

THE CITY OF VAUGHAN

APPENDIX

APPENDIX TITLE: CONSOLIDATED RESERVE AND RESERVE FUNDS

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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

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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.

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		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. Annual withdrawals – 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. Withdrawal/Transfers: 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.

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			directly involved in the application review process.		
Snow and Grounds Maintenance	97-2005	To offset significant unfavorable budget variances due to higher-than-normal snowfall or rainfall.	To be used to offset unfavorable year-end variances due to higher-than-budgeted snow removal and grass-cutting costs as a result of above-normal snowfall or rainfall 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 annual average costs for winter maintenance, and parks grass cutting.	Net annual surplus funds generated within the Public Works portfolio from the same sources, or from City-wide contributions 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.

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Year-End Expenditure		To preserve annual operating budget amounts for unexpected delays in budgeted activities, excluding fulltime continuous staffing.	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.	Not applicable, based on requirements.	Unspent Operating funds requested, subject to the City being in an overall surplus position at year- end.
Debenture Payments		To smooth the operating impact of new debenture annual payments.	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.	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	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

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				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 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 Reference: Ontario Building Code – Bill 124.

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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.

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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.		Minimum: A balance equivalent to the next year's planned spending requirements. Maximum: 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.
Building & Facilities Infrastructure		To fund repair and replacement costs associated with City structures and parking areas.	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.	Minimum: A balance equivalent to the next year's planned spending requirements for building and facility project costs, excluding land. Maximum: A balance equivalent to accumulated amortization for the reserve asset class.	The primary source of funding is operating budget contributions determined during the budget process and adopted by Council.

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Heritage Fund		To fund the acquisition, preservation and ongoing rehabilitation of heritage facilities or items of architectural/cultural significance.	To fund the acquisition, preservation and ongoing rehabilitation of heritage facilities or items of architectural/cultural significance.	An annual contribution for new additions based on Building and Facility Department's estimated replacement requirements over the asset's life.	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.
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.	Minimum: A balance equivalent to the next year's planned spending requirements for Parks Infrastructure project costs. Maximum: 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.

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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 Vaughan Fire and Rescue Service.	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.
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.

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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 as per the obligations set out in the Golf North Agreement, expiring Oct. 31st, 2037 (with potential renewal until Oct. 31st, 2042).			Based on rent/lease as outlined in the Golf North Agreement, 90% to be deposited directly into the reserve fund, and the remaining 10% retained for contract-administrative costs.
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.

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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.
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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City Hall Reserve		To fund repair and replacement costs associated with the City Hall.	To fund ongoing upkeep costs of the City Hall structure	An annual contribution based on Building and Facility Department's estimated replacement requirements over the buildings' useful life.	Operating budget contributions determined during the budget process and adopted by Council.
Capital From Taxation		To fund capital projects or parts of a capital project not covered by Development Charges, Restricted Grants, or other Infrastructure Reserves, or to supplement funding for capital projects financed by other reserves.	To fund capital expenditures; not to be used for operational needs.	Annual contributions based on the requirements or forecast for capital expenditure of the current year.	A dedicated operating budget transfer of a portion of taxation revenue, as determined during the budget process.

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
- Management By-law
- Innovation Reserve

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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.	In accordance with the Municipal Elections Act, 1996, and 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 claim-related expenses and premiums, and to set aside funds for future retroactive rate adjustments to minimize future tax rate impacts.	For the payment of claim-related expenses and premiums and to set aside funds for future retroactive rate adjustments to minimize future tax rate impacts.	Based on actuarial forecast requirements.	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	Based on actuarial estimates; balance required to meet the	Related benefit surplus.

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			increases or unexpected one-time benefit related expenditures (e.g. CPP, EI, benefit plan costs, etc.).	unfunded liability requirements.	
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"> · Fixed \$75,000 annual operating budget transfer (to be adjusted based on analysis of requirements) · WSIB benefit rate surplus · WSIB refunds
Management By-law	Ref: Management by-law 100-202, section 13	To provide funds for the Attraction and Retention Program.	Funds to be used for the program include but is not limited to: <ul style="list-style-type: none"> - Incentive payments (e.g. signing bonuses) - Marketing and communications for brand promotions - Learning and Development Opportunities - Employee Engagement (i.e. feedback/suggestion program) - Alternative Work Arrangement Subsidies 	Annual contributions based on needs.	Operating budget contributions determined during the budget process and adopted by Council.

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Innovation		To provide seed funding for innovative value propositions, which require upfront investment.	Eligible projects will require a business case. Annual withdrawals – Determined through the budget process.	Based on needs, new ideas proposed and fiscal health.	Year-end city operating surplus.
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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
- Keele Valley Landfill
- Senior Citizens Bequests
- Sale of Public Land
- Water, Wastewater & Stormwater
- Public Art
- Municipal Accommodation Tax and Tourism
- Vaughan Hospital
- VMC Parking
- Non-Conventional Stormwater
- Automated Speed Enforcement Reserve

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

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Reserve Name	By-Law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Cemetery	144-2022	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 cemetery operating or trust funds.	Not applicable, based on requirements.	No future continuous funding source determined.
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

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					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 Deputy City Manager of Corporate Services/CFO.	Not applicable, based on requirements.	Citizen bequests.

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Sale of Public Land		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	Minimum: 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. Maximum: 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>Minimum: 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. Maximum: 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>Minimum: 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. Maximum: A balance equivalent to accumulated amortization for the reserve asset class.</p>	<p>Annual Stormwater operations net surplus.</p>

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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 where possible a benefit and linkage to the promotion of tourism.		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 establishments in the City of Vaughan.
Vaughan Hospital Reserve		To fund the City's portion of future capital expenditures associated with Vaughan Hospital.	Capital expenditures related to the City of Vaughan Hospital.	Not Applicable	Funds were collected from the Hospital Levy during construction.
VMC Parking Reserve		To fund the implementation of on-street paid parking, as well as other transportation-related initiatives in the Vaughan	To fund on-street paid parking and other transportation-related initiatives in the VMC.	Based on contributions from excess revenues over expenditures from on-street paid parking the VMC.	Net revenues over expenditures from on-street paid parking in the VMC.

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		Metropolitan Centre (VMC).			
Non-Conventional Stormwater Reserve		To hold and manage offset fees from landowners for funding the inspection, monitoring and maintenance of Non-Conventional Stormwater Management Facilities.	Inspection, monitoring and maintenance of Non-Conventional SWMF	Not applicable, based on fees collected.	One-time Offset Fees calculated based on the differential between the inspection, monitoring and maintenance costs for Conventional vs. Non-Conventional SWMF
Automated Speed Enforcement Reserve	Special Purpose	To hold and manage funds collected from Automated Speed Enforcement (ASE)	To support the City's ASE program and other traffic safety initiatives	Based on contributions from excess ASE revenues over expenditures of the program	Net ASE revenues over expenditures

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

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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.”

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.

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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
City-Wide – DC Community Services		To provide capital funds to support growth-related indoor recreational services and park development facilities as outlined in the development charges study.	Funds may be used for land, buildings, furnishings, equipment, and facilities, such as indoor pools, fitness centers, ice resurfacers, park facilities, special facilities, pedestrian and bicycle trail systems, operation buildings, water		Funded from DC Rate collections

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			parks, lighting, and furniture.		
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
CWDC – Non-residential		To fund 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.	Funded from DC Rate collections
CWDC - Engineering		To fund engineering capital projects that support growth, including roads, structures, sidewalks, streetlights, intersection improvements, traffic signalization, streetscaping, and growth-related studies, as outlined in	City built growth related capital projects. Front-ending developers are not reimbursed for works until the associated development charges are received and a capital	A forecast shall be maintained to ensure that future development funds received are sufficient to cover costs of	Funded from DC Rate collections

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		the Development Charge Background Study.	project for the works has been approved.	studies undertaken.	
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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
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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 and a brief description of their purpose.

Reserve Name	Purpose
D28.1-Black Creek Immediately Affected Landowners	To construct improvements to the Black Creek Channel to mitigate flooding for lands adjacent to the channel.
D28.3-Black Creek Undeveloped Lands, BC Drainage Shed	To construct improvements to the Edgeley Pond and Black Creek Channel to mitigate flooding for the larger drainage area.
D28.2-BC-VMC Areas Draining	To construct improvements to the Edgeley Pond to benefit lands that naturally drain to this pond, to address flooding concerns.
VMC-Interchange SWM Pond Retrofit Works	To construct improvements to the stormwater management pond in the southwest quadrant of the VMC to facilitate growth.
Woodbridge Avenue Sanitary Sewer Improvements	Improvements to the Woodbridge Ave Sanitary sewer to accommodate new growth.

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D34-VMC West-Interchange Sewer	To construct a new sanitary sewer to facilitate growth in the southwest quadrant of the VMC.
VMC SE Doughton Sanitary Sewer Improvements	Improvements to the Doughton Rd Sanitary sewer to accommodate new growth.
Rainbow Creek Drainage Works	To construct a new sanitary sewer to facilitate growth in Block 59 of the city.
D8-Rainbow Creek Drainage	To construct improvements in the Rainbow Creek drainage shed to address erosion control and flood mitigation.
D15-PD#5 W. Woodbridge Watermain	To construct a watermain to facilitate growth in the West Woodbridge area.
Zenway/Huntington Road Sanitary Sub Trunk	To construct a new sanitary sewer to facilitate growth along Huntington Rd and Hwy 50 area.
Huntington Road Sanitary Sewer (Trade Valley to Rutherford)	To construct a new sanitary sewer to facilitate growth along Huntington Rd and Hwy 50 area.
Highway 27 South Servicing Works	To recover costs for a watermain and sanitary sewer to service lands at Hwy 27 and Hwy 407 interchange.
Steeles West Sanitary Sewer Improvement Works	To construct a new sanitary sewer to facilitate growth along Steeles Ave West, east of Jane St.
Steeles West SWM Works	To construct a new stormwater management pond at Jane and Steeles to facilitate growth along Steeles Ave West, east of Jane St.
D37-Jane St Sanitary	To construct a new sanitary sewer to facilitate growth in Jane Street.

2.3 Restricted Grant Funding (Obligatory)

These reserve funds are supported by legislation (federal, provincial or other Act based). These reserves support the

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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 Ontario (AMO) and the City of Vaughan.	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 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.

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Canada Housing Accelerator Fund		To fund housing supply growth targets agreed between the City of Vaughan and Canada Mortgage and Housing Corporation (CHMC) and enhancing certainty in the approvals and building process.	Money shall be spent in accordance with the Housing Accelerator Fund Contribution Agreement	Not applicable. Funding allocations are specified in the Housing Accelerator Fund Contribution Agreement.	Funding is provided by the Federal Government through the Canada Mortgage and Housing Corporation (CHMC)
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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	168-2022	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 development within the community.	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 would also be used to fund this reserve.
Community Benefits	201-2022	To provide capital funds for projects that are	In each calendar year, the City is required to spend or allocate at least	Not applicable, based on external	As per s.37 of the Planning Act, the developer is required

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Charge (CBC)		identified within the CBC Strategy.	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.	development decisions.	to pay CBCs at rates as determined by the CBC By-law.
Tree Replacement Fee		To fund new and replacement tree plantings, support canopy growth, promote education and ensure alignment with the City's broader urban forestry strategy.		Not applicable, based on requirements.	Fees from developer agreements, public and private tree permits, subdivision agreements, Committee of Adjustment applications, accident and incident recovery fees and other tree-related fees. (Fees are based on the City's Fees and Charges Schedule).
Kleinburg Parking	180-2006	To retain "cash-in-lieu revenue" from future development in the Kleinburg community to fund vehicle parking activities.	For the purpose of land acquisition, construction of parking spaces, landscaping, lighting of parking 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.
VMC Edgeley Park Mews Reserve		Funds for future repair and maintenance of City-owned pedestrian mews above condo parking garages.	For the future repair and maintenance of City-owned pedestrian mews located on the surface above the future condo underground parking garages.	Not applicable.	Determined through a site-specific agreement with adjacent landowners.
D13-Woodlot Acquisition		Funds for the acquisition of significant woodlots identified through OPA400 and OPA600, collected via a woodlot acquisition charge from developers adjacent to the acquired lands.	For the acquisition of significant tableland woodlots identified through OPA400 and OPA600 across the City, administered through the Comdel Front-Ending Agreement.	A forecast shall be maintained to ensure that all acquired woodlots are fully reimbursed to front-ending landowners.	Acquisition charges collected from developers in identified areas across the City.
Section 37 Reserve		To collect funds for height and density bonusing under the Planning Act when site plan applications propose densities exceeding those permitted by the Official Plan.	To construct community benefits in areas adjacent to developments that provided those benefits, in accordance with an executed agreement.	Not applicable, based on external development decisions.	The amount is negotiated and determined based on the land uplift value, (previous collections made through executed agreements remain valid.).

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:

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Reserve Name	By-law	Purpose	Intended Use/Limitations	Recommended Target	Funding Source
Subdivider Agreements		To fund projects to be completed by Public Works and Engineering to ready an area for development.	Per developer agreements.	Per developer agreements.	Fees as outlined in Schedule "1" of developer agreement.
Geodetic Benchmark		To fund projects related to Geodetic Benchmarks to be completed by Public Works and Engineering to ready an area for development.	Per developer agreements.	Per developer agreements.	Fees as outlined in Schedule "1" of developer agreement.
Entry Feature: 427 (Highway 27 and Highway 427)		To fund projects to be completed by Infrastructure Portfolio as part of a gateway feature in the Hwy 7 and Hwy 427 interchange area.	Per developer agreements.	Per developer agreements.	Fees as outlined in Schedule "1" of developer agreement.