requirements pertaining to each of the reserve funds and available resources. The Chief Financial Officer has the authority to redirect funding between discretionary reserves.

#### **4.1. Investment of Reserves and Reserve Funds**

Reserves and reserve funds are to be invested and earn interest income for a term that coincides with the date that the funds are required. Applicable funds must be invested in accordance with the City's Investment Policy (FPDF-003).

#### **4.2. Contributions to/withdrawals from Reserves and Reserve Funds**

4.2.1. No portion of Reserve or Reserve Fund balances including contributions are to be funded by debt.

4.2.2. All contributions to and/or withdrawals from reserves and reserve funds shall be approved by Council, normally as a part of the annual budget process or specifically by resolution with the following exceptions:

4.2.2.1. Direct contributions to reserves and reserve funds such as development charge contributions.

4.2.2.2. Transfers of funds between Discretionary Reserves based upon reserve adequacy analysis, at the discretion of the Chief Financial Officer.

- 4.2.2.3. Transfers of funds between Discretionary Reserves for reserve restructuring which, in the opinion of the Chief Financial Officer, have not changed the purpose for which the funds were intended.
- 4.2.2.4. Contributions to and/or withdrawals from revolving reserves such as Insurance, Winterization, Employer Benefits, Working Capital and Tax Rate Stabilization can be made at any time at the discretion of the Chief Financial Officer for the purpose approved by Council.
- 4.2.2.5. The Chief Financial Officer can authorize the use of undesignated reserve(s) to fund costs related to an unforeseen event or occurrence deemed an immediate threat to public safety, the maintenance of essential City services, or the welfare and protection of persons, property, or the environment. Repayment of funds withdrawn is determined by the Chief Financial Officer based on needs and adequacy of balances.
- 4.2.2.6. The Chief Financial Officer has authority to withdraw funds from a reserve/reserve fund to pay for unanticipated operating expenses that are consistent with business objectives and support Council strategic priorities, but consistent with the intended purposes of the reserve or reserve fund up to \$250,000 per incident to an annual maximum of \$1 million. Withdrawals to be reported to Council semi-annually.

4.2.3. All contributions to and/or withdrawals from reserve and reserve funds will be clearly identified and segregated within the City's accounting system. Budgeted contributions to reserves and reserve funds will be transferred upon Council approval of the budget and contributions based on surplus variances will be transferred as required.

4.2.4. Reserve contributions and funding sources vary according to the specific reserve or reserve fund. Specific direction regarding these contributions and funding sources is detailed in Appendix A.

4.2.5. A reserve balance before commitments should not be in a deficit position. Only under very limited circumstances can a withdrawal /transfer place a reserve or reserve fund in a negative balance, excluding commitments and requires Council approval.

4.2.5.1. This does not apply to City- wide Management Studies where growth studies precede development.

4.2.5.2. If a reserve is in a negative financial position, restoring the reserve to zero or positive position takes priority over funding projects, costs or other initiatives the reserve is intended to fund.

### 4.3. Annual Surplus

#### 4.3.1. Tax Supported Operations

Should the City be in a surplus position for tax supported operations at year-end, the surplus may be distributed within the following priority areas at the discretion of the Chief Financial Officer (up to the established maximum targets detailed in Appendix A):

- 4.3.1.1. Year-End Expenditure Reserve – The amount transferred to this reserve shall be based on qualifying requests approved by the Chief Financial Officer.
- 4.3.1.2. Infrastructure Renewal Reserve(s);
- 4.3.1.3. Tax Rate Stabilization Reserve;
- 4.3.1.4. General Working Capital Reserve; and/or
- 4.3.1.5. Any unfunded liabilities, or otherwise proven inadequacy in a reserve or reserve fund based on highest risk of immediate property tax impact as determined by the Chief Financial Officer.

#### 4.3.2. Rate Supported Operations

Should the City be in a surplus position on rate supported operations at year-end, the distribution should be done as follows:

- 4.3.2.1. The surplus should be transferred to the corresponding reserve for each rate type (e.g., water surplus to Water Reserve, wastewater surplus to Wastewater Reserve and stormwater surplus to Stormwater Reserve).
- 4.3.2.2. If there is a proven inadequacy in any of the three reserves, funds can be transferred between the reserves at the discretion of the Chief Financial Officer.

### 4.4. Deficit Management

4.4.1. Deficits shall be financed by a transfer from the Tax Rate Stabilization Reserve.

4.4.2. If the Tax Rate Stabilization Reserve is insufficient, the deficit should be financed from the General Working Capital Reserve.

4.4.3. If the reserves described in sections 4.4.1 and 4.4.2 are not sufficient, the Chief Financial Officer should assess and select an appropriate reserve or reserve fund from which the funding can be drawn.

### 4.5. Lending/Transferring of Reserves and Reserve Funds for other purposes

#### 4.5.1. Use for Other Purposes

If required, Council may provide specific approval to spend or apply discretionary reserves or discretionary reserve funds towards a purpose other than that for which it was established.

#### 4.5.2. Transfers

If a reserve balance exceeds its targets, the excess portion may be transferred to the following priority areas and up to the established maximum targets detailed in Appendix A to this policy, at the discretion of the Chief Financial Officer:

4.5.2.1. Tax Rate Stabilization Reserve

4.5.2.2. General Working Capital Reserve (up to target limit of 10 per cent of own sourced (tax) revenues); and

4.5.2.3. Any unfunded liabilities, or otherwise proven inadequacy in a reserve or reserve fund on the basis of highest risk of immediate property tax impact as determined by the Chief Financial Officer

#### 4.5.3. Internal Loans

Temporary intra-fund lending from reserves and reserve funds is permitted to temporarily finance capital expenditures or operating cash flow deficiencies to avoid external temporary borrowing costs. However, the following conditions must be met:

4.5.3.1. Borrowing will not adversely affect the intended purpose of the reserve.

4.5.3.2. A plan to repay the reserve within a reasonable timeframe as determined by the Chief Financial Officer, based on the nature of the loan and ability to repay is required.

4.5.3.3. If applicable, interest at the City's investment rate applied to reserves and reserve funds will be applied to the outstanding amount.

4.5.3.4. Interest income must be credited to the original reserve; and,

4.5.3.5. Where applicable, legislative requirements may apply.

#### 4.6. Closing Reserves and Reserve Funds

If the purpose or purposes for which the reserve or reserve fund was created have been accomplished and the reserve or reserve fund is determined to be no longer necessary, the Director of Financial Planning and Development Finance in consultation with the relevant Department Directors shall report to Council with recommendations on:

4.6.1. The closure of the reserve or reserve fund

4.6.2. The disposition of any remaining funds

4.6.3. The necessary amendment to the Reserve by-law

4.6.4. A resolution from Council will be required to close a reserve. The by-law establishing the Reserve Fund will be required to be repealed in order to close a Reserve Fund.

#### 4.7. Monitoring and Reporting

The Chief Financial Officer will prepare the following reports with respect to reserves and reserve funds:

##### 4.7.1. Annual Budget and Business Plan

Contributions to and budget appropriations from reserves and reserve funds will normally be approved by Council as a part of the annual budget or specifically by resolution.

##### 4.7.2. Development Charge, Cash in Lieu of Parkland and Community Benefits Charge Reserve Fund Statement

The Development Charges Act, 1997 (the "DCA) and the Planning Act, require that the Treasurer of the municipality provide to Council, annually, a statement relating to Development Charges (DC), Community Benefits Charge (CBC), and the Cash-in-Lieu of Parkland (CIL) reserve funds. This statement will then be forwarded to the Ministry of Municipal Affairs and Housing upon request.

##### 4.7.3. Annual Audited Financial Statements

Shall include a statement of financial position, financial activities and changes in fund balances for all reserves and reserve funds.

##### 4.7.4. Report on Reserve and Reserve Fund Activity

On an annual basis, a Report on the activity of Reserves and Reserve Funds will be prepared that includes a summary of the transfers to and from reserves, a continuity schedule of reserves and reserve funds and current reserve ratios. This can be included in the Fiscal Health Report or as a separate report on Reserve and Reserve Funds.

##### 4.7.5. Periodic Adequacy Review

A comprehensive review of the reserves and reserve funds will be undertaken as required to determine if the existing balances are adequate based on analysis of requirements, that the need for the reserves or reserve funds still exists and/or identify the need for any new reserves or reserve funds.

## 5. Roles and Responsibilities

### 5.1. Municipal Council

- 5.1.1. In accordance with the Municipal Act 2001, Section 224 develop and evaluate policies, ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to maintain the financial integrity of the municipality.
- 5.1.2. Approve transactions to and from reserves and reserve funds through the budget process or by specific resolution (for reserves) and by-laws (for reserve funds).

#### 5.2. Chief Financial Officer

The Chief Financial Officer has overall responsibility for the management of reserves and reserve funds. In addition, the Chief Financial Officer has the authority to rebalance undesignated discretionary reserves and reserve funds within the same funding sources as he/she deems necessary; and approve updates to the appendices in accordance with this policy, by-laws or statutes as amended.

#### 5.3. Director, Financial Planning and Development Finance and/or designate

- 5.3.1. Determines the need for reserves and reserve funds for operating and capital operation through the development of the long-range fiscal planning strategy.
- 5.3.2. Sets targets for various reserves and reserve funds where appropriate.
- 5.3.3. Ensures a review and report to Council on the adequacy and continuing need for reserves and reserve funds is undertaken when deemed necessary.
- 5.3.4. Arranges for the preparation and presentation of required reports and/or by-laws for the creation or termination of any new or obsolete reserve or reserve funds.
- 5.3.5. Develops appropriate strategies, procedures, and processes for the investment of reserves and reserve funds.
- 5.3.6. Ensures that the appropriate allowances, contributions and/or appropriations are accounted for in the City's Annual Budget relating to the financial requirements of the reserves and reserve funds.
- 5.3.7. Monitors and reconciles all receipts to and disbursements from reserve and reserve fund accounts to ensure compliance with Provincial regulations.

#### 5.4. Director, Departments and/or designate

5.4.1. Provide the Director of Financial Planning and Development Finance with the most current capital asset information to be used in the assessment for the adequacy of capital lifecycle reserves.

5.4.2. Inform the Director of Financial Planning and Development Finance when the reserve or reserve fund transfers are required; and Consult with the Director Financial Planning and Development Finance when reserve funds are required for unbudgeted transactions.

**ADMINISTRATION**

*Administered by the Office of the City Clerk.*

<b>Review Schedule:</b>	3 Years <small>If other, specify here</small>	<b>Next Review Date:</b>	November 14, 2026
<b>Related Policy(ies):</b>	12.C.11 – Operating Budget, 12.C.12 – Capital Budget, 12.C.09 – Corporate Debt, CL-010 – Accountability and Transparency, 12.C.04 – Letter of Credit, FPDF-003 – Investment		
<b>Related By-Law(s):</b>			
<b>Procedural Document:</b>			

**Revision History**

<b>Date:</b>	<b>Description:</b>
23-Oct-23	Detailed new guidelines, increased roles and responsibilities, reprioritization of reserves and formatting.
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# THE CITY OF VAUGHAN

## APPENDIX

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**APPENDIX TITLE: CONSOLIDATED RESERVE AND RESERVE FUNDS**

**APPENDIX NO.: A**

### APPENDIX

Due to the number of reserves and reserve funds the City has in place, it is necessary to organize the specific reserve policies by Category and Type. For each category and type an overview will be provided and, where possible, similar policy traits will be summarized. Illustrated below are the categories and types that will form the foundation of this policy.

#### **A. RESERVES**

Sustainability Reserves

#### **B. RESERVE FUNDS**

##### 1. Discretionary Reserve Funds

- 1.1. Infrastructure Renewal
- 1.2. Corporate Reserve
- 1.3. Special Purpose

##### 2. Statutory/Obligatory Reserve Funds

- 2.1. City-wide
- 2.2. Area Specific
- 2.3. Restricted Grant Funding
- 2.4. Other Items



**APPENDIX TITLE: CONSOLIDATED RESERVE AND RESERVE FUND**

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Where applicable, for each reserve within the above items, the following detail will be illustrated:

- Dates (effective/revision)
- Purpose
- Intended use/Limitations.
- Annual withdrawals/transfers
- Minimum levels, targets, longer term goals
- Funding Source
- If required:
  - Specific reporting
  - Guiding legislation reference

**A. RESERVES**

Sustainability Reserves

Sustainability reserves are intended to manage cash flows and mitigate wide fluctuations on the Tax Levy created by extraordinary and unforeseen events, one-time expenditures, revenue shortfalls, etc. Reserves within this category are as follows:

Reserves identified above will follow guidance outlined in this policy 12.C.10, unless otherwise outlined below.

Reserve Name	By-law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
General Working Capital		To assist in periods throughout the year when cash balances are low and there is a requirement to cover payments and expenses, before taxes, grants and	The use of these funds is general in nature and this balance is intended to act as a cash float. Capital projects and transfers do not occur for these funds.	5%-15% of own source revenues.	Year-end city operating surplus.

**APPENDIX TITLE: CONSOLIDATED RESERVE AND RESERVE FUND**

**APPENDIX NO.: A**

		other revenues become available.			
Tax Rate Stabilization		To protect against tax increases or reducing service levels due to temporary shortfalls, economic trends, or unanticipated operating expenditures.	To offset extraordinary one- time pressures or phase-in significant impacts affecting the tax levy and not to be considered a long-term sustainable funding source for general operations. <b>Annual withdrawals</b> – are not to exceed an annual value equivalent to a 2% tax rate increase.	5%-15% of own source revenues.	Year-end city operating surplus.
Engineering		The Development Engineering Department collects fees for subdivision development services and other activities that span multiple years. This activity is also highly sensitive to volatile and declining economic trends. This reserve fund is established to set aside fees collected, which are reallocated to operations when associated work is performed to more accurately match revenues with expenses and help smooth any future fluctuations.	To cover the engineering activity full costs associated with growth development from application to assumption i.e., planning, studies, drawings, installation coordination, inspections, negotiations, process coordination, overhead, etc. The subdivision application process can span multiple years to administer and therefore funding sources, primarily fees, are reserved until required. <b>Withdrawal/Transfers:</b> Based on the operating activity related to the development application process. This includes Development Engineering departmental costs and other recoveries for staff that are	Undetermined; based on forecasted requirements.	Revenues from engineering fees.

**APPENDIX TITLE: CONSOLIDATED RESERVE AND RESERVE FUND**

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			directly involved in the application review process.		
Winterization	97-2005	To offset significant unfavorable budget variances due to severe winter conditions.	To be used to offset unfavorable year-end Winter Control Division variances due to severe winter conditions, which put the City in an overall unfavorable position. Upon authorization of the Deputy City the Deputy City Manager of Corporate Services/CFO, funds may also be used to phase-in unexpected expense pressures i.e., contract negotiations, etc.	A maximum of 40% of the four-year Winter maintenance annual adjusted average costs.	Net annual surplus funds generated within the Public Works Winter Control Division or City-wide. Contributions will occur as required.
Planning	30-2006	Given the Development Planning Department sensitivity to volatile and declining economic trends the reserve balance is intended to mitigate any future financial risk or smooth impacts.	To be used to offset unfavorable revenue variances due to severe economic conditions, which would otherwise cause the City to be in an overall deficit position. Upon authorization of the Deputy City Manager of Corporate Services/CFO funds may also be used to phase in large budget pressures i.e., corporate studies, fee initiatives, etc.	1.5x the annual three-year planning revenue average.	At the discretion of the Deputy City Manager of Corporate Services/CFO and from annual planning net surpluses, subject to year-end City operating results.

**APPENDIX TITLE: CONSOLIDATED RESERVE AND RESERVE FUND**

**APPENDIX NO.: A**

<p>Year-End Expenditure</p>		<p>To preserve annual operating budget amounts for unexpected delays in budgeted activities, excluding fulltime continuous staffing.</p>	<p>Transferred funds are to be used as stated in the approved department memorandum, authorized by Deputy City Manager of Corporate Services/CFO. Each memo shall state the source, purpose, balance and timing. If transferred funds are not expended in the following year or within the authorized timing, the department will be notified, and funds will be reversed to surplus and/or other reserve at the discretion of the City Treasurer/DCM/CFO.</p>	<p>Not applicable, based on requirements.</p>	<p>Unspent Operating funds requested, subject to the City being in an overall surplus position at year- end.</p>
<p>Debenture Reserve Fund</p>		<p>To smooth the operating impact of new debenture annual payments.</p>	<p>To be used to phase- in the impact of debenture payments. Funds will be drawn upon at the discretion of Deputy City Manager of Corporate Services/CFO.</p>	<p>A minimum amount of 2 times the annual debt servicing costs of actual capital expenditures with debt financing, for which the debt has not been issued. Once the debt is issued, this reserve will be used to phase</p>	<p>In the year of project approval, an operating budget contribution equivalent to ½ of the annual debenture servicing payments (principal and interest) be provided annually until</p>

**APPENDIX TITLE: CONSOLIDATED RESERVE AND RESERVE FUND**

**APPENDIX NO.: A**

				in the payments of debt servicing costs to the operating budget.	the year in which payment commences.
Building Standards Service Continuity (obligatory)	31-2006	Bill 124 imposes specific restrictions on the use of building code revenues. The purpose of the reserve is to accumulate annual building code surpluses, which will be specifically used to provide building code service continuity only.	Municipalities are required to segregate fees generated through building code permits and restrict them for building code related purposes. Uses are limited to: Offset unfavorable revenue variances due to severe economic conditions; Subsidize any negative year-end negative year-end position; and, upon authorization of the Deputy City Manager of Corporate Services/CFO, funds may also be used to fund or phase-in large building code budget items i.e. corporate studies, fee initiatives, capital projects, etc. Special Reporting: As part of Ontario Building Code 124, the City shall prepare an annual financial report by March 31st of each year. This report includes the account balance for any building permit reserve funds that have been established by Council.	A maximum of 1.5x the annual building code process costs, both direct and indirect. If recommended target is exceeded, trends and fees should be reviewed.	From annual building code revenue surplus. Specific Legislation Specific Legislation Reference: Ontario Building Code – Bill 124.

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**APPENDIX NO.: A**

**B. RESERVE FUNDS**

**1.1. Infrastructure Renewal (Discretionary)**

The City’s largest investment is in its infrastructure network, which supports the City’s overall quality of life. These items range from roads and water mains to fire engines, to libraries and community centers.

The City’s infrastructure reserves are very similar in nature and for this reason this section will identify a general infrastructure reserve purpose, recommended target, and funding source section followed by the intended use/limitation for each individual reserve. Where applicable if additional information is required, other sections may be added.

The reserves will follow guidance provided in policy 12.C.10, unless otherwise illustrated below.

Reserve Name	By-law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
All Infrastructure Renewal Reserves listed below in this section (Discretionary)		Reserves form an important component of the Capital financing plan for infrastructure network items and are used specifically for the purpose of repairing and replacing assets as defined in the capital budget guidelines and the intended use/limitation section of each reserve.		<b>Minimum:</b> A balance equivalent to the next year’s planned spending requirements. <b>Maximum:</b> A balance equivalent to accumulated amortization for the reserve asset class.	The primary source of funding for these reserves, unless otherwise stated, is operating budget contributions determined during the budget process and adopted by Council.

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<p>Building &amp; Facilities Infrastructure</p>		<p>To fund repair and replacement costs associated with City structures and parking areas.</p>	<p>Includes administration facilities, community centers, libraries, memorial sites, park washrooms and facilities, fire stations, public works yard structures, etc. Heritage facilities are excluded and funded through a separate reserve.</p>	<p><b>Minimum:</b> A balance equivalent to the next year's planned spending requirements for building and facility project costs, excluding land. <b>Maximum:</b> A balance equivalent to accumulated amortization for the reserve asset class.</p>	<p>The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.</p>
<p>Heritage Fund</p>		<p>To fund the acquisition, preservation and ongoing rehabilitation of heritage facilities or items of architectural/cultural significance.</p>	<p>To fund the acquisition, preservation and ongoing rehabilitation of heritage facilities or items of architectural/cultural significance.</p>	<p>An annual contribution for new additions based on Building and Facility Department's estimated replacement requirements over the asset's life.</p>	<p>The primary source of funding is operating budget contributions determined during the budget process and adopted by Council. Where possible, the initiating department will consider sponsorship, donations and fund raising.</p>

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Parks Infrastructure		To fund repair, refurbishment, and replacement costs associated with City Park structures.	Includes paths, lighting, pooled furniture, field infrastructure, play field grading and drainage, splash pads, fencing, etc.	<b>Minimum:</b> A balance equivalent to the next year's planned spending requirements for Parks Infrastructure project costs. <b>Maximum:</b> A balance equivalent to accumulated amortization for the reserve asset class. Annual contributions adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.
Artificial Soccer Turf Reserve	56-2010	Offset future major artificial soccer turf rehabilitation costs.		Contributions based on needs.	The net difference in rental rate revenue between premium soccer fields and artificial soccer turf fields.
Vehicle Replacement		To fund refurbishment, and replacement costs associated with vehicles and equipment maintained by the City's Fleet department.	Excludes fire and rescue apparatus, vehicles and equipment that are maintained by	Annual contributions adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.



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			Vaughan Fire and Rescue Service.		
Fire Equipment Replacement		To fund repair, refurbishment, and replacement costs associated with fire and rescue apparatus, vehicles, and equipment.		Annual contributions adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.
Roads		To fund repair, refurbishment, and replacement costs associated with City roads and bridges and relevant road appurtenances such as streetlights, traffic signals, guardrails, traffic signals, etc.		Annual contributions adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.
Entrance & Streetscape Features		To fund repair, refurbishment, and replacement costs associated with City owned entrance way features and streetscape structures such as lighting, pathways etc.		Annual contributions adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.
Uplands - Capital Improvement		To fund major repair, refurbishment, and replacement costs associated with Uplands Ski and Golf Club and as per the obligations set out in the Uplands Golf and			Funding is based on a license fees - 10 per cent of gross revenues up to \$1.6M and 15 per cent above this amount.

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		Ski Management Agreement, expiring Oct. 31st, 2015.			
City Playhouse	263-96	To support theatre groups and performers.	Includes the acquisition of special equipment, permanent works of art and provide educational opportunities.	Annual contributions adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council. Where possible, third party donations, net theatre program proceeds, and a percentage of theatre tickets.
Technology Asset Replacement		To fund repair and replacement costs associated with City information technology infrastructure, including computers (e.g., desktops, laptops, monitors, workgroup printers, etc.), central computing items (e.g., networks, servers, etc.), telephones, and audio/visual infrastructure.	Software upgrades and computing peripheral devices are excluded.	Annual contributions from the operating budget adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.

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Library Material		To fund new acquisitions for Library materials (i.e., Books, DVD, CD's, etc.)	Magazines, digital databases, and digital materials with a useful life of less than one year are excluded.	Based on estimated future values and a lifecycle replacement period of 12 years. Funds are generally transferred to the reserve and spent within the same year.	Funded annually from the Library Services operating budget
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**1.2 Corporate Reserves (Discretionary)**

Corporate Reserves protect against the consequences of certain risks, liabilities, and corporate programs. Reserves within this category are as follows:

- Election
- Insurance
- Employer Benefits
- WSIB Claims Reserve
- Suggestion Program
- Management By-law
- Innovation Reserve

The above reserves will follow guidance provided in this policy 12.C.10, unless otherwise indicated below.

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Reserve Name	By-law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Election	18-97	To fund elections, recounts, and by-elections.	At the discretion of the City Clerk, to be used to fund those expenditures related to elections, recounts, and by-elections (e.g., technology, tabulator leases, voter list services, election personnel labour costs, etc.).	Escalating balance up to the forecasted direct election expenditures in the year of the election.	Dedicated operating budget transfer, plus any election campaign surpluses pursuant to the Municipal Elections Act, 1996.
Insurance	407-86	To hold funds for the payment of qualified claims and to set aside funds for future retroactive rate adjustments to minimize future tax rate impacts.	For the payment of the cost of the repair of equipment and property under claims to which the insurance deductible clause applies; to set aside funds to pay for any retroactive assessments that may be levied by OMEX (Ontario Municipal Insurance Exchange).	Based on actuarial forecast requirements, estimated at 30%-40% of a cumulative five-year premium total.	Year-end city operating surplus. If possible, a dedicated operating budget transfer until the recommended target is reached and/or maintained.
Employer Benefits	313-96	To mitigate and/or phase-in employer benefit cost increases.	To be used to reduce the unfunded liability for accrued future employee benefits and vacation pay. This reserve can also be used to phase in significant future benefit cost increases or unexpected one-time benefit related	Based on actuarial estimates; balance required to meet the unfunded liability requirements.	Related benefit surplus.

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			expenditures (e.g. CPP, EI, benefit plan costs, etc.).		
WSIB Claims	Ref: Sept. 9th, 2004 COW Report 65 Item 2 (Adopted at Council Sept. 22, 2003).	To fund the potential high costs of WSIB claims.	To assist in funding WSIB schedule 2 claims, up to the deductible of the stop loss insurance.	Not applicable, based on requirement.	Funding Source: <ul style="list-style-type: none"> <li>· Fixed \$75,000 annual operating budget transfer (to be adjusted based on analysis of requirements)</li> <li>· WSIB benefit rate surplus</li> <li>· WSIB refunds</li> </ul>
Suggestion Program		To have funds set aside for the purposes of an Employee Suggestion Program.	To provide awards to employees as outlined in the Employee Suggestion Program.	Not applicable, based on requirements.	No future continuous funding source determined.
Management By-law	Ref: Management by-law 100-202, section 13	To provide funds for incentive payments to those management/non-union staff who qualify.	Incentive payments would be to a maximum of 5 per cent of the employee's annual salary. The payment would be made upon the authorization of the City Manager to recognize the performance of an employee during a special circumstance.	To be determined.	No future continuous funding source determined.
Innovation		To provide seed funding for innovative value propositions,	Eligible projects will require a business case. <b>Annual withdrawals –</b>	Based on needs, new ideas	Year-end city operating surplus.

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		which require upfront investment.	Determined through the budget process.	proposed and fiscal health.	
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**1.3. Special Purpose (Discretionary)**

Special Purpose Reserves are intended to manage cash flows that have been set aside to provide for the delivery of specific services. Reserves within this category are as follows:

- Cemetery
- Garnet A. Williams C.C. Reserve
- Industrial Development
- Keele Valley Landfill
- Senior Citizens Bequests
- Sale of Public Land
- Water & Wastewater
- Municipal Accommodation Tax and Tourism

The above reserves will follow guidance provided in this policy 12.C.10, unless otherwise illustrated below.

Reserve Name	By-Law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Cemetery	Ref: Cemetery Act section #35 & Cemetery By-law 180-92.	To provide funds for the perpetual care of City-owned cemeteries.	To be used for the upkeep and repair of City-owned cemetery structures, pathways, fencing, lighting, furniture, etc. Items should be limited to expenses outside the scope of activities funded through	Not applicable, based on requirements.	No future continuous funding source determined.

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			cemetery operating or trust funds.		
Garnet A. Williams C.C. Reserve	112-2006	To provide funds for ongoing repair and maintenance associated with Garnet A. Williams Community Centre's daycare area.	To be used for future repairs, renovations, monthly maintenance, or capital improvements to the space in the Garnet A. Williams Community Centre that is rented to an external provider of daycare services. In the instance the agreement is complete; funds are to be used for conversion or retrofitting purposes.	Not applicable, based on requirements.	No future continuous funding source determined.
Industrial Development		To provide funds for the acquisition and development of industrial lands.	To be used to purchase industrial lands and make any necessary changes to the land to make it suitable for industrial development.	Not applicable, based on requirements.	Applicable funds from the sale of public lands used for this specific purpose.

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Keele Valley Landfill	Ref: Council Report December 10, 1984	To hold funds received from operations related to the Keele Valley Landfill.	To be used for beautification projects on the Maple community, as compensation for inconvenience of past and current maple landfill operations. To be used primarily for streetscape development within Maple.	Not applicable, based on requirements.	A 10 % portion of the royalties received by the Metropolitan Corporation from Eastern Power Ltd. from the sale of landfill gas to be used in the generation of electricity to Ontario Hydro. Eastern Power Ltd. has ceased power production at the Keele Valley Landfill site as of December 2015, which has resulted in the termination of royalty revenues. No future funding source identified.
Senior Citizens Bequests		To deposit funds received from citizen bequests until such a time as they can be used.	Use of funds as outlined in the citizen bequest at time of donation. If funds or a portion of the funds remain unused for five years beyond the intended date for use date, funds will be reallocated to other City purposes at the discretion of the	Not applicable, based on requirements.	Citizen bequests.



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			Deputy City Manager of Corporate Services/CFO.		
Sale of Public Land	38-2-04	To hold land sale proceeds until required for general or specific purposes.	As authorized by Council, including applicable recoverable costs associated with the land purchase e.g. land testing, appraisals, studies, transaction costs etc.	Not applicable, based on requirements.	The sale of City owned surplus lands, approved by Council, excluding surplus parkland.
Water Reserve	Council Report December 10, 1984.	To ensure the financial viability and continued operations of the Water Department of the Environmental Services Division.	To provide funding for working capital, capital infrastructure projects (e.g. vehicles, studies, water main repairs, etc.) and smooth operating fluctuations	<b>Minimum:</b> A balance equivalent to the next year's planned spending requirements for water capital project costs and 10% of annual operating costs for the Water Department. <b>Maximum:</b> A balance equivalent to accumulated amortization for the reserve asset class.	Annual Water operations net surplus.

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<p>Wastewater Reserve</p>	<p>Council Report December 10, 1984.</p>	<p>To ensure the financial viability and continued operations of the Wastewater department of the Environmental Services Division.</p>	<p>To provide funding for working capital, capital infrastructure projects (e.g. vehicles, studies, waste main repairs, etc.) and smooth operating fluctuations</p>	<p><b>Minimum:</b> A balance equivalent to the next year's planned spending requirements for wastewater capital project costs and 10% of annual operating costs for the Wastewater Department. <b>Maximum:</b> A balance equivalent to accumulated amortization for the reserve asset class.</p>	<p>Annual Wastewater operations net surplus.</p>
<p>Stormwater Reserve</p>	<p>Council Report January 16, 2017.</p>	<p>To ensure the financial viability and continued operations of the Stormwater department of the Environmental Services Division.</p>	<p>To provide funding for working capital, capital infrastructure projects (e.g. vehicles, studies, storm main repairs, etc.), and smooth operating fluctuations</p>	<p><b>Minimum:</b> A balance equivalent to the next year's planned spending requirements for stormwater capital project costs and 10% of annual operating costs for the Stormwater Department. <b>Maximum:</b> A balance equivalent to accumulated amortization for the reserve asset class.</p>	<p>Annual Stormwater operations net surplus.</p>

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State of Good Repair Reserve-Water	Council Report December 10, 2019.	To provide funding for unplanned/emergency repairs for the Water department	To fund unplanned/emergency repairs for the water program.	Annual contributions from the operating budget of unplanned/emergency activities.	Annual Water unplanned/emergency operations net surplus.
State of Good Repair Reserves-Wastewater	Council Report December 10, 2019.	To provide funding for unplanned/emergency repairs for the Wastewater department.	To fund unplanned/emergency repairs for the wastewater program.	Annual contributions from the operating budget of unplanned/emergency activities.	Annual Wastewater unplanned/emergency operations net surplus.
State of Good Repair Reserves-Stormwater	Council Report December 10, 2019.	To provide funding for unplanned/emergency repairs for Stormwater department	To fund unplanned/emergency repairs for the and stormwater program.	Annual contributions from the operating budget of unplanned/emergency activities.	Annual Stormwater unplanned/emergency operations net surplus.
Public Art		To provide funding for public art installations across the City	To be used to fund public art installations with a specific focus on intensification areas	Annual contributions from the operating budget adjusted annually based on needs.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.
Municipal Accommodation Tax and Tourism		To fund City initiatives to provide relief to the tax base and		Based on forecasts included in the annual budget. Actual may vary from the budget.	Fifty percent of the 4% Municipal Accommodation Tax collected from accommodation

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		where possible a benefit and linkage to the promotion of tourism.			establishments in the City of Vaughan.
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**2.1 City-wide (Obligatory)**

For the majority of services that the City provides, a range of capital facilities, land, equipment and infrastructure is available throughout the City, community centers, libraries, roads, etc. All City residents have access to these facilities. As growth occurs, new facilities will need to be added so that overall service level does not decline.

Under the authority of the Development Charges Act, 1997, the City has passed a by-law to impose City-wide development charges (DCs) against all development anywhere in the City to pay for growth capital costs arising from development and redevelopment within the City.

The development charge background study undertaken by the City estimates the anticipated type of development and associated capital costs to maintain historical 10 year average service levels. It should be noted development charge collections are dependent on the economy and therefore future capital plans may require adjustments and will be different from the initial development charge document plans.

The City's City-wide Development Charge Reserve funds are very similar in nature and for this reason this section will identify a general purpose, recommended target, and funding source section followed by the intended use/limitation for each individual reserve. Where applicable, if additional information is required other sections may be added.

The reserve funds will follow guidance provided in this policy 12.C.10, unless otherwise illustrated below.

The Development Charges Act, 1997, c. 27, s. 33 states that "a municipality that has passed a development charge by-law shall establish a separate reserve fund for each service to which the development charge relates."

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Reserve Name	By-law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Development charges (DC)		Development charges collected are paid into the reserve fund for which the charge relates. Growth related projects are funded from these reserve funds and are typically outlined in the Development Charge Background Study forecast.		Funding targets are based on Development Charge Background Study requirements.	Development charges as outlined in the Development Charge By-Law.
City-Wide – Management Studies (DC)		To provide capital funds to undertake growth-related studies and other general government functions as permitted under legislation (i.e., official plan, secondary plans, development change document etc.) as outlined in the development charges study.		A forecast shall be maintained to ensure that future development funds received are sufficient to cover costs of studies undertaken.	Funded from DC Rate collections
City-Wide – Library (DC)		To provide capital funds to support growth related library services including land, buildings, furnishings and resource materials as outlined in the development charges study.			Funded from DC Rate collections
City-Wide – Fire		To provide capital funds to support growth related Fire and Rescue Services including land, buildings, furnishings, equipment, vehicles, etc. as outlined in the development charges study.			Funded from DC Rate collections

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City-Wide – DC Community Services		To provide capital funds to support growth related indoor recreational services including land, buildings, furnishings, equipment, etc. (e.g., indoor pools, fitness centers, ice resurfacers, etc.) as outlined in the development charges study.			Funded from DC Rate collections
City-Wide – Park Development (DC)		To provide capital funds to support growth related park development and facilities (e.g., park facilities, special facilities, pedestrian and bicycle trail systems, operation building, water parks, lighting, furniture etc.) as outlined in the development charges study.	Land is excluded from the City-Wide Park Development charge as it is covered under the CIL recreation land reserve.		Funded from DC Rate collections
City-Wide – Public Works/Fleet Management (DC)		To provide capital funds to support growth related public works and fleet operations including land, works yards, salt domes, vehicles of City departments, etc., as outlined in the development charges study.	Fire and Rescue Services related fleet is excluded, which maintains a separate reserve for its own rolling stock.		Funded from DC Rate collections
City-wide – Roads (100% DC eligible)		To provide capital funds to support growth related undertake engineering services which include roads, structures, sidewalks, streetlights, intersection improvements, traffic signalization, streetscaping, growth related studies, etc. as outlined in the development charges study.			Funded from DC Rate collections

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### 2.2 Area Specific (Obligatory)

For some services that the City provides, the need for growth related capital additions to support anticipated development is more localized. For such services where costs and benefits are more localized, an alternative technique – the “area- specific approach” is employed. This approach results in a more accurate distribution of costs among developers than the City-wide approach. The area-specific charges relate to the provision of major water distribution mains, sewage collection trunks and storm water drainage works.

Under the authority of the Development Charges Act, 1997, the City has passed by-laws to impose Area Specific Development Charges against specific development to pay for increased capital costs required because of increased needs for physical and other services arising from development and redevelopment within the City.

The City’s Area Specific Development Charge Reserve funds are similarly structured and for this reason this section will identify a general purpose, recommended target, and funding source section followed by a listing of active reserve funds.

The reserves will follow guidance provided in this policy 12.C.10 unless otherwise illustrated below. The area specific approach may facilitate front-end financing arrangements for designated services.

Reserve Name	Bylaw	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Area Specific (DC)		Development charges collected are paid into the reserve fund for which the charge relates to specific water, wastewater, and storm drainage capital projects outlined in the Development Charge Background Study.	The area specific approach may facilitate front- end financing arrangements for designated services. Front-ending developers are not reimbursed for works until the associated development charges are received and a capital project for the works has been approved.	A forecast shall be maintained to ensure that future development funds received are sufficient to cover costs of studies undertaken.	Development charges collected from developers as outlined in the by-law associated with the area specific development charge.

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The following are a list of the City’s Area Specific Development Charge Reserve funds for the provision of major water distribution mains, sewage collection trunks and storm water drainage works:

- Rainbow Creek Drainage Works
- Pressure District 5 West Woodbridge Watermain
- Pressure District 7 Watermain West
- Zenway/Huntington Road Sanitary Sub Trunk
- Highway 27 South Servicing Works
- Huntington Road Sanitary Sewer (Trade Valley to Rutherford)
- Edgeley Pond and Black Creek Channel Works
- VMC-Interchange SWM Pond Retrofit Works
- Steeles West Sanitary Sewer Improvement Works
- Steeles West SWM Works
- Woodbridge Avenue Sanitary Sewer Improvements
- VMC West Interchange Sanitary Sewer Improvements
- VMC SE Doughton Sanitary Sewer Improvements

**2.3 Restricted Grant Funding (Obligatory)**

These reserve funds are supported by legislation (federal, provincial or other Act based). These reserves support the City’s existing capital infrastructure.

The reserves will follow guidance provided in policy 12.C.10, unless otherwise illustrated below.

Reserve Name	By-law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Canada Community-Building Fund (CCBF)	29-2006	To fund municipal infrastructure projects as described in the Municipal Funding Agreement for the transfer of CCBF between the Association of Municipalities of	Money shall be spent in accordance with the standing legislation regarding the use of these funds.	Not applicable. Funding allocations are determined by the AMO based on population.	Funding is provided by the Federal Government from Gas Tax Revenues to the AMO which is responsible for the distribution to the



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		Ontario (AMO) and the City of Vaughan.			municipalities within the province.
Municipal Roads & Infrastructure Grant Reserve (Federal)/Investing in Ontario Grant Reserve (Provincial)		To be used at the City's discretion for infrastructure capital projects.	Once the remaining balance of the reserve is used, a report can be brought to Council requesting the closure of this reserve account.	Not applicable.	These reserves resulted from one-time upfront lump sum funding received from the Federal and Provincial governments. These reserves will not receive any future funding.

**2.4 Other Items (Obligatory)**

Developer agreements may also stipulate the collection of fees from developers for specific purposes. These fees are deposited into a reserve until such a time as the funds are required for capital project completion.

The reserves will follow guidance provided in this policy 12.C.10, unless otherwise illustrated below.

Reserve Name	By-law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Cash-In-Lieu of Parkland		To provide funds to acquire active and/or passive parkland and the associated costs of preparing the land for its intended purpose (i.e., surveys, appraisals, soil testing, indirect recoveries, etc.).	In lieu of conveying parkland within the planned development, a developer may opt to provide the City with cash- in-lieu; the City then takes on the responsibility of parkland	Not applicable, based on external development decisions.	As per s.42, s.s.1 of the Planning Act, the developer has the option to convey land to the City or provide an equivalent cash value. The sale of surplus parkland

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			development within the community.		would also be used to fund this reserve.
Community Benefits Charge (CBC)		To provide capital funds for projects that are identified within the CBC Strategy.	In each calendar year, the City is required to spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year. Growth related projects are funded from these reserve funds and are typically outlined in the CBC Strategy forecast.	Not applicable, based on external development decisions.	As per s.37 of the Planning Act, the developer is required to pay CBCs at rates as determined by the CBC By-law.
Tree Replacement Fee		To fund the planting of new or replacement of existing trees throughout the City.		Not applicable, based on requirements.	Fees as outlined in developer agreements and through Committee of Adjustment severance applications.
Kleinburg Parking	180-2006	To retain “cash-in-lieu revenue” from future development in the Kleinberg community to fund vehicle parking activities.	For the purpose of land acquisition, construction of parking spaces, landscaping, lighting of parking t and long-term maintenance of parking spaces.	Not applicable, based on requirements.	Fees as outlined in developer agreements and through Committee of Adjustment applications.

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Royal Palm Drive		To extend Royal Palm Drive to Crestwood Drive (#35).		Not applicable, based on requirements.	Fees as outlined in developer agreements.
Developer Agreement		To fund projects to be completed by Public Works and Engineering to ready an area for development.	Per developer agreements.	Not applicable, based on requirement.	Fees as outlined in Schedule "I" of various developer agreements.

The following reserves are for specific purposes and to fund projects to be completed by Public Works and Engineering to ready an area for development:

- Subdivider Agreements.
- Geodetic Benchmark.
- Sewer Camera Inspection.
- Greenways: Woodbridge Expansion Area.
- Open Space: Woodbridge Expansion Area; and
- Entry Feature: 427 (Hwy 27 & Hwy 427).