

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 27, 2020

Item 2, Report No. 20, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on May 27, 2020.

2. FISCAL HEALTH REPORT – FOR THE YEAR ENDING DECEMBER 31, 2019

The Committee of the Whole recommends:

- 1) That the recommendation contained in the report of the Deputy City Manager, Corporate Services and Chief Financial Officer, dated May 20, 2020, be approved; and
- 2) That the following be approved in accordance with Communication C5, Memorandum from the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, dated May 15, 2020:
 1. THAT Attachment 2 of Item No. 2, Committee of the Whole, May 20, 2020, be replaced with Attachment 2, attached hereto.

Recommendation

1. That the Fiscal Health Report for the Year Ending December 31, 2019 be received.

Committee of the Whole (2) Report

DATE: Wednesday, May 20, 2020

WARD(S): ALL

**TITLE: FISCAL HEALTH REPORT – FOR THE YEAR ENDING
DECEMBER 31, 2019**

FROM:

Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

To report on the City's fiscal health for the year ending December 31, 2019.

Report Highlights

- The City's property tax supported operations ended 2019 in a surplus financial position of \$2.3 million.
- Transfers of \$1.3 million to the Year-End Expenditure Reserve and \$1.0 million to the Tax Stabilization Reserve were made to bring the ending financial position to balance.
- Combined, the rate supported operations ended 2019 in an unfavourable position of \$1.5 million, resulting in a lower than expected transfer to the reserves that support the renewal of water, wastewater and stormwater infrastructure.
- During 2019, approximately \$96 million was spent on 377 capital projects.
- 130 capital projects were closed in 2019 and \$13.8 million from the closed projects were returned to various originating reserves and reserve funds.

Recommendation

1. That the Fiscal Health Report for the Year Ending December 31, 2019 be received.

Background

The fiscal health report tracks actual spending performance of the City's calendarized financial plan. This report provides the year-end financial position of the City as at December 31, 2019 on the same basis as the 2019 budget, with accompanying commentary on the contributing factors that have affected the City's fiscal health.

The year-end fiscal health report compares annual actual city operating, water and wastewater and stormwater operations and capital results as of December 31, 2019, versus the approved budgets and on the same basis as the budget. This differs from the basis of accounting in the City's audited financial statements in some important ways. The full amortization of tangible capital assets and post-retirement benefits are excluded from this report while transfers to and from reserves and net debenture financing requirements are included. The City's draft audited financial statements are expected to be presented to Council in September 2020.

Previous Reports/Authority

FISCAL HEALTH REPORT – JUNE 30, 2019

Analysis and Options

Executive Summary

The City's property tax supported operations ended 2019, before year-end reserve transfers, in a surplus financial position of \$2.3 million, largely attributed to lower than anticipated overall city expenditures in utility costs, labour costs and contract services costs across various departments. Approximately \$1.3 million of the surplus was transferred to the Year-End Expenditure Reserve and the remaining \$1.0 million was transferred to the Tax Rate Stabilization Reserve to mitigate tax pressures in 2020 and beyond.

Combined, the rate supported operations ended 2019 with reserve contributions below budget. Lower sales in water and stormwater were offset by favourable variances in maintenance costs resulting in favourable reserve contributions. Wastewater results were similar, however, higher than expected treatment costs resulted in a reserve contribution that was below budget. Overall, the rate supported operation ended 2019 with combined contributions to reserves of \$19.7 million which was \$1.5 million less than expected. These reserve funds are necessary for future infrastructure replacements as these assets near the end of their useful life.

During 2019, approximately \$96 million was spent on 377 open capital projects, a decrease of 27 percent from 2018 capital spending of \$131 million. Departments closed a total of 130 capital projects in 2019 and \$13.8 million from the closed projects were returned to various originating reserves and reserve funds.

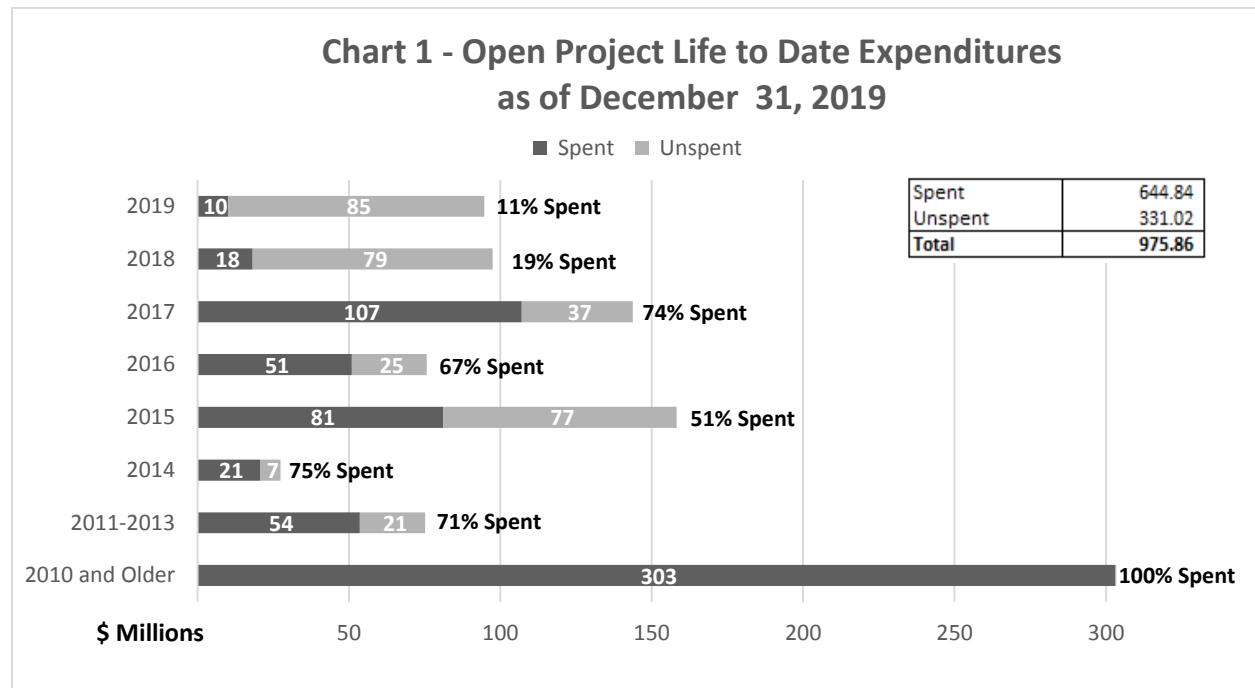
At December 31, 2019, there were 705 open capital projects with \$331 million of available budget remaining.

Attachment 1 provides the net position for all City departments.

Operating Results – Year ending December 31, 2019

	Budget	Actual	Variance
	\$million	\$million	\$million
Property Tax Based Budget			
Revenues	310.3	308.9	(1.4)
Expenditures	310.3	306.6	3.7
Year End Position	\$0.0	\$2.3	\$2.3
Reserve Transfer			
To Year- End Expenditure Reserve		(1.3)	(1.3)
To Tax Stabilization Reserve		(1.0)	(1.0)
Net		\$0.0	\$0.0
Water Rate Based Budget			
Revenues	77.7	71.5	(6.2)
Expenditures	67.6	60	7.6
Lifecycle Contribution	10.1	11.5	1.4
Wastewater Rate Based Budget			
Revenues	91.7	85	(6.7)
Expenditures	83	80.9	2.1
Lifecycle Contribution	8.7	4.1	(4.6)
Stormwater Charge Based Budget			
Revenues	10.6	10	(0.6)
Expenditures	8.2	5.9	2.3
Lifecycle Contribution	2.4	4.1	1.7

Capital Results – Year ending December 31, 2019



Note – chart above includes active projects

Discussion

OPERATING BUDGET RESULTS

Overall, City Revenues were \$1.4 million lower than the plan.

	Budget \$million	Actual \$million	Variance \$million	Variance %
Department Revenues	62.1	59.5	(2.6)	(4.2%)
Corporate Revenues	22.9	31.7	8.8	38.4%
Reserve Transfers	18.9	10.6	(8.3)	(43.9%)
Taxation	206.4	207.2	0.7	0.3%
Total Revenues	\$310.3	\$308.9	(\$1.4)	(0.5%)

Note – numbers may not add due to rounding

- Department Revenues were 4.2 percent lower than planned. This negative variance was mainly driven by lower than budgeted recoveries of labour costs from capital

funds. The lower recoveries were mainly as a result of vacancies and delays in several anticipated capital projects resulting in reprioritization of delivery to other capital projects where labour recovery did not apply.

- Corporate Revenues were 38.4 percent higher than planned. This is mainly attributable to higher than expected dividends received from the City's investment holding company, Vaughan Holdings Inc. In addition, the City requested and received a payout of unused employee benefits from the provider. Finally, supplementary taxes received in 2019 were higher than the normal level experienced in past years.
- Reserve transfers were 43.9 percent lower than planned. Transfers from the Building Standards Service Continuity Reserve and the Engineering Reserve were less than budgeted due to higher fees collected and department expenditures less than planned in 2019 (driven by lower labour costs mainly due to vacancies).

Overall, City expenditures were \$3.7 million lower than plan.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Labour	195.9	195.1	0.8	0.4%
Service Contracts & Materials	36.7	36.5	0.2	0.5%
Capital Related	33.7	34.5	(0.8)	(2.3%)
Other	26.4	25.1	1.2	4.6%
Utilities	12.4	11.1	1.3	10.6%
Insurance	5.1	4.2	1.0	18.6%
Total Expenditures	\$310.3	\$306.6	\$3.7	1.2%

Note – numbers may not add due to rounding

- Labour costs were 0.4 percent lower than plan. This is primarily attributable to vacancies across the organization and for positions approved in 2019 that are still in the recruitment process and that have not yet been filled.
- Utilities & Fuel were 10.6 percent lower than budget mainly due to lower than expected hydro and gas costs resulting in part from reduced consumption achieved through implementation of energy savings initiatives.
- Insurance premiums and deductibles were lower than budget by 18.6%, resulting in the transfer of approximately \$1.0 million of excess funds to the Insurance Reserve to mitigate any future insurance related expenses.
- Service contracts and materials were 0.5 percent lower than budget. Savings from contract services were experienced across departments in 2019, notably in areas such as maintenance of facilities, roads, trees, and parks. These savings were partially offset by higher than budgeted winter maintenance costs due to higher than average occurrence of plowing events.

- Other Expenditures were under budget by 4.6 percent due mainly to lower long-term debt payments as the City has assumed less debt than planned and its debentures mature over time.

Attachment 2 provides commentary at the Portfolio/Office level.

Water, Wastewater and Stormwater Results

Fourth Quarter Water Operating Results

Water Operations gross margin was \$0.9 million less than budget.

	Budget \$million	Actual \$million	Variance \$million	Variance %
Residential Billings	44.9	41.3	(3.6)	(8.0%)
Commercial Billings	29.7	27.4	(2.3)	(7.7%)
Other	0.5	0.4	(0.1)	(20.0%)
Purchases/Treatment Charges	46.7	40.0	6.7	14.3%
Non-Revenue Water	7.0	8.6	(1.6)	(22.9%)
Gross Margin	21.4	20.5	(0.9)	(4.2%)
Other Revenues	2.6	2.4	(0.2)	(7.7%)

- Residential and commercial water sales for the 4th quarter ended lower than budget by 8.0% and 7.7% respectively due to lower than expected water consumption.
- As a result of decreased sales, Regional water purchases (direct cost) were lower than budgeted. Further, York Region deviated from the posted budgeted wholesale rates for water and wastewater, increasing the treatment costs for wastewater and decreasing the costs for water resulting in lower than expected water purchase costs.
- Non-Revenue Water (NRW) was higher than budgeted, however a number of initiatives, including meter replacements, are underway to find and rectify NRW.

Water Operations expenditures before Lifecycle Contributions were \$2.5 million less than budgeted.

Budget \$million	Actual \$million	Variance \$million	Variance %
----------------------------	----------------------------	------------------------------	----------------------

Maintenance and Installation Cost	7.3	5.3	2.0	27.4%
General Administration	5.9	5.4	0.5	8.5%
Joint Service Costs	0.7	0.7	0.0	0.0%
Total Expenditures	13.9	11.4	2.5	18.0%
Lifecycle Contribution	10.1	11.5	1.4	13.9%

- Maintenance and Installation Costs ended lower by 27.4%. Federal and Provincial grants for meter installations, recalibrating the AMI program, and fewer unplanned repairs (e.g. watermain breaks) resulted in lower expenses.
- General Administration costs were lower by 8.5% mainly due to postponed hiring while assessing vacancies against needs, deferral of software expenses to 2020 and efficiencies found in operator training (bulk pricing and internally led training).

The City's net lifecycle contribution was \$1.4 million greater than budgeted at the end of the fourth quarter.

Fourth Quarter Wastewater Operating Results

Wastewater Operations gross margin was \$6.4 million less than budget.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Residential Billings	53.5	49.3	(4.2)	(7.9%)
Commercial Billings	36.0	33.6	(2.4)	(6.6%)
Other	0.5	0.4	(0.1)	(20.0%)
Purchases/Treatment Charges	64.6	61.2	3.4	5.3%
Non-Revenue Water	9.7	12.8	(3.1)	(32.0%)
Gross Margin	15.7	9.3	(6.4)	(40.8%)
Other Revenues	1.7	1.7	0.0	0.0%

- Residential and commercial billings for the fourth quarter are trending 7.9% and 6.6% respectively lower than budget due to lower than expected water consumption.
- Wastewater billing is based on water consumption and therefore trends similar to water consumption.
- As a result of decreased sales, treatment charges (direct cost) were lower than budgeted. Further, York Region deviated from the posted budgeted wholesale rates for water and wastewater, increasing the treatment costs for wastewater and decreasing the costs for water.
- Non-Revenue Water (NRW) was higher than budgeted. Since wastewater collection and treatment are based on water volumes, these costs are affected by NRW. A number of initiatives, including meter replacements, are underway to find and rectify NRW.

Wastewater Operations expenditures before Lifecycle Contributions were \$1.8 million less than budgeted.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Maintenance and Installation Cost	4.8	3.0	1.8	37.5%
General Administration	3.2	3.2	0.0	0.0%
Joint Service Costs	0.7	0.7	0.0	0.0%
Total Expenditures	8.7	6.9	1.8	20.7%
Lifecycle Contribution	8.7	4.1	(4.6)	(52.9%)

- Maintenance and Installation Costs ended lower by 37.5% due to postponed hiring while assessing vacancies against needs, time to set up contracts for recurring work (e.g. lateral repairs, flushing and cleaning, flow monitoring) related to Audit recommendations to avoid Low Dollar Module Purchase Orders.

City's net lifecycle contribution was \$4.6 million lower than budgeted at the end of the fourth quarter.

Fourth Quarter Stormwater Operating Results

Stormwater Operations gross margin was \$0.6 million less than budgeted.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Residential Billings	4.2	4.2	0.0	0.0%
Commercial Billings	5.8	5.2	(0.6)	(10.3%)
Other	0.0	0.0	0.0	0.0%
Purchases/Treatment Charges	0.0	0.0	0.0	0.0%
Non-Revenue Water	0.0	0.0	0.0	0.0%
Gross Margin	10.0	9.4	(0.6)	(6.0%)
Other Revenues	0.6	0.6	0.0	0.0%

- Total annual billing for stormwater charges was completed in the third quarter.
- Total billing revenues are lower than budgeted due to changes that have occurred to assumptions originally used to build the stormwater charge.

Stormwater Operations expenditures before Lifecycle Contributions were \$2.3 million less than budgeted.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Maintenance and Installation Cost	4.2	2.2	2.0	47.6%
General Administration	3.9	3.4	0.5	12.8%
Joint Service Costs	0.1	0.3	(0.2)	(200.0%)
Total Expenditures	8.2	5.9	2.3	28.0%
Lifecycle Contribution	2.4	4.1	1.7	70.8%

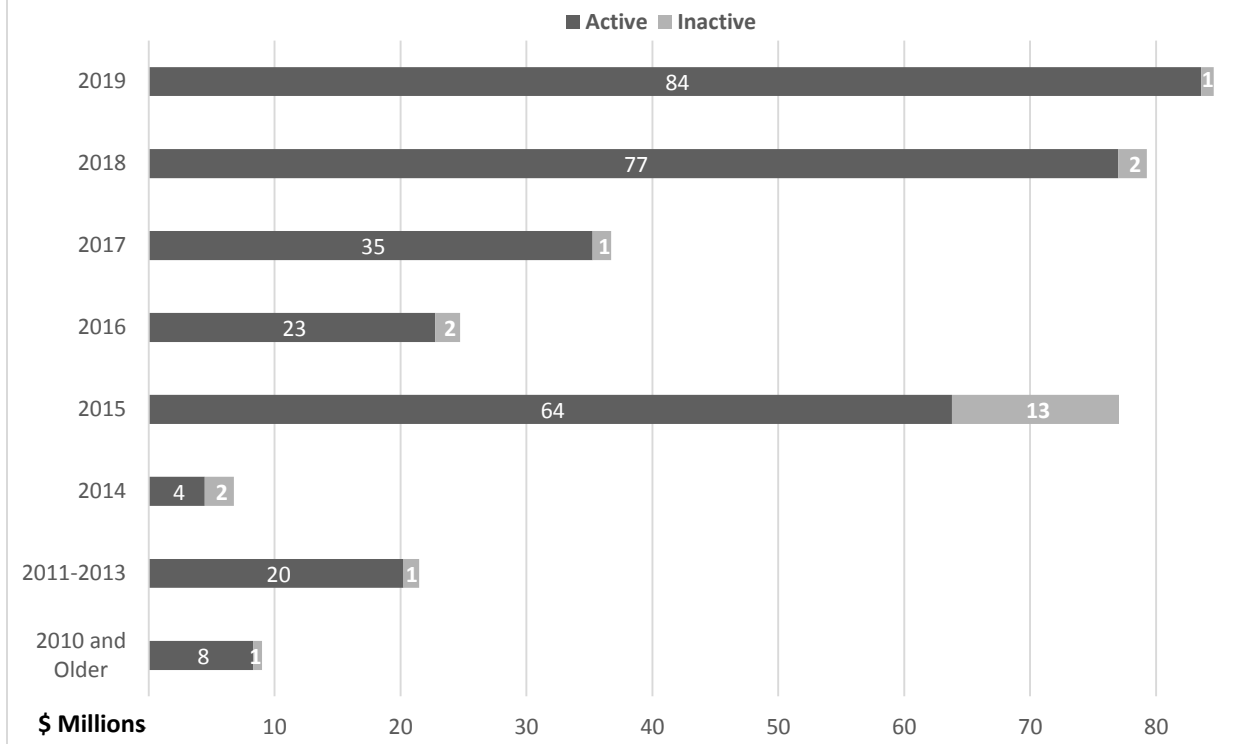
- Maintenance and Installation costs were lower by 47.6% mainly due to delay in contract award for stormwater pond maintenance and cleaning, lower than expected street sweeping activities and savings related to the CCTV inspection as the contract (awarded in 2018) was lower than budgeted.
- General Administration costs were lower by 12.8% mainly due to deferral of debenture payment, timing of spending in professional fees and postponed hiring while assessing vacancies against needs.
- Joint services fee with Alectra were higher than expected due to delay in previous year billing.

The City's net lifecycle contribution was \$1.7 million higher than budgeted at the end of the fourth quarter due to lower than expected expenditures.

Capital Budget Results

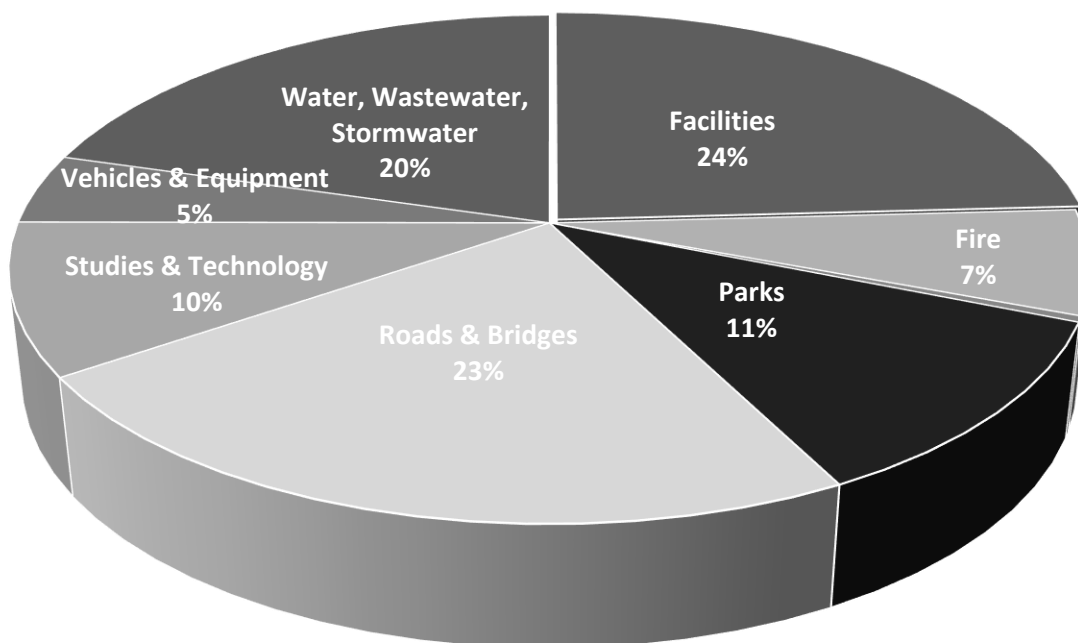
As at December 31, 2019, there were **705** open capital projects with **\$331** million of available budget remaining. The open projects were made up of **580** active projects and **125** inactive projects. The open project unspent funding breakdown by year is illustrated in Chart 2 below. Further information about the inactive projects can be found in the next section of the report.

**Chart 2 - Unspent Capital Funding by Project Status
as of December 31, 2019**



During 2019, \$96 million was spent on 377 open capital projects. By comparison, the 2018 and 2017 capital project spending were \$131 million and \$110 million respectively. Chart 3 below illustrates the breakdown of funds spent by project category during 2019.

**Chart 3 - 2019 Capital Expenditures by Major Project Category
as of December 31, 2019**



In the 2019 Budget, departments indicated that \$200 million in capital expenditures would be processed throughout 2019. At the end of 2019, approximately 48 percent of the forecasted amount was spent. Departments are continuing to enhance the robustness of their capital cash flow spend forecasts..

The following project was considered substantially completed as of December 31, 2019 with budget overage as permitted under Section 8 of the Capital Project Financial Administration and Reporting policy.

Project # & Title	Budget	Actual	Variance (\$)	Variance (%)
SE-0083-16 Service Excl Communication Plan	121,500	123,935	(2,435)	Overspent 2%

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

Inactive Projects and Closed Projects

Of the 705 open capital projects, there are 125 projects that are considered inactive. Inactive projects comprise 18 percent of the total number of open projects, equating to 5 percent of the \$331 million in unspent funds. Approximately 83 percent of the inactive projects are substantially complete but are required to remain open until a future event occurs, while 16 percent of the inactive projects are on hold or have not started for a variety of reasons such as project scope and estimated costs being reevaluated, project reprioritization, and insufficient resources to advance the project. The breakdown of the classification of the 125 open inactive projects is as follows:

Classification	Number of Projects	Unspent Amount (\$million)
Completed - to be closed	73	\$2.9
Completed - Under Warranty or Maintenance	24	\$8.3
Completed - Waiting for final invoices	7	\$1.1
Not Started	9	\$9.3
Project on Hold	12	\$2.7
Grand Total	125	\$24.2

Staff continue to review the status of projects on hold and projects deferred, and accordingly will develop action plans to return funding commitments back to the funding sources, to repurpose the project scope, or to advance the project.

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

Departments closed 130 projects in 2019, returning \$13.8 million to Reserves

During the fourth quarter, departments closed 8 capital projects, bringing the total capital projects closed in 2019 to 130 projects. The table below provides a breakdown of projects closed during 2019.

Portfolios	Number of Projects Closed in 2019	Amount Returned to Reserve (\$ million)
Infrastructure Development	76	\$6.5
Planning and Growth Management	12	\$2.8
Public Works	25	\$1.9
Community Services	12	\$1.4
Library Services	2	\$0.8
Corp. Services, City Treasurer & CFO	3	\$0.4
Grand Total	130	\$13.8

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

Capital Budget Amendments

For capital projects where a budget amendment is required, departments are required to bring a report to Committee of the Whole outlining the request for the amendment.

The following capital budget amendments were processed during the second half of 2019:

From	To	Supporting Report	Amount
Capital from Taxation, City Wide DCs – Library, City Wide DCs – Parks	RE-9537-17 VMC Library, Recreation and YMCA Centre of Community	Feb 12, 2019 FAA R3 I2	\$7,210,000

Capital Transfers Authorized by the Chief Financial Officer/City Treasurer

The Chief Financial Officer/City Treasurer has the delegated authority to approve any operating or capital realignments between departments, provided they are fiscally neutral. A summary of these changes is incorporated into the quarterly reporting process.

The following CFO authorized capital budget amendments were processed during the second half of 2019:

From	To	Amount
BY-9542-17 By-Law & Compliance Online Pay	BY-9538-16 By-Law & Compliance Group Techna System Upgrade	\$20,000
EV-2090-16 Storm Pond Cleaning (Pond 8)	EV-2127-19 Stormwater Pond Cleanout – Aviva Park Pond (Pond 80)	\$179,984
EV-2130-19 Stormwater Pond Cleanout – Keegan Pond (Pond 96)	EV-2127-19 Stormwater Pond Cleanout – Aviva Park Pond (Pond 80)	\$295,610
EV-2131-19 Stormwater Pond Cleanout – Springside Pond (Pond 126)	EV-2127-19 Stormwater Pond Cleanout – Aviva Park Pond (Pond 80)	\$442,900
EV-2132-19 Stormwater Pond Cleanout – Westridge (Pond 107)	EV-2129-19 Stormwater Pond Cleanout – Forest Pond (Pond 115)	\$791,074
FL-5215-19 PKS-Additional 2 Ton 4x4 Crew Cab Dump Truck	FL-5278-19 PKS-Additional Dual Stream Compactor Refuse Truck	\$12,222
FL-9557-19 PKS-One 1 Ton Pickup Truck for Crew Serving North Maple Regional Plan Phase 1	FL-5453-19 PKS-Additional Narrow Sidewalk Tractor with Plow/Salter/Blower/Sweeper Attachments	\$1,960

PK-6401-16 East's Corners Neighbourhood Park	PK-6575-18 Second Park Waterplay	\$45,000
---	-------------------------------------	----------

Continuity Schedule of Reserves and Reserve Funds

\$ million	Opening Balance	Revenues	Expenses	Closing Balance Before Commitments	Commitments	Closing Balance After Commitments
Obligatory Reserves						
City-Wide Development Charges	484.3	15.5	26.5	473.3	166.6	306.7
Area Specific Development Charges	8.8	0.2	(0.3)	9.2	16.7	(7.5)
Restricted Grant	30.1	19.4	12.8	36.7	34.7	2.0
Other	93.8	8.9	2.7	100.0	4.2	95.8
Obligatory Subtotal	617.0	43.9	41.8	619.2	222.2	397.0
Discretionary Reserves						
Infrastructure	216.4	37.8	30.8	223.4	48.4	174.9
Capital from Taxation	18.6	8.7	5.7	21.6	17.9	3.7
Corporate	17.4	1.0	0.3	18.1	0.0	18.1
Special Purpose	7.1	0.4	0.1	7.3	12.8	(5.5)
Sustainability	42.7	10.1	2.5	50.3	0.7	49.6
Discretionary Subtotal	302.2	57.9	39.4	320.7	79.8	240.9
Grand Totals	\$ 919.2	\$ 101.8	\$ 81.2	\$ 939.9	\$ 302.0	\$ 637.8

At the end of the 2019, the reserve balance before commitments was \$940 million. A net reserve activity of \$300 million is committed against these reserves and reserve funds; after this activity is accounted for, the total reserves and reserve funds balances as of December 31, 2019 was \$638 million, of which \$397 million was for obligatory reserves and \$241 million was in discretionary reserves.

Development Charges (DCs) collected in 2019 equates to \$4.6 million, with interest earned on reserve balances making up the difference in revenues. These collections are lower than typical due to the significant amount of DCs collected through the 2018 DC Pre-payment agreements. Collection of DCs through these agreements will result in lower than normal DC collections in the next two to three years. Uncertainty in the market as a result of Bill 108 and the new proposed Community Benefits Charge strategy has also contributed to lower DC collections as projects get delayed.

Approximately \$1.1 million was collected from residential developments and approximately \$3.5 million was collected from non-residential developments. As part of the 2018 DC By-laws review, Council authorized delegated authority to the City Treasurer and City Solicitor to execute Development Charge Pre-Payment Agreements under Section 27 of the Development Charge Act. The City collected approximately \$175 million in DCs in the third quarter of 2018, of which \$167 million were directly related to the DC prepayment agreements. The annualized average would be approximately \$55 million DCs collected in 2019 from the DC pre-payment agreements.

The City contributed approximately \$33 million into various infrastructure reserves to fund future assets' state of good repair, of which close to \$17 million was contributed from taxation and approximately \$16 million was from rate supported revenues. The City is currently on its journey to develop a comprehensive asset management plan that will be rolling out into various phases. The Corporate Asset Management Strategic Policies were approved by Council in early 2019, the next phase of the journey includes activities to improve asset management planning with accompanying strategies to establish mechanism to promote principle and evidence-based decision making. Asset management plans will inform future infrastructure planning and support asset management related budget and spending decisions.

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

Financial Ratios in alignment with Corporate Targets

Discretionary reserves provide the City with financial flexibility in order to safeguard against economic downturns and finance operations internally. To ensure the sustainability of these reserves, the City has adopted associated targets. The City also has a target ratio for debt services costs. The table below provides the status of these targets at the end of 2019.

Policy Ratio	2019	2018	Target
Discretionary Reserve	50%	50%	>50% Of Own Source Revenues
Working Capital	10%	6%	Up To 10% Of Own Source Revenues (tax only)
Debt Service	2%	2%	<10% Of Own Source Revenues

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

Working Capital Ratio – The calculated ratio of 10% includes the year-end balance of the Tax Rate Stabilization Reserve. Contributions to Working Capital Reserve and Tax Stabilization Reserve occur when the City achieves a surplus; these reserves can be

sources of funding to address a year-end deficit position. In 2019, approximately \$1.0 million of the operating surplus from taxation was transferred to the Tax Stabilization Reserve. The consideration of consolidating the Working Capital Reserve and the Tax Rate Stabilization Reserve will be analyzed and discussed in an upcoming reserve policy review.

Debt Service Ratio - The City's policy limits debt to a maximum of 10 percent of total the City's own-source revenue, which is significantly lower than the Province's 25 per cent maximum. Total debenture outstanding principal as of December 31, 2019 was approximately \$23 million (2018 - \$29 million). In 2019 the total debt repayment costs were \$7.4 million (2018 - \$7.5 million), \$6.7 million in principal and \$0.7 million in interest. Repayment costs of \$7.4 million represents approximately 2 percent of the City's own source revenues. The Debt Service Ratio continued to improve in 2019, this was achieved in part by looking for responsible and innovative ways to fund capital projects. It is worth noting however, that while debt financing can be an additional tool to fund infrastructure in the City, fiscal prudence and due diligence are necessary to ensure the City's long-term financial sustainability and flexibility.

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

Grant Activity Update

Since 2017, all grant activity is centrally tracked by the Municipal Partnership Office in Economic and Cultural Development. Keeping city-wide priorities in mind, this office identifies and communicates funding opportunities, supports applications and ultimately reports on the outcomes in partnership with the Financial Planning and Development Finance Department. The data below reflects both the actual cash flow received in 2019 from grant sources of ongoing projects followed by the total new grants awarded in 2019.

In 2019, the City received approximately \$18.7 million in grant revenues inclusive of the City's Gas Tax revenue of \$12.7 million.

The table below summarizes the grants revenues received in 2019. These figures exclude the Federal Gas Tax received in 2019.

Grant Classification	Capital Grants	Operating Grants
Canada 150 Community Infrastructure Program	11,805	
Clean Water and Wastewater Fund	4,246,164	
Green Municipal Fund	34,789	
Rail Safety Improvement Program	304,495	
Canada Summer Jobs		109,627
Celebrate Canada		56,826
IESO Embedded Energy Manager Program		18,352
Public Library Operating, Pay Equity and First Nations Salary Supplement Grant		143,234
Resource Productivity and Recovery Authority		635,730
Seniors Community Grant program		3,168
VBEC - Core Funding		127,445
VBEC - Summer Company		57,590
VBEC Starter Company Plus		146,087
Young Canada Works in Heritage Organizations program		26,429
Total by Grant Type	4,597,253	1,324,489
Total Grants Received in 2019	5,921,742	

Approximately \$0.3 million was received from Transport Canada for the rail improvement work to enhance the safety of railways in 2019.

The City received funding approval of \$21 million from the Clean Water and Wastewater Fund in 2017. This grant funding was planned to help offset costs for fifty (50) projects applied for, more notably including: VMC Edgeley Pond and Park, Centre Street Watermain Replacement, Stegman's Mill Watermain Replacement, Andrew Park/Button/Marilyn Place/ North Humber Road Watermain Replacement, Clarence Street Slope Stabilization; Distribution Watermain Conditional Assessments; Repair and Rehabilitation of Pumping Stations; Smart Water Metering; and Development of a Corrosion Control Strategy. Completion of these projects is essential to keeping our communities safe, healthy and livable. A task force was formed to facilitate a collaborative effort amongst various city departments and to address action items in a timely and appropriate manner. In 2018 the Task Force worked with Federal government and obtained a funding reallocation and scope expansion approval which provided the City with an opportunity to maximize potential grant funding. CWWF projects are progressing in accordance with the projects scheduled timelines; throughout 2019 four expense claims amounted to \$4.3 million were submitted to Infrastructure Ontario for process, which were all received in 2019.

Grants Awarded in 2019:

Public Works	Audit & Accountability Fund	Ministry of Municipal Affairs and Housing	Awarded	2019	\$174,797
Vaughan Public Libraries City Manager's Office Planning and Growth Management Community Services	Canada Summer Jobs	Government of Ontario	Awarded	2019	\$92,478
City Manager's Office	Digital Service Squad Grant (DSSG)	Province of Ontario in partnership with OBIAA (Ontario Business Improvement Area Association)	Awarded	2019	\$25,000
Public Works	Disaster Mitigation and Adaptation Fund (DMAF)	Infrastructure Canada	Awarded	2019	\$16,000,000
Vaughan Public Libraries	Exhibitions Circulation Fund	Canadian Heritage	Awarded	2019	\$2,268
Planning and Growth Management	Doctors Mclean Urban River Valley Outreach Project	Friends of the Greenbelt Foundation and Park People	Awarded	2019	\$11,092
Community Services	Celebrate Canada	Government of Canada	Awarded	2019	\$17,580
Planning and Growth Management	Green Municipal Fund	Federation of Canadian Municipalities (FCM)	Awarded	2019	\$152,100

Community Services	Fire Prevention Grant Program	FM Global	Awarded	2019	\$2,650
Community Services	GoodLife Kids Grant Program	GoodLife Kids Foundation	Awarded	2019	\$8,511
Vaughan Public Libraries	Seniors Community Grant Program	Grants Ontario	Awarded	2019	\$3,940
City Manager's Office	Small Business Enterprise Centre Funding	Ministry of Economic Development, Job Creation and Trade	Awarded	2019	\$344,025
Vaughan Public Libraries	Young Canada Works	Government of Canada	Awarded	2019	\$11,673
TOTAL					\$16,846,114

In total, \$16,846,114 in grants were awarded in 2019 and another \$161M+ are currently pending in applications.

In 2019, The Investing in Canada Infrastructure Program (ICIP) was announced through Infrastructure Canada. The program is a cost-shared infrastructure funding program between the federal government, provinces and territories, and municipalities and other recipients. This program will see up to \$30 billion in combined federal, provincial and other partner funding, under four priority areas, including Public Transport, Green Infrastructure, Community, Culture, and Recreation, and Rural and Northern Communities.

The City of Vaughan put forward four (4) projects to the Community, Culture and Recreation stream that will support community infrastructure priorities improving access to and / or quality of community, cultural, and recreation priority infrastructure projects. These projects include VMC Centre of Community, North Maple Regional Park, Doctors Mclean District Park and Thornhill Community Hub Revitalization (Garnett A. Williams CC). Combined, the applications total over \$160M in funding and decisions will be made in 2020 for project completion through to 2030.

City grant funding priorities continue to include wage subsidies for job creation including youth employment, environmental sustainability and climate adaptation, community events and program support and capital infrastructure all to reduce the tax burden and generate alternative sources of revenue for the provision of city services.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

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

The City's property tax supported operations ended 2019 in a surplus financial position of \$2.3 million, of which \$1.3 million was transferred to the Year-End Expenditure Reserve and \$1.0 million was transferred to the Tax Rate Stabilization Capital Reserve, consistent with the Consolidated Reserve Policy.

Combined, the water, wastewater and stormwater rate supported operations ended 2019 with reserve contributions of \$19.7 million which was \$1.5 million below budget, resulting in a lower than expected transfer to the infrastructure reserves that support these activities.

During 2019, approximately \$96 million was spent on 377 capital projects. Departments closed a total of 130 capital projects in 2019 and \$13.8 million from the closed projects were returned to various originating reserves and reserve funds.

The City is working to complete a long-term fiscal planning model that would take into consideration the City's 2020-2022 Term of Council strategic plan, growth plans, asset management plan, development charge study, and its treasury management strategy. The resulting model would be used to provide advice to Council on recommended funding strategies, spending capacities, tax levy implications and the City's financial resiliency; and would help ensure that as the City continues to grow and intensify, it remains financially sustainable over the long term.

For more information, please contact:

Michael Marchetti, Director, Financial Planning & Development Finance, Ext. 8271
Dean Ferraro, Director, Financial Services, Ext. 8272

Attachments

1. City Operating – 2019 Financial Summary
2. City Operating – Portfolio/Office Summary

Prepared by

Kenneth Quan, Manager, Corporate Financial Planning & Analysis Ext. 8029
Sean Skinkle, Finance Manager, Water, Wastewater and Stormwater Ext. 8486
Greg Eleftheriou, Senior Corporate Financial Analyst, Ext. 8352
James Siu, Senior Corporate Financial Analyst, Ext. 8066
Lisa-Marie Russo, Manager Financial Planning & Analysis Ext. 8438
Varant Khatchadourian, Manager Financial Planning & Analysis Ext. 8338



CITY OF VAUGHAN

2019 City Operating Budget

Property Tax Based Budget Fiscal Position as of December 31, 2019

CITY OF VAUGHAN
2019 City Operating Budget
Fiscal Position as of December 31, 2019
REVENUE / EXPENDITURE SUMMARY

	2019	2019 YTD		VARIANCE	
	ANNUAL BUDGET	BUDGET	ACTUAL	FAV. / (UNFAV.) \$ %	
TAXATION	200,661,820	200,661,820	200,512,692	(149,128)	-0.1%
SUPPLEMENTAL TAXATION	3,200,000	3,200,000	3,895,864	695,864	21.7%
PAYMENT IN LIEU	2,580,000	2,580,000	2,743,608	163,608	6.3%
RESERVES AND OTHER TRANSFERS	18,947,635	18,947,635	10,630,087	(8,317,548)	-43.9%
FEES AND SERVICE CHARGES	62,074,197	62,074,197	59,486,906	(2,587,291)	-4.2%
CORPORATE	22,869,735	22,869,735	31,655,137	8,785,402	38.4%
TOTAL REVENUES	310,333,387	310,333,387	308,924,295	(1,409,092)	-0.5%
EXPENDITURES:					
DEPARTMENTAL	274,820,230	274,820,230	270,416,758	4,403,472	1.6%
RESERVE CONTRIB. & CORP. EXP.	13,283,622	13,283,622	22,438,973	(9,155,351)	-68.9%
LONG TERM DEBT	10,023,360	10,023,360	7,372,169	2,651,191	26.5%
CONTINGENCY	4,056,546	4,056,546	546,765	3,509,781	86.5%
CAPITAL FROM TAXATION	8,149,629	8,149,629	8,149,629	-	0.0%
TOTAL EXPENDITURES	310,333,387	310,333,387	308,924,295	1,409,092	0.5%
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	

CITY OF VAUGHAN
2019 City Operating Budget
Fiscal Position as of December 31, 2019
December 31, 2019

REVENUE BY MAJOR SOURCE

	2019 ANNUAL BUDGET	2019 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$	%
TAXATION					
Tax Levy	200,661,820	200,661,820	200,512,692	(149,128)	-0.1%
Supplementals	3,200,000	3,200,000	3,895,864	695,864	21.7%
GRANT					
Library Grant	145,200	145,200	189,819	44,619	30.7%
PAYMENT IN LIEU / OTHER					
Payment In Lieu / Other	2,580,000	2,580,000	2,743,608	163,608	6.3%
RESERVES AND OTHER TRANSFERS					
Engineering Reserve	8,034,313	8,034,313	4,386,382	(3,647,931)	-45.4%
CIL Recreation Land Reserve	1,352,000	1,352,000	1,352,000	-	0.0%
Administrative Recovery from Capital	1,500,000	1,500,000	2,369,670	869,670	58.0%
Building Standards Service Continuity Reserve	5,503,371	5,503,371	373,216	(5,130,155)	-93.2%
Tax Rate Stabilization Reserve	1,922,131	1,922,131	1,437,472	(484,659)	-25.2%
Innovation Reserve	490,620	490,620	521,528	30,908	6.3%
TOTAL RESERVES	18,802,435	18,802,435	10,440,268	(8,362,167)	-44.5%
FEES/SERVICE CHARGES					
ECONOMIC & CULTURE DEVELOPMENT	521,094	521,094	70,419	(450,675)	-86.5%
OFFICE OF TRANSFORMATION & STRATEGY	410,725	410,725	283,320	(127,405)	-31.0%
Deputy City Manager Corporate Services & Chief Financial Officer	-	-	-	-	0.00%
Financial Planning & Development Finance	447,619	447,619	264,692	(182,927)	-40.9%
Financial Services	1,158,769	1,158,769	1,465,599	306,830	26.5%
Office of the Chief Human Resources Officer	-	-	69	69	0.00%
Office of the Chief Information Officer	265,443	265,443	150,184	(115,259)	-43.4%
Procurement Services	58,200	58,200	121,836	63,636	109.3%
TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES & CHIEF FINANCIAL OFFICER	1,930,031	1,930,031	2,002,381	72,350	3.7%
Deputy City Manager Administrative Services & City Solicitor	-	-	-	-	0.00%
Legal Services	708,712	708,712	42,856	(665,856)	-94.0%
Office of the City Clerk	1,585,374	1,585,374	1,082,471	(502,903)	-31.7%
TOTAL ADMINISTRATIVE SERVICES & CITY SOLICITOR	2,294,086	2,294,086	1,125,328	(1,168,758)	-50.9%
Recreation Services	19,444,631	19,444,631	19,750,145	305,514	1.6%
Community Development & Events	780,000	780,000	975,797	195,797	25.1%
Fire and Rescue Service	1,035,981	1,035,981	886,630	(149,351)	-14.4%
By-Law, Compliance, Licensing and Permits	5,345,393	5,345,393	5,779,096	433,703	8.1%
TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES	26,606,005	26,606,005	27,391,667	785,662	3.0%
Deputy City Manager Infrastructure Development	-	-	-	-	0.00%
Infrastructure Delivery	1,492,318	1,492,318	1,020,447	(471,871)	-31.6%
Infrastructure Planning and Corporate Asset Management	2,192,179	2,192,179	1,480,684	(711,495)	-32.5%
Parks Delivery	371,912	371,912	376,112	4,200	1.1%
Real Estate	142,381	142,381	30,195	(112,186)	-78.8%
Facilities Management	587,207	587,207	722,029	134,822	23.0%
TOTAL DEPUTY CITY MANAGER INFRASTRUCTURE DEVELOPMENT	4,785,997	4,785,997	3,629,467	(1,156,530)	-24.2%
Deputy City Manager Planning & Growth Mgmt	-	-	40,483	40,483	0.00%
Development Planning	9,841,692	9,841,692	8,867,639	(974,053)	-9.9%
Development Engineering	530,579	530,579	588,606	58,027	10.9%
Policy Planning & Environmental Sustainability	924,016	924,016	454,889	(469,127)	-50.8%
Parks Planning	-	-	-	-	0.00%
Building Standards - Licenses/Permits	9,653,715	9,653,715	10,689,449	1,035,734	10.7%
- Plumbing Permits	810,128	810,128	775,835	(34,293)	-4.2%
- Service Charges	882,034	882,034	740,179	(141,855)	-16.1%
Vaughan Metropolitan Centre Program	121,112	121,112	3,176	(117,936)	-97.4%
TOTAL DEPUTY CITY MANAGER PLANNING & GROWTH MANAGEMENT	22,763,276	22,763,276	22,160,257	(603,019)	-2.6%
Deputy City Manager Public Works	-	-	363	363	0.0%
Environmental Services	1,534,917	1,534,917	1,560,228	25,311	1.6%
Fleet Management	-	-	-	-	0.0%
Parks, Forestry & Horticulture Operations	794,568	794,568	819,219	24,651	3.1%
TOTAL DEPUTY CITY MANAGER PUBLIC WORKS	2,329,485	2,329,485	2,379,809	50,324	2.2%
VAUGHAN PUBLIC LIBRARIES	433,500	433,500	444,258	10,758	2.5%
TOTAL FEES / SERVICE CHARGES	62,074,197	62,074,197	59,486,906	(2,587,293)	-4.2%
TOTAL CORPORATE REVENUES	22,869,735	22,869,735	31,655,137	8,785,402	38.4%
TOTAL REVENUE	310,333,387	310,333,387	308,924,295	(1,409,092)	-0.5%

CITY OF VAUGHAN
2019 City Operating Budget

December 31, 2019

DEPARTMENTAL EXPENDITURES BY MAJOR CATEGORY

	2019 ANNUAL BUDGET	2019 YTD		VARIANCE	
		BUDGET	ACTUAL	FAV. / (UNFAV.) \$	%
COUNCIL	1,765,373	1,765,373	1,612,818	152,555	8.6%
OFFICE OF THE INTEGRITY COMMISSIONER	512,630	512,630	477,900	34,730	6.8%
INTERNAL AUDIT	721,005	721,005	684,760	36,245	5.0%
CITY MANAGER	1,104,453	1,104,453	554,487	549,966	49.8%
CORPORATE & STRATEGIC COMMUNICATIONS	2,194,941	2,194,941	2,430,561	(235,620)	-10.7%
ECONOMIC & CULTURAL DEVELOPMENT	2,542,912	2,542,912	2,224,247	318,665	12.5%
OFFICE OF TRANSFORMATION & STRATEGY	2,074,287	2,074,287	1,350,302	723,985	34.9%
Office of the Chief Financial Officer/City Treasurer	534,422	534,422	557,171	(22,749)	-4.3%
Financial Services	4,671,401	4,671,401	4,573,552	97,849	2.1%
Financial Planning & Development Finance	3,746,787	3,746,787	3,695,369	51,418	1.4%
Office of the Chief Human Resources Officer	3,555,959	3,555,959	3,858,299	(302,340)	-8.5%
Office of the Chief Information Officer	13,213,940	13,213,940	12,560,178	653,762	4.9%
Procurement Services	2,600,513	2,600,513	2,348,106	252,407	9.7%
TOTAL DEPUTY CITY MANAGER CORPORATE SERVICES & CHIEF FINANCIAL OFFICER	28,323,022	28,323,022	27,592,675	730,347	2.6%
Deputy City Manager Administrative Services & City Solicitor	431,640	431,640	354,406	77,234	18%
Legal Services	3,774,893	3,774,893	3,801,474	(26,581)	-0.7%
Office of the City Clerk	11,795,039	11,795,039	11,417,426	377,613	3.2%
TOTAL ADMINISTRATIVE SERVICES & CITY SOLICITOR	16,001,572	16,001,572	15,573,306	428,266	2.7%
Office of Deputy City Manager Community Services	632,670	632,670	603,640	29,030	4.6%
Community Grants & Advisory Committees	45,590	45,590	39,540	6,050	13.3%
Access Vaughan	1,402,200	1,402,200	1,317,201	84,999	6.1%
Recreation Services	29,486,249	29,486,249	29,581,644	(95,395)	-0.3%
Community Development & Events	1,875,257	1,875,257	2,116,336	(241,079)	-12.9%
Fire and Rescue Service	51,472,420	51,472,420	52,747,391	(1,274,971)	-2.5%
Emergency Planning	228,003	228,003	200,482	27,521	12.1%
By-Law, Compliance, Licensing & Permits	8,034,926	8,034,926	7,752,571	282,355	3.5%
TOTAL DEPUTY CITY MANAGER COMMUNITY SERVICES	93,177,315	93,177,315	94,358,804	(1,181,489)	-1.3%
Deputy City Manager Infrastructure Development	589,276	589,276	576,702	12,574	2.1%
Infrastructure Delivery	3,607,779	3,607,779	3,393,148	214,631	5.9%
Infrastructure Planning and Corporate Asset Management	3,071,593	3,071,593	2,417,860	653,733	21.3%
Parks Delivery	2,375,625	2,375,625	2,525,941	(150,316)	-6.3%
Real Estate	581,512	581,512	570,304	11,208	1.9%
Facilities Management	14,246,370	14,246,370	14,573,537	(327,167)	-2.3%
TOTAL DEPUTY CITY MANAGER INFRASTRUCTURE DEVELOPMENT	24,472,155	24,472,155	24,057,492	414,663	1.7%
Office of Deputy City Manager Planning & Growth Management	877,768	877,768	788,955	88,813	10.1%
Development Planning	5,992,496	5,992,496	5,386,741	605,755	10.1%
Development Engineering	5,710,724	5,710,724	4,864,435	846,289	14.8%
Policy Planning & Environmental Sustainability	2,884,248	2,884,248	2,547,539	336,709	11.7%
Parks Planning	-	-	-	-	0.0%
Building Standards	10,674,680	10,674,680	9,134,090	1,540,590	14.4%
Vaughan Metropolitan Centre Program	466,648	466,648	739,771	(273,123)	-58.5%
TOTAL DEPUTY CITY MANAGER PLANNING & GROWTH MANAGEMENT	26,606,564	26,606,564	23,461,531	3,145,033	11.8%
Office of Deputy City Manager Public Works	601,525	601,525	777,857	(176,332)	-29.3%
Transportation & Fleet Management Services	3,284,963	3,284,963	3,603,054	(318,091)	-9.7%
Environmental Services	11,247,280	11,247,280	10,814,293	432,987	3.8%
Parks, Forestry & Horticulture Operations	40,680,313	40,680,313	41,288,647	(608,334)	-1.5%
TOTAL DEPUTY CITY MANAGER PUBLIC WORKS	55,814,081	55,814,081	56,483,852	(669,771)	-1.2%
VAUGHAN PUBLIC LIBRARIES	19,509,920	19,509,920	19,554,025	(44,105)	-0.2%
TOTAL DEPARTMENTAL EXPENDITURES	274,820,230	274,820,230	270,416,758	4,403,472	1.6%
RESERVE CONTRIBUTIONS & CORP. EXP.	13,283,622	13,283,622	22,438,973	(9,155,351)	-68.9%
LONG TERM DEBT	10,023,360	10,023,360	7,372,169	2,651,191	26.5%
CONTINGENCY	4,056,546	4,056,546	546,765	3,509,781	86.5%
CAPITAL FROM TAXATION	8,149,629	8,149,629	8,149,629	-	0%
TOTAL DEPARTMENTAL AND CORPORATE EXPENDITURES	310,333,387	310,333,387	308,924,295	1,409,092	0.5%

Portfolio: Community Services

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	26.61	27.39	0.79
Labour	84.48	85.71	(1.22)
Other Expenditures	8.70	8.69	0.01
Total Expenditures	93.18	94.40	(1.22)
Net	66.57	67.01	(0.44)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2019	15	2.69
2018	10	4.01
2017	7	0.56
2016	7	0.76
2015	2	0.03
2007-2014	4	0.17
Total	45	\$8.23

Community Services has an unfavourable variance at Q4 driven mainly by:

- Higher than budgeted labour expenditures due to the need to replace firefighters for long-term absences which is partially offset by positive impact to overtime costs (Fire and Rescue Service)
- Vehicle repair expenses largely as a result of aging Fire trucks that will be replaced in the future (Fire and Rescue Service)

These were partially offset by:

- Greater than expected revenue mainly attributed to volume increases in fines & penalties and license fees (By-Law & Compliance, Licensing & Permit Services)
- Greater than anticipated revenues from program registrations and sponsorship (Recreation Services)
- Lower than budgeted labour expenditures as a result of vacancies (By-Law & Compliance, Licensing & Permit Services)

Work continued in Q4 on numerous capital projects including facility and fitness centre equipment replacements at the City's Community Centres, fire equipment and truck replacements, as well as continued enhancements to Service Vaughan Citizen Services Standards.

There were 12 project closures across Community Services this year.

2019 Q4 Fiscal Health Report

Portfolio: Corporate Services

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	1.93	2.00	0.07
Labour	22.40	21.86	0.54
Other Expenditures	5.93	5.73	0.19
Total Expenditures	28.32	27.59	0.73
Net	26.39	25.59	0.80

Capital Results (\$M):

Year (\$M)	Open	
	#	Unspent
2019	6	1.84
2018	6	1.41
2017	1	0.06
2016	8	2.29
2014	1	0.42
2011	1	0.07
Total	23	6.10

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

- Lower than anticipated spending on Service Contracts, Professional Fees, and Computer Software due to projects pushed to 2020. (Office of the Chief Information Officer)
- Higher than budgeted taxation and property assessment revenues (Financial Services) and
- Lower than budgeted labour costs as a result of vacancies during the year.

These were partially offset by higher than budgeted expenditures in:

- Professional Fees for legal and human resources' related issues (Office of the Chief Human Resources Officer),
- Contract Labour for IT projects (Office of the Chief Information Officer),

Work continued in Q4 on several large ongoing capital projects such as

- Central Computing Infrastructure, Personal Computer (PC) Assets Renewal, Audio/Visual Infrastructure renewal (Office of the Chief Information Officer)
- Finance Modernization (DCM Corporate Services, City Treasurer & Chief Financial Officer),
- Service Excellence Leadership Program (Office of the Chief Human Resources Officer)
- Procurement Modernization (Procurement Services)
- Growth Related Financial Analysis and Long-Range Fiscal Planning (Financial Planning & Development Finance)

Portfolio: Planning and Growth Management

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	22.76	22.16	(0.60)
Labour	25.31	22.00	3.31
Other Expenditures	1.30	1.46	(0.16)
Total Expenditures	26.61	23.46	3.15
Net	(3.84)	(1.30)	2.54

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2019	43	42.59
2018	19	8.68
2017	10	2.42
2016	11	8.61
2015	16	20.68
2014	1	0.20
2004-2013	29	12.12
Total	129	\$95.31

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

- A positive labour variance attributed mainly to vacancies and timing in recruitment in Building Standards, Development Engineering, Development Planning and Policy Planning & Environmental Sustainability. The positions are being actively recruited. The positive labour variance contributed to the lower than expected labour cost recoveries from capital funds.

- Revenues were below budget mainly due to lower than budgeted labour cost recoveries from capital funds caused by vacancies in Policy Planning & Environmental Sustainability and Development Planning.

Work progressed on open capital projects with some of the more significant expenditures in the year related to Block 61 Valley corridor crossings, Stegmans Mill sidewalk & intersection improvements and Block 55 Valley road crossings.

There was a total of 12 projects closed during the year.

2019 Q4 Fiscal Health Report

Portfolio: Public Works

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	2.33	2.38	0.05
Labour	20.76	21.35	(0.60)
Other Expenditures	35.05	35.13	(0.07)
Total Expenditures	55.81	56.48	(0.67)
Net	53.48	54.10	(0.62)

Capital Results (\$M):

Year (\$M)	Open #	Unspent
2019	41	7.94
2018	47	44.45
2017	38	3.83
2016	11	1.15
2015	13	3.95
2014	18	0.32
2009-2013	7	0.79
Total	175	62.42

Public Works has an unfavourable variance at Q4 driven mainly by:

- Higher than budgeted winter maintenance costs due to higher than average occurrence of plowing events.
- Higher labour costs due to increased overtime for winter and spring operations
- Higher than budgeted repair and maintenance costs in Transportation & Fleet Management Services (TFMS)

This is partially offset by:

- Lower than budgeted Contractor & Contractor Materials in the Parks, Forestry & Horticulture Operations (PFHO) and TFMS departments due to contracts and invoices pushed out to 2020
- Savings in contract & contractor materials in Solid Waste collection as a result of savings due to slower than expected onboarding of townhome complexes.
- Lower than budgeted utility costs in PFHO as a result of less than expected rate increases for hydro
- Less than expected rate increases for Hydro in TFMS Traffic Services

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

- Curb and Sidewalk Repair and Replacement
- Repair and Rehabilitation of Pump Stations and Booster Station
- Maplewood Booster Pumping Station
- VMC Maintenance Equipment

A number of projects were completed and closed during the year in Transportation & Fleet Management Services, Environmental Services, and Parks, Forestry & Horticulture Operations. Some of the works completed during the year related to:

- Tree Replacement Program-EAB
- SCADA System Implementation
- Traffic Signs Reflectivity Inspection and Testing

Note: The unspent amount was due to delays in spending from project rescoping of the Smart Water Metering pilot program

2019 Q4 Fiscal Health Report

Portfolio: Infrastructure Development

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	4.79	3.63	(1.16)
Labour	15.53	15.31	0.22
Other Expenditures	8.94	8.75	0.19
Total Expenditures	24.47	24.06	0.41
Net	19.68	20.43	(0.75)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2019	66	28.24
2018	49	19.53
2017	59	60.15
2016	33	11.46
2015	34	52.39
2014	27	5.57
2003-2013	41	8.83
Total	311	\$186.17

Infrastructure Development has an unfavourable net variance at Q4 driven mainly by:

- Lower than budgeted labour cost recoveries from capital funds in Infrastructure Delivery and IPCAM due to several projects commencing later than anticipated in 2019 and staff vacancies.
- Higher than budgeted Contractor & Contractor Materials and Water expenses in Facilities Management due to increase in usage at various community centres.

These were partially offset by a favourable variance in labour mainly attributed to vacancies in approved positions. Those positions are expected to be filled in Q1 2020. In addition, Facilities Management ended FY 2019 with savings in Gas and Hydro expenses.

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

- Road Rehabilitation and Watermain Replacement
- Reposition Fire Station #7-4 Kleinburg Design & Construction
- Repair and Rehabilitation of Pump Stations and Booster Station

Several projects were completed and will be closed in Infrastructure Delivery, Facilities Management and Parks Delivery. Some of the works completed are related to:

- New North Thornhill Community Centre in Block 10
- Oak Bank Pond
- Vaughan Grove Sports Park
- Vaughan Hospital Precinct Development
- New Civic Centre Resource Library
- New Fire Station # 7-3 on Martin Grove Road

2019 Q4 Fiscal Health Report

Administrative Services & City Solicitor

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	2.29	1.13	(1.17)
Labour	8.61	7.99	0.62
Other Expenditures	7.39	7.59	(0.19)
Total Expenditures	16.00	15.57	0.43
Net	13.71	14.45	(0.74)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2019	2	0.18
2018	1	0.02
2017	1	0.03
Total	4	\$0.23

Administrative Services & City Solicitor has an unfavourable variance at Q4 driven mainly by:

- Lower than budgeted labour cost recoveries from capital funds due to vacancies and lower than anticipated work on capital projects (Legal Services)
- Lower than anticipated revenues from Committee of Adjustment fees (Office of the City Clerk)
- Higher than budgeted spending in Professional Fees for complex legal issues and Local Planning Appeal Tribunal hearings that required external counsel expertise (Legal Services)
- An increase in internal and external city claims (Office of the City Clerk)

These are partially offset by:

- Lower negotiated Insurance Premiums and Deductibles (Office of the City Clerk)
- Greater than expected marriage license and marriage ceremony revenue (Office of the City Clerk)
- Lower than budgeted labour expenditures as a result of vacancies across the Portfolio

Work continued in Q4 on the enhancement of the City's agenda management system (Office of City Clerk).

2019 Q4 Fiscal Health Report

Department: Corporate and Strategic Communications

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues			
Labour	2.06	2.29	(0.23)
Other Expenditures	0.13	0.14	(0.00)
Total Expenditures	2.19	2.43	(0.24)
Net	2.19	2.43	(0.24)

Corporate and Strategic Communications has an unfavourable variance at Q4 mainly driven by higher than budgeted labour costs due to position coverage for employee terminations and turn-over.

Work continued in Q4 2019 on various capital projects, including the Service Excellence Communications Plan.

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2018	1	0.00
2016	1	0.00
Total	2	\$0.00

2019 Q4 Fiscal Health Report

Office: Vaughan Public Libraries

Operating Results (\$M):

(\$M)	Budget	Actual	Variance
Revenues	0.43	0.44	0.01
Labour	14.88	14.95	(0.07)
Other Expenditures	4.63	4.61	0.02
Total Expenditures	19.51	19.55	(0.04)
Net	19.08	19.11	(0.03)

Capital Results (\$M):

Year (\$M)	Open #	Unspent \$
2019	4	0.55
2018	1	1.16
2016	2	0.07
2013-2015	2	0.17
Total	9	\$1.95

Vaughan Public Libraries (VPL) has a slightly unfavourable variance at Q4 driven by:

- Higher than budgeted part-time labour to provide coverage for temporary vacancies in full-time labour

This was partially offset by:

- higher revenues from service charges
- savings in full-time labour.

Note that for the purposes of the Fiscal Health Report, the Library Grant of \$0.19M (\$0.04M over budget) received in 2019 is reported as a separate line item outside of VPL. With the inclusion of this grant revenue, VPL would have a favourable variance of \$0.01M.

Work continued in Q4 on several ongoing city-wide capital projects related to resource purchases, furniture and equipment as well as technology upgrades. Capital projects for library services at the new Vaughan Hospital and the Vaughan Metropolitan Centre were also active and ongoing.