



Electronic Council Meeting

Agenda

Meeting No. 6
April 28, 2020, 1:00 PM
Live streamed

Note: Members of Council will be participating in the meeting remotely.

Due to COVID-19, our facilities are closed to the public.
Access is not permitted to the Markham Civic Centre and Council Chamber.

Members of the public will be permitted to submit written deputations by email
to clerkspublic@markham.ca

Members of the public who wish to make a virtual deputation please
email clerkspublic@markham.ca providing full name, contact information and item they
wish to speak to.

Council meetings are video and audio streamed on the City's website at:

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Electronic Council Meeting Agenda

Meeting No. 6

April 28, 2020, 1:00 PM

Live streamed

Alternate formats for this document are available upon request.
Council meetings are live video and audio streamed on the City's website.

Note: As per Section 7.1(h) of the Council Procedural By-Law, Council will take a ten minute recess after two hours have passed since the last break.

Pages

1. CALL TO ORDER

INDIGENOUS LAND ACKNOWLEDGEMENT

We begin today by acknowledging that we walk upon the traditional territories of Indigenous Peoples and we recognize their history, spirituality, culture, and stewardship of the land. We are grateful to all Indigenous groups for their commitment to protect the land and its resources and we are committed to reconciliation, partnership and enhanced understanding.

2. DISCLOSURE OF PECUNIARY INTEREST

3. APPROVAL OF PREVIOUS MINUTES

3.1 COUNCIL MINUTES - MARCH 10, 2020 AND SPECIAL COUNCIL MEETING OF MARCH 27, 2020

15

1. That the Minutes of the March 10, 2020 Council Meeting and March 27, 2020 Special Council meeting be adopted.

4. PRESENTATIONS

5. DEPUTATIONS

5.1 DEPUTATION - CITY OF MARKHAM COMMENTS ON BILL 108 PROPOSED REGULATORY MATTERS – COMMUNITY BENEFITS AUTHORITY, DEVELOPMENT CHARGES ACT AND BUILDING CODE ACT (7.0)

6. COMMUNICATIONS

6.1 8-2020 MEMORANDUM - HOLD REMOVAL BY-LAW ANGUS GLEN VILLAGE LTD. 4071, 4073 AND 4289 MAJOR MACKENZIE DRIVE EAST

42

File No. HOLD 20 112414 (Ward 6) (10.5)

1. That the memorandum entitled “Hold Removal By-law Angus Glen Village Ltd., 4071, 4073 and 4289 Major Mackenzie Drive East, File No. HOLD 20 112414, dated April 28, 2020 be received;
2. That the attached Zoning By-law to remove the holding provision from zoning of the Angus Glen Village (Brownstones) lands at 4071, 4073 and 4289 Major Mackenzie Drive East, be approved;
3. That servicing allocation for one hundred seventy three (173) dwelling units be assigned to the subject development;
4. That the City reserves the right to revoke or reallocate servicing allocation should the development not proceed in a timely manner; and further;
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

(By-law 2020-34)

7. PROCLAMATIONS

7.1 PROCLAMATION AND FLAG RAISING REQUESTS (3.4)

No Attachment

1. That the following proclamations, issued by the City Clerk in accordance with the City of Markham Proclamation Policy, be received for information purposes:
 - a. Pakistan National Day - March 23, 2020
 - b. National Wildlife Week - April 6 - 10, 2020
 - c. Human Values Day - April 24, 2020
 - d. Be Kind to Animals Week - May 3 - 9, 2020
 - e. RETT Syndrome Awareness Month - October, 2020
 - f. Animal Health Week - October 4 -10, 2020
2. That the following new request for proclamation be approved and added to the Five-Year Proclamations List approved by Council:
 - a. Be Kind To One Another Days: Celebrating Super Heroes 2020 - May 18-24, 2020

8. REPORT OF STANDING COMMITTEE

8.1 REPORT NO. 10 - DEVELOPMENT SERVICES COMMITTEE (MARCH 9, 2020)

Please refer to your March 9, 2020 Development Services Committee Agenda for reports.

Mayor and Members of Council:

That the report of the Development Services Committee be received & adopted.
(Items 1 to 2):

- | | | |
|-------|---|----|
| 8.1.1 | GROUND SIGN VARIANCE – MARKHAM SUBARU 9401 MARKHAM ROAD APPLICATION NO. 19.112248.000.00. SP (10.13, 2.16) | 51 |
| | <ol style="list-style-type: none"> 1. That the ground sign variance application by Markham Subaru at 9401 Markham Road, Application No. 19.112248.000.00.SP, BE DENIED; and, 2. That Staff be authorized and directed to do all things necessary to give effect to this resolution. | |
| 8.1.2 | RECOVERY OF PAYMENT FOR CONSTRUCTION OF STORM AND SANITARY SEWER SYSTEM ON HOUGHTON BOULEVARD (WARD 4) (5.5) | 59 |
| | <ol style="list-style-type: none"> 1. That the report entitled “Recovery of Payment for Construction of Storm and Sanitary Sewer System on Houghton Boulevard (Ward 4)” be received; and, 2. That the Finance Department recover the total project cost of \$387,250.00 for the installation of storm and sanitary sewers and service connections to the property line (including construction costs, engineering and contract administration fees) for the subject properties equally and that the following items be approved; and, <ol style="list-style-type: none"> a. Council enacts a Local Sewer Fee By-Law pursuant to Section 391 of the <i>Municipal Act 2001</i> for the recovery of costs associated with the storm and sanitary sewer installation substantially in the form attached as per Attachment ‘A’ – Local Sewer Fee By-law; b. Costs per lot be paid either as a one-time payment or annual payment up to a maximum of 10 years accruing interests at the same rate as the York Region 10 Year Debenture Rate, 3.00% starting in 2020 and ending in 2029; c. There will be no interest payable if the costs per lot are | |

paid in full with a one-time payment by **May 21, 2020**;

- d. The collected funds for the storm and sanitary local sewers be reimbursed to the Life Cycle Replacement and Capital Reserve Fund; and further,

3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

(By-law 2020-29)

8.2 REPORT NO. 11 - GENERAL COMMITTEE (APRIL 20, 2020)

Please refer to your April 20, 2020 General Committee Agenda for reports.

Mayor and Members of Council:

That the report of the General Committee be received & adopted. (Items 1 to 12):

8.2.1 2019 CONSOLIDATED FINANCIAL STATEMENTS (7.0)

65

1. That the presentation titled “2019 Consolidated Financial Statements” be received; and,
2. That the report titled “2019 Consolidated Financial Statements” be received; and,
3. That Council approve the draft Consolidated Financial Statements of The Corporation of the City of Markham (the City), including Community Boards, Business Improvement Areas (BIAs), and Investment in Markham Enterprises Corporation (MEC), for the fiscal year ended December 31, 2019; and,
4. That Council authorize Staff to publish the final audited Statements for the fiscal year ended December 31, 2019 upon receiving the Independent Auditors’ Report; and,
5. That the KPMG LLP Audit Findings Report for the year ended December 31, 2019 be received; and,
6. That this matter be forwarded to Council for adoption on April 28, 2020; and further,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.2 2019 YEAR-END RESULTS OF OPERATIONS (7.0)

139

1. That the report titled “2019 Year-End Review of Operations” be received; and,
2. That the City’s 2019 net favourable variance of \$3.04M be transferred to the Corporate Rate Stabilization Reserve; and

further,

3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.3 DEVELOPMENT CHARGES DECEMBER 31, 2019 RESERVE BALANCES AND ANNUAL ACTIVITY OF THE ACCOUNTS (7.11) 169

1. That the report titled “Development Charges December 31, 2019 Reserve Balances and Annual Activity of the Accounts” be received by Council as required under Section 43(1) of the *Development Charges Act, 1997, as amended*; and,
2. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.4 DEVELOPMENT CHARGE INTEREST POLICY (7.11) 181

1. That the report entitled “Development Charge Interest Policy” be received; and,
2. That the “Development Charge Interest Policy”, attached as Appendix A, be adopted by Council; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.5 060-T-20 THORNHILL COMMUNITY CENTRE PARKING LOT LIGHT POLES REPLACEMENT (7.12) 193

1. That the report entitled “Tender 060-T-20 Thornhill Community Centre Parking Lot Light Poles Replacement” be received; and,
2. That the contract for "Tender 060-T-20 Thornhill Community Centre Parking Lot Light Poles Replacement" be awarded to the lowest priced bidder, CM Lighting Maintenance Ltd., in the amount of \$151,113.60, inclusive of HST; and,
3. That the estimated cost of \$18,000 (including HST) for temporary light towers starting from January 2020 until completion of project in October 1, 2020 along with the above tender award for a total cost of \$169,113.60 be funded from the Life Cycle Replacement & Capital Reserve; and further,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution

8.2.6 AWARD OF CONSTRUCTION TENDER 014-T-20 BAYVIEW GLEN NORTH AND LAURELEAF ROAD CAST IRON 196

WATERMAIN REPLACEMENT (7.12)

1. That the report entitled “Award of Construction Tender 014-T-20 Bayview Glen North and Laureleaf Road Cast Iron Watermain Replacement” be received; and,
2. That the contract for Tender 014-T-20 Bayview Glen North and Laureleaf Road Cast Iron Watermain Replacement be awarded to the lowest priced Bidder, Sam Rabito Construction Ltd. in the amount of \$5,656,644.04, inclusive of HST; and,
3. That a 3% contingency in the amount of \$169,699.32 inclusive of HST, be established to cover any additional construction costs and that authorization to approve expenditures of this contingency amount up to the specified limit be in accordance with the Expenditure Control Policy; and,
4. That the construction award in the amount of \$5,826,343.36 (\$5,656,644.04 + \$169,699.32) be funded from the capital project 053-6150-20257 “CI Watermain Replacement – Construction & CA” with budget available of \$5,447,381.00; and,
5. That the shortfall of \$378,962.36 be funded through Waterworks Stabilization/Capital Reserve; and further,
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.7 AWARD OF CONTRACT 023-R-20 PLUMBING SERVICES FOR VARIOUS CITY OF MARKHAM LOCATIONS ON AN AS REQUIRED BASIS (7.12)

201

1. That the report “Award of Contract #023-R-20 Plumbing Services for various City of Markham locations on an as required basis” be received; and,
2. That the contract be awarded to the highest ranked / lowest priced bidder, Saunders Plumbing and Heating Inc. in the estimated annual amount of \$120,000.00 inclusive of HST; and,
3. That Staff be authorized to extend the contract for three (3) additional years (2021-2023) in the estimated annual amount of \$120,000 inclusive of HST, subject to supplier performance; and,
4. That the contract be funded from various City Departments’ operating budgets on an as-required basis; and,
5. That the award amounts in 2021 to 2023 be subject to Council approval of the respective annual operating budgets and that the award amounts be amended to reflect changes to

the various departments' budget accounts as approved by Council during the annual budget process; and further,

6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.8 ANNUAL WATER QUALITY REPORT (JANUARY-DECEMBER 2019) (5.3)

204

1. That as the COVID-19 declared emergency suspended General Committee gatherings, Council acknowledge that the report titled "Annual Water Quality Report (January-December 2019)" was delivered to Council through a Monday March 30, 2020 email from Brenda Librecz Commissioner, Community and Fire Services to meet provincial regulation 170/03 (under the Safe Drinking Water Act, 2002); and,
2. That as Council resumes the report titled "Annual Water Quality Report (January-December 2019)" as required by Schedule 22 of Ontario Regulation 170/03, under the *Safe Drinking Water Act, 2002*, enclosed herein be officially received; and,
3. That the Annual 2019 Regulatory Water Quality Report (Attachment "A"), containing information for the Ministry of the Environment, Conservation and Parks (MECP) on water supply and quality as required by Section 11 of Ontario Regulation 170/03, under the *Safe Drinking Water Act, 2002*, be received; and,
4. That Council acknowledge that staff posted the Annual 2019 Detailed Regulatory Water Quality Report on the City's website and that it has been made available electronically and in hard copy version by February 28, 2020 as per regulations; and further,
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.9 YORK REGION DISTRICT SCHOOL BOARD – FLATO MARKHAM THEATRE SHARED FACILITY AGREEMENT (6.2)

219

1. That the report entitled, "York Region District School Board – Flato Markham Theatre Shared Facility Agreement" be received; and,
2. That the Mayor and Clerk be authorized to execute an agreement, including any amendments to the agreement,

between the City and York Region District School Board (“YRDSB”) for the shared use, operation, maintenance and repair of portions of the Unionville High School site, the Flato Markham Theatre and the Markham Civic Centre site, provided the form of such agreement is satisfactory to the Commissioner of Corporate Services and the City Solicitor; and,

3. That Staff be authorized to increase the Operating Budget by \$44,000 to reimburse YRDSB for utility costs based on metered heating and cooling usage at the Theatre; and further,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.10 CITY OF MARKHAM COMMENTS ON BILL 108 PROPOSED REGULATORY MATTERS – COMMUNITY BENEFITS AUTHORITY, DEVELOPMENT CHARGES ACT AND BUILDING CODE ACT (7.0)

227

1. That the report entitled, “*City of Markham Comments on Bill 108 Proposed Regulatory Matters – Community Benefits Authority, Development Charges Act and Building Code Act*”, dated April 20, 2020, be received; and,
2. That this report, including the recommendations from the City of Markham on Bill 108 Proposed Regulatory Matters, be forwarded to the Minister of Municipal Affairs and Housing and to the Regional Municipality of York; and,
3. That the City of Markham supports the following:
 - a. The proposal for the regulation under the *Development Charges Act, 1997*;
 - b. The community benefits proposed to be included within the community benefits charge regulation;
 - c. The proposal for a public notice to be provided prior to the enactment of a community benefits by-law;
 - d. The proposed application of an interest rate on refunds in the event of a successful appeal to a community benefits by-law; and,
 - e. The proposal to add the community benefits charge authority to the applicable law list under the Building Code;
4. **That staff provide a communication strategy to educate and engage the public on Bill 108 to the Council Meeting on April 28, 2020; and,**
5. That the City of Markham request that the Province:

- a. Provide municipalities with wide latitude to determine what community facilities can be supported through community benefits charges;
 - b. Amend the Community Benefits Charge legislation to allow a municipality to require the conveyance of parkland in lieu of payment of a community benefits charge;
 - c. Implement an escalating Community Benefits Charge collection limit tied to density to allow municipalities to be able to provide a minimum of 0.8 hectares of parkland per 1,000 residents, and that the maximum limit of the Community Benefits Charge eligible to be collected be set at 50% of the value of the fully developed land;
 - d. Given the ongoing emergency situation and scale of work required to implement a Community Benefits Charge regime, increase the timeline for implementation of a Community Benefits Charge by-law be the later of, (1) two years from the date the community benefits regulation comes into effect or, (2) the expiration of the current Development Charge by-laws;
 - e. Allow municipalities to fully recover the capital cost of Development Charges without the requirement of preparing a background study until the development charge by-law is next updated; and,
 - f. Allow municipalities to utilize the community benefits charge by-law and the parkland dedication provisions of the *Planning Act* for specific types of developments, i.e. allow the municipality to specify the types of development that would be subject to a CBC vs. parkland dedication provisions; and further,
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2.11 COVID-19 - FINANCIAL IMPACT UPDATE (7.0)

274

1. That the presentation entitled COVID-19 – Financial Impact Update be received; and,
2. That the by-law amendments on the April 20th General Committee agenda be considered at the April 28th Council meeting; and,
3. That the City Treasurer report back to General Committee in May providing a financial forecast based on various scenarios; and further,
4. That Staff be authorized and directed to do all things

necessary to give effect to this resolution.
(By-laws 2020-30 - 2020-33)

8.2.12 DESTINATION MARKHAM CORPORATION UPDATE /
ANNUAL GENERAL MEETING (AGM) MATTERS (7.0)

285

Note: At the April 20, 2020 General Committee meeting, Committee removed clauses 4 and 5 believing them to be redundant. However, staff has confirmed with Legal these clauses should be included in the complete resolution to be adopted by Council. The City Solicitor will speak to this matter as required.

1. That the report “Destination Markham Corporation Update / Annual General Meeting Matters” be received; and,
2. That the Mayor and City Clerk be authorized to execute an Agreement between the City of Markham and Destination Markham Corporation, substantially in the form attached to the report as “Attachment 1”, subject to the form and content of the agreement being satisfactory to the Chief Administrative Officer and the City Solicitor; and,
3. That Destination Markham Corporation By-Law No. 1, substantially in the form attached to the report as “Attachment 2”, be approved; and,
4. That the following eight (8) individuals be appointed to the Board of Directors of Destination Markham Corporation, to serve as independent Directors for a term of four (4) years: Ms. Aarti Patel, Mr. Chuck Thibeault, Mr. David Miller, Mr. Herman Grad, Mr. Hiren Prabhakar, Ms. Kate Seaver, Mr. Shafik Jiwani, and Ms. Susan Mandryk; and,
5. That the following four (4) members of Council be appointed to the Board of Directors of Destination Markham Corporation, to serve as non-independent Directors for the term of Council: Mayor Frank Scarpitti, Councillor Andrew Keyes, Councillor Amanda Collucci, and Councillor Khalid Usman; and,
6. That KPMG be approved as the auditor for Destination Markham Corporation; and,
7. That the Mayor and City Clerk be authorized to execute operational agreements of mutual interest, as required, between the City of Markham and Destination Markham Corporation, subject to the form and content of such agreements being satisfactory to the Chief Administrative Officer and the City Solicitor; and further,
8. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.3 REPORT NO. 12 - DEVELOPMENT SERVICES COMMITTEE MEETING (APRIL 21, 2020)

Please refer to your April 21, 2020 Development Services Committee Meeting Agenda for reports.

Mayor and Members of Council:

That the report of the Development Services Committee Meeting be received & adopted. (Items 1 to 2):

8.3.1 RECOMMENDATION REPORT DEMOLITION OF NON-HERITAGE PORTIONS OF A PROPERTY DESIGNATED UNDER PART IV OF THE ONTARIO HERITAGE ACT 10225 KENNEDY ROAD ROBINSON GLEN SECONDARY PLAN AREA, WARD 6 (16.11 & 10.13)

311

1. That the report titled "Recommendation Report, Demolition of Non-Heritage Portions of a Property Designated Under Part IV of the Ontario Heritage Act, 10225 Kennedy Road, Robinson Glen Secondary Plan Area, Ward 6, File No. 19 102709 DP", dated April 21, 2020, be received; and,
2. That Council endorse the demolition of the non-heritage portions of the dwelling known as the Homer Wilson Farmhouse; and,
3. That the non-heritage portions of the building be carefully removed with manual demolition of selected areas adjoining the heritage building, to ensure no accidental damage by machine operation occurs; and,
4. That a plan or description of how any openings (windows and doors) in the heritage building are to be secured once the non-heritage portions of the building have been removed be provided by the applicant, prior to the issuance of the demolition permit, to the satisfaction of the Manager of Heritage Planning; and,
5. That any issues with openings, roofing, rain gutters/downspouts, soffits and fascia be addressed to ensure that the heritage building remains in stable condition until its future restoration occurs; and further,
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.3.2 CELEBRATE MARKHAM ACTION PLAN (10.16)

317

1. That the presentation entitled "Celebrate Markham Action Plan", be received; and,
2. **That staff be authorized to approve urgent funding**

allocations under the Celebrate Markham Grant Program for events scheduled between April 1 and mid-July 2020 not exceeding the event amounts approved for the 2019-2020 funding cycle; and further,

3. That staff be directed to report back with an interim status report on the 2020-2021 Celebrate Markham Action Plan by the end of May 2020.

9. MOTIONS

10. NOTICE OF MOTION TO RECONSIDER

11. NEW/OTHER BUSINESS

*As per Section 2 of the Council Procedural By-Law, "New/Other Business would generally apply to an item that is to be added to the **Agenda** due to an urgent statutory time requirement, or an emergency, or time sensitivity".*

11.1 WHISTLE CESSATION (PACKAGES 1, 2 AND 3) – PROJECT AND FINANCIAL UPDATE (WARDS 3, 4, 5 & 8) (5.12)

323

1. That the Staff report entitled “Whistle Cessation (Packages 1, 2 and 3) – Project and Financial Update (Wards 3, 4, 5 & 8)”, be received; and
2. That Purchase Order PD 18118 issued to Grascan Construction Ltd., for the construction of Whistle Cessation Package 2 be increased by \$877,259.88, inclusive of HST, to cover the project overrun and delay claims for the project; and
3. That Purchase Order PD 18210 issued to Grascan Construction Ltd., for the construction of Whistle Cessation Package 3 be increased by \$102,194.95, inclusive of HST, to cover the delay claim for the project; and
4. That the additional Engineering Department Capital Administration Fee in the amount of \$102,432.34, inclusive of HST, be approved to cover the additional effort from Staff to administer the project; and
5. That the additional project costs in the amount of \$1,081,887.17 (\$877,259.88 + \$102,194.95 + \$102,432.34) be funded from the following sources;
 - a. Project 16053 Anti-Whistling - Stouffville GO Line (\$412.60)
 - b. Project 17038 Anti-Whistling 2017 (73,658.00)
 - c. Regional Municipality of York (\$170,094.42)
 - d. Ramp Up Reserve (\$837,722.15); and
6. That the 2017 Engineering Department Capital Account 17038 (Anti-Whistling 2017) be increased by \$1,007,816.57, inclusive of HST,

from \$5,433,414.50 to \$6,441,231.07, as identified in recommendations 5c and 5d; and

7. That Staff continue to review the final cost sharing summary of the project with Regional Municipality of York, and if required, the CAO be authorized to approve the final project cost; and
8. That the Regional Municipality of York be requested to pay its share of the project overrun and delay claim in the amount of \$170,094.42; and further,
9. That Staff be authorized and directed to do all things necessary to give effect to this resolution;

12. ANNOUNCEMENTS

13. BY-LAWS - THREE READINGS

That By-law 2020-28 to 2020-34 be given three readings and enacted.

Three Readings

- | | | |
|------|---|-----|
| 13.1 | BY-LAW 2020-28 ROAD DEDICATION BY-LAW | 345 |
| | A by-law to dedicate certain lands as part of the highways of the City of Markham (Part Lot 19, Concession 8, designated as Part 18, Plan 65R-30379 - Carl Tipe Court). | |
| 13.2 | BY-LAW 2020-29 HOUGHTON BOULEVARD STORM AND SANITARY SEWER SYSTEM FEE BY-LAW | 347 |
| | Being a By-law to levy the actual cost of construction, technical support and administration fees of the storm and sanitary sewers on Houghton Boulevard. | |
| | (Report 10, Item 8.1.2) | |
| 13.3 | BY-LAW 2020-30 A BY-LAW TO AMEND BY-LAW 2002-276 BEING A BY-LAW TO IMPOSE FEES OR CHARGES FOR SERVICES OR ACTIVITIES PROVIDED OR DONE BY THE CITY OF MARKHAM (WATER RATE) | 350 |
| | (Report 11, Item 8.2.11) | |
| 13.4 | BY-LAW 2020-31 A BY-LAW TO AMEND BY-LAW 2018-116, BEING A BY-LAW TO IMPOSE A TAX IN RESPECT OF THE PURCHASE OF TRANSIENT ACCOMMODATION WITHIN THE BOUNDARIES OF THE CITY OF MARKHAM | 351 |
| | (Report 11, Item 8.2.11) | |

- 13.5 BY-LAW 2020-32 A BY-LAW TO AMEND BY-LAW 2019-100, BEING A BY-LAW TO IMPOSE AN ANNUAL STORMWATER FEE ON ALL PROPERTY WITHIN THE CITY OF MARKHAM, SAVE AND EXCEPT THOSE NOTED AS EXEMPT IN BY-LAW 2019-100 352

(Report 11, Item 8.2.11)

- 13.6 BY-LAW 2020-33 A BY-LAW TO AMEND BY-LAW 2002-276 BEING A BY-LAW TO IMPOSE FEES OR CHARGES FOR SERVICES OR ACTIVITIES PROVIDED OR DONE BY THE CITY OF MARKHAM 353

(Report 11, Item 8.2.11)

- 13.7 BY-LAW 2020- 34 ANGUS GLEN VILLAGE LTD., 4071, 4073 AND 4289 MAJOR MACKENZIE DRIVE EAST, HOLD REMOVAL BY-LAW 354

A By-law to amend By-law 177-96, as amended.

(Communications, Item 6.1)

14. **CONFIDENTIAL ITEMS**

15. **CONFIRMATORY BY-LAW - THREE READINGS**

That By-law 2020-35 be given three readings and enacted.

Three Readings

BY-LAW 2020-35 A BY-LAW TO CONFIRM THE PROCEEDINGS OF THE COUNCIL MEETING OF APRIL 28, 2020.

No attachment

16. **ADJOURNMENT**



Council Minutes

Meeting No. 4
March 10, 2020, 1:00 PM
Council Chamber

Roll Call	Mayor Frank Scarpitti	Councillor Alan Ho
	Deputy Mayor Don Hamilton	Councillor Reid McAlpine
	Regional Councillor Jack Heath	Councillor Karen Rea
	Regional Councillor Joe Li (arrived 1:14 pm)	Councillor Amanda Collucci
	Regional Councillor Jim Jones	Councillor Isa Lee
	Councillor Keith Irish	
Regrets	Councillor Andrew Keyes	Councillor Khalid Usman
Staff	Andy Taylor, Chief Administrative Officer	Joel Lustig, Treasurer
	Trinela Cane, Commissioner, Corporate Services	Bryan Frois, Chief of Staff
	Arvin Prasad, Commissioner, Development Services	Martha Pettit, Deputy City Clerk
	Claudia Storto, City Solicitor and Director of Human Resources	Alida Tari
	Brian Lee, Director, Engineering	John Wong, Technology Support Specialist II
	Biju Karumanchery, Director, Planning & Urban Design	Morgan Jones, Director, Operations

Alternate formats for this document are available upon request

1. CALL TO ORDER

The meeting of Council convened at 1:04 PM on March 10, 2020 in the Council Chamber. Mayor Frank Scarpitti presided.

INDIGENOUS LAND ACKNOWLEDGEMENT

We begin today by acknowledging that we walk upon the traditional territories of Indigenous Peoples and we recognize their history, spirituality, culture, and stewardship of the land. We are grateful to all Indigenous groups for their commitment to protect the land and its resources and we are committed to reconciliation, partnership and enhanced understanding.

Regional Councillor Joe Lee arrived at 1:14 pm.

2. DISCLOSURE OF PECUNIARY INTEREST

None disclosed.

3. APPROVAL OF PREVIOUS MINUTES

3.1 COUNCIL MINUTES - FEBRUARY 25, 2020

Moved by Deputy Mayor Don Hamilton

Seconded by Regional Councillor Jim Jones

1. That the Minutes of the Council Meeting held on February 25, 2020 be adopted.

Carried

4. PRESENTATIONS

No presentations.

5. DEPUTATIONS

None.

6. COMMUNICATIONS

6.1 COMMUNICATIONS - LETTER FROM WUHAN MAYOR

Moved by Councillor Alan Ho

Seconded by Councillor Amanda Collucci

1. That the letter dated February 27, 2020 from Zhou Xianwang, Mayor of Wuhan expressing gratitude for the concern and support related to COVID-19, be received.

Carried

7. PROCLAMATIONS

7.1 PROCLAMATION AND FLAG RAISING REQUESTS (3.4)

Moved by Councillor Isa Lee

Seconded by Councillor Karen Rea

1. That the following proclamations, issued by the City Clerk in accordance with the City of Markham Proclamation Policy, be received for information purposes:
 - a. Day of Mourning for Workers Killed or Injured on the Job - April 28, 2020
 - b. Multiple Sclerosis Awareness Day - May 27, 2020
2. That the following new requests for proclamation be approved and added to the Five-Year Proclamations List approved by Council:
 - a. Flight of the Monarchs Day - August 22, 2020
 - b. Cherish Integrated Services Day - September 21, 2020
 - c. *World Turtle Day - May 23, 2020*
 - d. *National Feral Cat Day - October 16, 2020*
3. That the following requests for flag to be raised at the Anthony Roman Markham Civic Centre flagpole, approved by the City Clerk in accordance with the City of Markham Community Flag Raisings & Flag Protocol Policy, be received for information purposes:
 - a. Day of Mourning for Workers Killed or Injured on the Job - April 28, 2020 (Organized by the City of Markham)
 - b. Multiple Sclerosis Awareness Day - May 27, 2020 (Organized by the York Region Multiple Sclerosis Chapter)

Carried

8. REPORT OF STANDING COMMITTEE

8.1 REPORT NO. 8 - DEVELOPMENT SERVICES COMMITTEE (FEBRUARY 24, 2020)

That the report of the Development Services Committee be received & adopted, save and except for Item Nos. 8.1.1 and 8.13:

8.1.1 PROVINCIAL CONSULTATION ON TRANSFORMING AND MODERNIZING THE DELIVERY OF ONTARIO'S BUILDING CODE SERVICES (10.13)

Moved by Regional Councillor Jim Jones

Seconded by Councillor Keith Irish

1. That the Council of the City of Markham advise the Minister of Municipal Affairs and Housing that the City of Markham;
 - a. Supports further study and consultation on how Ontario Building Code services are delivered in Ontario; and,
 - b. Supports revising the administration of the provincial qualification and registration program for all building practitioners; and,
 - c. Supports Ontario Building Code amendments that facilitate the use of Prime Consultants in Ontario; and,
 - d. Does not support the implementation of a Certified Professional program in Ontario; and,
 - e. **Recommends to the province that all future residential developments be equipped with a sprinkler system; and,**
2. That the City of Markham's Chief Building Official report back with an update before the end of 2020; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried as Amended

See following to Amend

Moved by Councillor Karen Rea
 Seconded by Councillor Keith Irish

1. That the City of Markham recommend to the province that all future residential developments be equipped with a sprinkler system; and,

Carried

Council had before it the following original recommendation:

1. That the Council of the City of Markham advise the Minister of Municipal Affairs and Housing that the City of Markham;
 - a. Supports further study and consultation on how Ontario Building Code services are delivered in Ontario; and,
 - b. Supports revising the administration of the provincial qualification and registration program for all building practitioners; and,
 - c. Supports Ontario Building Code amendments that facilitate the use of Prime Consultants in Ontario; and,
 - d. Does not support the implementation of a Certified Professional program in Ontario; and,
2. That the City of Markham's Chief Building Official report back with an update before the end of 2020; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.1.2 FRIENDS OF THE MARKHAM MUSEUM BOARD MINUTES (OCTOBER 9, NOVEMBER 13, 2019, JANUARY 8, 2020 AND EXTRACT DATED OCTOBER 9, 2019 (16.0))

Moved by Regional Councillor Jim Jones
 Seconded by Councillor Keith Irish

1. That the minutes of the Friends of the Markham Museum Board meeting held October 9, November 13, 2019 and January 8, 2020, be received for information purposes; and,
2. That Council endorse the recommendations from the October 9, 2019 Friends of the Markham Museum Board Extract:

"THAT the Collections Management Committee recommends the attached list of artifacts (Attachment B) for deaccession from the Implement Tent be approved for acceptance and submitted to the City of Markham for final approval."

Carried

8.1.3 MAKING OUR MARK. MARKHAM PUBLIC ART MASTER PLAN 2020-2024 (10.16)

Moved by Regional Councillor Jim Jones

Seconded by Councillor Keith Irish

1. That the report entitled Markham's Public Art Implementation Plan 2020-2024 be received; and,
2. That the Public Art Implementation Plan 2020-2024 be approved; and,
3. That the recommended governance model be approved; and,
4. That the interdepartmental working group established for a major public art project or historic/commemorative installation include the local Ward councillor of the area in which the project or installation is planned; and,
5. **That the local Ward councillor be notified when a donation of public art is being made, and further,**
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried as Amended

See following to Amend

Council consented to add the following clause:

"That the local Ward councillor be notified when a donation of public art is being made, and further,"

Council had before it the following original recommendation:

1. That the report entitled Markham's Public Art Implementation Plan 2020-2024 be received; and,
2. That the Public Art Implementation Plan 2020-2024 be approved; and,
3. That the recommended governance model be approved; and,
4. **That the interdepartmental working group established for a major public art project or historic/commemorative installation include the local ward councillor of the area in which the project or installation is planned; and further,**
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

8.2 REPORT NO. 9 GENERAL COMMITTEE (MARCH 2, 2020)

Moved by Regional Councillor Jack Heath

Seconded by Regional Councillor Joe Li

That the report of the General Committee be received & adopted. (Items 1 and 2):

Carried

8.2.1 AWARD OF CONSTRUCTION TENDER 217-T-19 WEST THORNHILL – PHASE 3A STORM SEWER AND WATERMAIN REPLACEMENT (7.12)

Moved by Regional Councillor Jack Heath

Seconded by Regional Councillor Joe Li

1. That the report entitled "Award of Construction Tender 217-T-19 West Thornhill – Phase 3A Storm Sewer and Watermain Replacement" be received; and,
2. That the contract for Tender 217-T-19 West Thornhill – Phase 3A Storm Sewer and Watermain Replacement be awarded to the lowest priced Bidder, Memme Excavation Company Limited in the amount of \$14,249,313.97, inclusive of HST; and,
3. That a 10% contingency in the amount of \$1,424,931.40 inclusive of HST, be established to cover any additional construction costs and that

authorization to approve expending of this contingency amount up to the specified limit be in accordance with the Expenditure Control Policy; and,

4. That the construction award in the amount of \$15,674,245.37 (\$14,249,313.97 + \$1,424,931.40) be funded from the following capital projects:
 - a. 058-6150-20252-005 “West Thornhill Flood Control Implementation - Phase 3A Construction”; and,
 - b. 053-5350-20258-005 “Cast Iron Watermain Replacement – West Thornhill Phase 3A” as outlined under the financial considerations section in this report; and,
5. That the remaining funds in project #20252 “West Thornhill Flood Control Implementation - Phase 3A Construction” in the amount \$298,433.98 will not be required from the Stormwater Fee Reserve and the budget remaining in project #20258 “Cast Iron Watermain Replacement – West Thornhill Phase 3A” in the amount of \$3,623.66 will be returned to the original funding source; and,
6. That a 5-year moratorium be placed on any major servicing and utility installation along restored areas including Morgan Avenue (Yonge St. to Henderson Ave.), Henderson Avenue (Glen Cameron Rd. to 60m north of Clark Ave.) and Clark Avenue (from Henderson Ave. to Johnson St.) and Vanwood Road; and further,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried

8.2.2 2019 SUMMARY OF REMUNERATION AND EXPENSES FOR COUNCILLORS AND APPOINTEES TO BOARDS (7.0)

Moved by Regional Councillor Jack Heath

Seconded by Regional Councillor Joe Li

1. That the report titled “2019 Summary of Remuneration and Expenses for Councillors and Appointees to Boards” be received; and,

2. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried

8.3 REPORT NO. 10 - DEVELOPMENT SERVICES COMMITTEE (MARCH 9, 2020)

8.3.1 WHITCHURCH-STOUFFVILLE HIGHWAY 48 CORRIDOR UPDATE (10.0)

Arvin Prasad, Commissioner, Development Services provided clarification on the purpose and objective of the Minister's Zoning Order. Discussion on this matter ensued.

Moved by Regional Councillor Jim Jones

Seconded by Councillor Keith Irish

Whereas the Province of Ontario has made it a priority to address the housing crisis with various measures including streamlining of development approvals; and,

Whereas the Province has approved the 2019 Growth Plan which allows for 40 ha urban boundary expansions outside the Municipal Comprehensive Review process subject to Regional approval; and,

Whereas the Town of Whitchurch-Stouffville has initiated a visioning exercise anticipating development for its lands within the Highway 48 corridor including lands within Markham at the City/Town boundary; and,

Whereas Flato Developments Inc. has submitted a request for a Minister's Zoning Order ("MZO") pursuant to section 47 of the Planning Act for 11.89 ha of its lands at the Town of Whitchurch-Stouffville and City of Markham boundary at Highway 48; and,

Whereas the Ministry of Municipal Affairs and Housing has requested input from the City on the MZO request by Flato Developments Inc. to facilitate a proposed residential development located on part of Lots 31 and 32, Concession 7, located along the Highway 48 corridor, split between the Town of Whitchurch-Stouffville (**8.39 ha**) and City of Markham (**3.5 ha**); and,

Whereas the Town of Whitchurch-Stouffville is supportive of the MZO request; and,

Whereas the Flato Developments Inc. lands subject to the requested MZO within the City of Markham consists of a 3.5 ha parcel proposal **of a minimum of 120 to a maximum of 500** purpose built rental seniors units and 34 market ownership townhouse units with accessible ground floor secondary suites; and,

Whereas the Flato Developments Inc. proposal would bring benefits to the City of Markham including rental and seniors housing.

Now therefore be it resolved:

1. That Council supports the request by Flato Developments Inc. for a MZO on the basis that the Order require **a range of a minimum of 120 to a maximum of 500** purpose built rental seniors units and 34 market ownership townhouse units with accessible ground floor secondary suites; and,
2. That should the MZO be approved, the developer be required to obtain draft plan of subdivision and site plan approval and submit payment of all development application fees, including Official Plan Amendment and Zoning By-law Amendment fees; and,
3. That the Minister be requested to provide that the MZO be deemed for all purposes to be and to always have been a by-law passed by Markham Council pursuant to subsection 47(4) of the Planning Act, and,
4. **That the applicant be requested to work with the City of Markham to incorporate various housing types included but not limited to bungalow, duplexes, bungalow townhouses, etc, and further examine opportunities available through the Federal and Provincial programs that assist with geared to income housing, and,**
5. That the Minister be requested to direct in the Order that all elements related to the residential development required by the municipality, including but not limited to parkland, amenity space, section 37 (public art) contribution, and servicing to Dickson Hill, be referred to Markham Council for approval as part of the development process; and further,

6. That this Resolution be forwarded to the Minister of Municipal Affairs and Housing, the Town of Whitchurch-Stouffville, and the Region of York.

Carried by Recorded Vote (9:2)

(See below recorded vote)

Recorded Vote (9:2)

YEAS: Councillor Keith Irish, Councillor Alan Ho, Councillor Karen Rea, Regional Councillor Jim Jones, Deputy Mayor Don Hamilton, Mayor Frank Scarpitti, Regional Councillor Joe Li, Councillor Amanda Collucci, Councillor Isa Lee **(9)**

NAYS: Councillor Reid McAlpine, Regional Councillor Jack Heath **(2)**

ABSENT: Councillor Andrew Keyes, Councillor Khalid Usman **(2)**

Council had before it the following original recommendation:

Whereas the Province of Ontario has made it a priority to address the housing crisis with various measures including streamlining of development approvals; and,

Whereas the Province has approved the 2019 Growth Plan which allows for 40 ha urban boundary expansions outside the Municipal Comprehensive Review process subject to Regional approval; and,

Whereas the Town of Whitchurch-Stouffville has initiated a visioning exercise anticipating development for its lands within the Highway 48 corridor including lands within Markham at the City/Town boundary; and,

Whereas Flato Developments Inc. has submitted a request for a Minister's Zoning Order ("MZO") pursuant to section 47 of the Planning Act for 11.89 ha of its lands at the Town of Whitchurch-Stouffville and City of Markham boundary at Highway 48; and,

Whereas the Ministry of Municipal Affairs and Housing has requested input from the City on the MZO request by Flato Developments Inc. to facilitate a proposed residential development located on part of Lots 31

and 32, Concession 7, located along the Highway 48 corridor, split between the Town of Whitchurch-Stouffville and City of Markham; and,

Whereas the Town of Whitchurch-Stouffville is supportive of the MZO request; and,

Whereas the Flato Developments Inc. lands subject to the requested MZO within the City of Markham consists of a 3.5 ha parcel proposal for a range of no less than 120 to 500 purpose built rental seniors units and 34 market ownership townhouse units with accessible ground floor secondary suites; and,

Whereas the Flato Developments Inc. proposal would bring benefits to the City of Markham including rental and seniors housing.

Now therefore be it resolved:

1. That Council supports the request by Flato Developments Inc. for a MZO on the basis that the Order require a range of no less than 120 to 500 purpose built rental seniors units and 34 market ownership townhouse units with accessible ground floor secondary suites; and
2. That should the MZO be approved, the developer be required to obtain draft plan of subdivision and site plan approval and submit payment of all development application fees, including Official Plan Amendment and Zoning By-law Amendment fees; and
3. That the Minister be requested to provide that the MZO be deemed for all purposes to be and to always have been a by-law passed by Markham Council pursuant to subsection 47(4) of the Planning Act.
4. That the Minister be requested to direct in the Order that all elements related to the residential development required by the municipality, including but not limited to parkland, amenity space, section 37 (public art) contribution, and servicing to Dickson Hill, be referred to Markham Council for approval as part of the development process; and further,
5. That this Resolution be forwarded to the Minister of Municipal Affairs and Housing, the Town of Whitchurch-Stouffville, and the Region of York.

9. MOTIONS

There were no motions.

10. NOTICE OF MOTION TO RECONSIDER

There were no notices of Motion to reconsider.

11. NEW/ OTHER BUSINESS

11.1 ROAD DEDICATION OF EAST/WEST MUNICIPAL ROAD EAST OF MIDDLEFIELD ROAD AND NORTH/SOUTH MUNICIPAL ROAD SOUTH OF 14TH AVENUE

(PLAN 65R-35636, PLAN 65R-35649, AND 65R-38206) (WARD 7)

Moved by Councillor Isa Lee

Seconded by Regional Councillor Joe Li

1. That the report entitled “Road Dedication of East/West Municipal Road east of Middlefield Road and North/South Municipal Road south of 14th Avenue (Plan 65R-35636, Plan 65R-35649, and 65R-38206) (Ward 7)” be received; and,
2. That Part of Lot 5, Concession 7, designated as Parts 3, 4, 5 and 6, Plan 65R-35636, and Parts 1, 2 and 4 Plan 65R-35649, save and except Part 3, 65R-35649 and Part 1, 65R-38052, be dedicated as public highway and named Mumbai Drive; and,
3. That Part of Lot 5, Concession 7, designated as Part 7, Plan 65R-35636, and Parts 2 and 3, 65R-38206, save and except Part 7, Plan 65R-35649 and Part 2, 65R-38052, be dedicated as public highway and named Vanni Avenue; and,
4. That subject to recommendations 2) and 3), the City enact a By-law to dedicate these lands as part of the highways of the City of Markham, as set out in Attachment No. 3 - Road Dedication By-law 2020-____; and,
5. That in accordance with By-law 178-96, the City declare Part of Lot 5, Concession 7, designated as Parts 5, 6, 7 Plan 65R-35649 and Parts 14, 15, 16, 17 Plan 65R-34398 (“Regional Road Lands”) as surplus to municipal needs; and,
6. That the Regional Road Lands be conveyed to The Regional Municipality of York for road purposes at no cost; and,

7. That By-law 106-71 be amended to allow compulsory stops along the future Mumbai Drive and Vanni Avenue (collectively, “Municipal Roads”); and,
8. That By-law number 2017-104 be amended to define the maximum speeds along the Municipal Roads; and,
9. That By-law number 2005-188 be amended to Prohibit Parking along the Municipal Roads; and further,
10. That staff be authorized and directed to do all things necessary to give effect to this resolution.

(By-laws 2020-21 to 2020-24)

Carried

12. ANNOUNCEMENTS

There were no announcements.

13. BY-LAWS - THREE READINGS

Moved by Deputy Mayor Don Hamilton

Seconded by Councillor Alan Ho

That By-laws 2020-14 to 2020-19 and 2020-21-2020-24 be given three readings and enacted.

Carried

Three Readings

- 13.1 BY-LAW 2020-14 A BY-LAW TO AMEND PARKING BY-LAW 2005-188
(65M-4355)

Carried

- 13.2 BY-LAW 2020-15 A BY LAW TO AMEND PARKING BY-LAW 2005-188
(65M-4458)

Carried

- 13.3 BY-LAW 2020-16 A BY-LAW TO AMEND STOP BY-LAW 106-71 (65M-4435)

Carried

- 13.4 BY-LAW 2020-17 A BY-LAW TO AMEND STOP BY-LAW 106-71 (65M-4458)

Carried

- 13.5 BY-LAW 2020-18 A BY-LAW TO ESTABLISH STREETS LAID OUT ACCORDING TO PLAN OF SUBDIVISION 65M-4435 AS A PUBLIC HIGHWAY PART OF LOT 12, REGISTERED PLAN 2196 (SUNRISE ACQUISITIONS (UNIONVILLE) INC.)

(Peshawar Avenue and Greenberg Gate)

Carried

- 13.6 BY-LAW 2020-19 A BY-LAW TO ESTABLISH STREETS LAID OUT ACCORDING TO PLAN OF SUBDIVISION 65M-4458 AS A PUBLIC HIGHWAY BLOCKS 249, 250, 251, 252, PLAN 65M-3840 AND PART OF LOT 10, CONCESSION 9, (LINDVEST PROPERTIES (CORNELL) LIMITED)

(Montague's Lane and Lindcrest Manor)

Carried

- 13.7 BY-LAW 2020-21 ROAD DEDICATION BY-LAW

A by-law to dedicate certain lands as part of the highways of the City of Markham (Parts 3, 4, 5 and 6, Plan 65R-35636, and Parts 1, 2 and 4 Plan 65R-35649, save and except Part 3, 65R-35649 - Mumbai Drive and Part 7, Plan 65R-35636, and Parts 2 and 3, 65R-38206, save and except Part 7, Plan 65R-35649 - Vanni Drive)

(Item No. 11.1, New/ Other Business)

Carried

13.8 BY-LAW 2020-22 A BY-LAW TO AMEND TRAFFIC BY-LAW 106-71

To add compulsory stops at specific intersections within the City of Markham
(Item No. 11.1, New/ Other Business)

Carried

13.9 BY-LAW 2020-23 A BY-LAW TO AMEND SPEED BY-LAW 2017-104

To establish a maximum speed limit of 40 kilometres per hour on specific streets
within the City of Markham.
(Item No. 11.1, New/ Other Business)

Carried

13.10 BY-LAW 2020-24 A BY-LAW TO AMEND PARKING BY-LAW 2005-188

To amend Schedule C of the Parking By-law pertaining to “Prohibited Parking”.
(Item No. 11.1, New/ Other Business)

Carried

14. CONFIDENTIAL ITEMS

Council consented to not resolve into confidential session.

14.1 COUNCIL

14.1.1 PERSONAL MATTERS ABOUT AN IDENTIFIABLE INDIVIDUAL,
INCLUDING MUNICIPAL OR LOCAL BOARD EMPLOYEES
(BOARD/ COMMITTEE APPOINTMENTS) (16.24) [Section 239 (2)
(b)]

Moved by Regional Councillor Jack Heath

Seconded by Regional Councillor Joe Li

1. That the following persons be appointed to the Heintzman
House Community Centre Board:

Name	<u>Term Expiry</u>
Douglas Needham	November 30, 2023
Pamela McLennan	November 30, 2023

Kenneth Steinberg
 Roger Jones
 Bob Wilson

November 30, 2023
 November 30, 2022
 November 30, 2022

2. That the resignation from Sharon Deutsh from the Animal Care Committee be received with regret for information purposes and that a letter of appreciation be forwarded by Mayor Frank Scarpitti;
3. That the resignation from Les Chapman from the Public Library Board be received with regret for information purposes and that a letter of appreciation be forwarded by Mayor Frank Scarpitti.
4. That the resignation of Jason Sheldon from the Markham Sports Hall of Fame Committee be received with regret for information purposes and that a letter of appreciation be forwarded by Mayor Frank Scarpitti.

Carried

14.2 DEVELOPMENT SERVICES COMMITTEE (MARCH 9, 2020)

14.2.1 LITIGATION OR POTENTIAL LITIGATION, INCLUDING MATTERS BEFORE ADMINISTRATIVE TRIBUNALS, AFFECTING THE MUNICIPALITY OR LOCAL BOARD; – LPAT APPEAL - 271, 337 TO 343 AND 347 TO 357 WILLIAM FORSTER ROAD (WARD 5) [SECTION 239 (2) (e)] (8.0)

Moved by Regional Councillor Jim Jones

Seconded by Councillor Keith Irish

1. That the confidential report on litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; – LPAT Appeal - 271, 337 to 343 and 347 to 357 William Forster Road (ward 5), be received; and,
2. That Council direct the City Solicitor and Staff not to attend the Local Planning Appeal Tribunal (“LPAT”) hearing regarding the appeal of the decision of the Committee of Adjustment (the “Committee”) denying the minor variances to remove the requirement for onsite parking for accessory dwelling units within 11 single detached

dwellings, provided that the Appellant agrees to request the LPAT impose the conditions of approval set out below in the event that the LPAT allows the variances:

- a. That the variances apply only to the proposed development as long as it remains;
 - b. That the following warning clauses be inserted into an agreement pursuant to Section 45(9.1) of the Planning Act and registered on title by the Owner, to the satisfaction of the Director of Planning and Urban Design, and the City Solicitor or their respective designates, advising home purchasers that:
 - i. City of Markham Parking Standards By-law 28-97, as amended, requires two parking spaces per dwelling and additional parking is not provided onsite to accommodate an accessory unit permitted by Variances A/131/19 to A/141/19 (Inclusive) on file with the City of Markham Committee of Adjustment;
 - ii. Where permitted, on-street parking is not provided for any exclusive use of the subject property; and
 - iii. Overnight parking is not allowed in the City of Markham unless specifically exempted or a parking permit has been issued by the City of Markham By-law and Enforcement and Regulatory Services Department.
 - c. That the owner submit, if required by the Chief Building Official, a third-party report prepared by an architect or professional engineer licensed in the Province of Ontario, to assess compliance of existing construction with the provisions of the Ontario Building Code, and in particular relating to the change of use from a dwelling containing a single suite to a dwelling containing more than one suite; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried

14.2.2 LITIGATION OR POTENTIAL LITIGATION, INCLUDING MATTERS BEFORE ADMINISTRATIVE TRIBUNALS, AFFECTING THE MUNICIPALITY OR LOCAL BOARD; LPAT APPEAL ARYEH CONSTRUCTION LIMITED (WARD 3) [SECTION 239 (2) (e)]

Moved by Councillor Reid McAlpine

Seconded by Councillor Amanda Collucci

1. That the confidential report dated March 9, 2020, on litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; LPAT Appeal Aryeh Construction Limited (Ward 3), be received; and,
2. That the City Solicitor, or designate, and any necessary Staff appear before the Local Planning Appeal Tribunal to defend the concerns outlined in this report; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried

14.2.3 ADVICE THAT IS SUBJECT TO SOLICITOR-CLIENT PRIVILEGE, INCLUDING COMMUNICATIONS NECESSARY FOR THAT PURPOSE; - LANGSTAFF GATEWAY PROPERTY MATTERS (8.0) [Section 239 (2) (f)]

Moved by Regional Councillor Jim Jones

Seconded by Regional Councillor Jack Heath

1. That the confidential report on advice that is subject to solicitor-client privilege, including communications necessary for that purpose; - Langstaff Gateway Property Matters (8.0), be received; and,
2. That Staff be authorized and directed to take all steps necessary to implement Council's direction.

Carried

15. CONFIRMATORY BY-LAW - THREE READINGS

Moved by Councillor Alan Ho
Seconded by Councillor Isa Lee

That By-law 2020-20 be given three readings and enacted.

Three Readings

BY-LAW 2020-20 A BY-LAW TO CONFIRM THE PROCEEDINGS OF THE
COUNCIL MEETING OF MARCH 10, 2020.

No attachment

Carried

16. ADJOURNMENT

Moved by Councillor Isa Lee
Seconded by Councillor Keith Irish

1. That the Council meeting be adjourned at 2:13 p.m

Carried

Martha Pettit
Deputy City Clerk

Frank Scarpitti
Mayor



Electronic Special Council Meeting Minutes

Meeting No. 5

March 27, 2020, 9:30 AM

Live streamed

Roll Call	<p>Mayor Frank Scarpitti</p> <p>Deputy Mayor Don Hamilton</p> <p>Regional Councillor Jack Heath</p> <p>Regional Councillor Joe Li</p> <p>Regional Councillor Jim Jones</p> <p>Councillor Keith Irish</p> <p>Councillor Alan Ho</p>	<p>Councillor Reid McAlpine</p> <p>Councillor Karen Rea</p> <p>Councillor Andrew Keyes</p> <p>Councillor Amanda Collucci</p> <p>Councillor Khalid Usman</p> <p>Councillor Isa Lee</p>
Staff	<p>Andy Taylor, Chief Administrative Officer</p> <p>Trinela Cane, Commissioner, Corporate Services</p> <p>Brenda Librecz, Commissioner, Community & Fire Services</p> <p>Arvin Prasad, Commissioner, Development Services</p> <p>Claudia Storto, City Solicitor and Director of Human Resources</p> <p>Joel Lustig, Treasurer</p> <p>Sandra Skelcher, Senior Manager, Financial Planning & Reporting</p>	<p>Bryan Frois, Chief of Staff</p> <p>Kimberley Kitteringham, City Clerk</p> <p>Martha Pettit, Deputy City Clerk</p> <p>Alida Tari, Manager, Access and Privacy</p> <p>John Wong, Technology Support Specialist II</p> <p>Shane Manson, Senior Manager, Revenue & Property Taxation</p> <p>Mark Visser, Sr Manager Strategy Innovation & Investments</p>

Alternate formats for this document are available upon request

1. CALL TO ORDER

The meeting of Council convened at 9:40 AM on March 27, 2020. Mayor Frank Scarpitti presided.

INDIGENOUS LAND ACKNOWLEDGEMENT

We begin today by acknowledging that we walk upon the traditional territories of Indigenous Peoples and we recognize their history, spirituality, culture, and stewardship of the land. We are grateful to all Indigenous groups for their commitment to protect the land and its resources and we are committed to reconciliation, partnership and enhanced understanding.

Mayor Frank Scarpitti expressed his condolences to those impacted by COVID-19, and the unfortunate death of a Markham resident. He also expressed gratitude to everyone in the community who has continued to provide support and service during this time.

2. DISCLOSURE OF PECUNIARY INTEREST

None disclosed.

3. WRITTEN DEPUTATIONS

None.

4. AMENDMENTS TO THE CITY OF MARKHAM'S COUNCIL PROCEDURAL BY-LAW TO PERMIT ELECTRONIC MEETING PARTICIPATION DURING A STATE OF EMERGENCY (2.1)

Moved by Deputy Mayor Don Hamilton

Seconded by Regional Councillor Jack Heath

1. That the report entitled “Amendments to the City of Markham’s Council Procedural By-law to Permit Electronic Meeting Participation during a State of Emergency”, be received; and,
2. That the proposed amendments to the City of Markham’s Council Procedural By-law 2017-5 to permit electronic meeting participation during a state of emergency as outlined in Appendix ‘A’ of this report be approved; and further,
3. That staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried

5. COVID-19 PANDEMIC - FINANCIAL UPDATE (7.0)

Joel Lustig, City Treasurer, provided a presentation on the financial impacts of COVID-19 and responded to questions from Members of Council.

Moved by Councillor Amanda Collucci

Seconded by Councillor Andrew Keyes

1. That the report titled “COVID-19 - Financial Update” be received; and,
2. That the presentation entitled COVID-19 Pandemic Financial Impact be received; and,
3. **That staff prepare a Financial Outlook plan to the end of the year, and,**
4. That the 2020 Interim Tax Levy By-law 2019-113 be amended such that penalties and interest on unpaid taxes are not imposed on and for the period of April 1st, 2020 to **December 31, 2020**; and,
5. That the City defer charging the stormwater fees in the calendar year 2020; and,
6. That the City defer the April 1st, 2020 water rate increase; and,
7. **That the City defer the Municipal Accommodation Tax from April 1st, 2020 to December 31, 2020, and if required, ask Destination Markham Corporation to endorse this action, and,**
8. That the City Treasurer be directed to monitor the economic climate and report back to Council monthly with further information related to COVID-19, **starting April 2020**, including any decisions by other levels of government and related financial implications for the Corporation, residents and business owners in the City of Markham; and further,
9. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried as Amended
(See following Amendment)

Moved by Councillor Karen Rea
Seconded by Councillor Isa Lee

That the 2020 Interim Tax Levy By-law 2019-113 be amended such that penalties and interest on unpaid taxes are not imposed on and for the period of April 1, 2020 to **December 31, 2020.**

(Carried by Recorded Vote 12:1)

(See following for Recorded Vote)

Recorded Vote (12:1)

YEAS: Councillor Keith Irish, Councillor Alan Ho, Councillor Reid McAlpine, Councillor Karen Rea, Regional Councillor Jim Jones, Deputy Mayor Don Hamilton, Mayor Frank Scarpitti, Regional Councillor Joe Li, Councillor Andrew Keyes, Councillor Amanda Collucci, Councillor Khalid Usman, Councillor Isa Lee **(12)**

NAYS: Regional Councillor Jack Heath **(1)**

Moved by Councillor Karen Rea
Seconded by Councillor Isa Lee

1. That staff prepare a Financial Outlook plan to the end of the year.

Carried

Moved by Councillor Alan Ho
Seconded by Councillor Khalid Usman

1. That the City defer the Municipal Accommodation Tax from April 1st, 2020 to December 31, 2020, and if required ask Destination Markham Corporation to endorse this action.

Carried

Council had before it the following original recommendation for consideration:

1. That the report titled “COVID-19 - Financial Update” be received; and,

2. That the presentation entitled "COVID-19 Pandemic Financial Update" be received; and,
3. That the 2020 Interim Tax Levy By-law 2019-113 be amended such that penalties and interest on unpaid taxes are not imposed on and for the period of April 1st, 2020 to August 31st, 2020;
4. That the City defer charging the stormwater fees in the calendar year 2020; and,
5. That the City continues to defer the April 1st, 2020 water rate increase; and,
6. That the City Treasurer be directed to monitor the economic climate and report back to Council as required with further information related to COVID-19, including any decisions by other levels of government and related financial implications for the Corporation, residents and business owners in the City of Markham; and,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

6. BY-LAWS - THREE READINGS

Moved by Regional Councillor Jim Jones

Seconded by Regional Councillor Joe Li

1. That By-law 2020-26 be brought forward for consideration following "Amendments to the City of Markham's Council Procedural By-law to Permit Electronic Meeting Participation During a State of Emergency".

Carried

Moved by Regional Councillor Jim Jones

Seconded by Regional Councillor Joe Li

1. That By-law 2020-26 be given three readings and enacted.

Carried

Moved by Councillor Isa Lee

Seconded by Councillor Keith Irish

1. That By-law 2020-27 be given three readings and enacted.

Carried

- 6.1 BY-LAW 2020-26 A BY-LAW TO AMEND PROCEDURAL BY-LAW 2017-5 TO PERMIT ELECTRONIC MEETING PARTICIPATION DURING A STATE OF EMERGENCY

Carried

- 6.2 BY-LAW 2020-27 A BY-LAW TO AMEND BY-LAW NO. 2019-113 A BY-LAW TO PROVIDE FOR AN INTERIM TAX LEVY IN 2020

Carried

7. CONFIDENTIAL

Moved by Councillor Reid McAlpine

Seconded by Deputy Mayor Don Hamilton

1. That, in accordance with Section 239 (2) of the *Municipal Act*, Council resolve into a private session to discuss personal matters about an identifiable individual, including municipal or local board employees [Section 239 (2) (b)] at 12:24 PM.

Carried

That Council rise from confidential session at 1:15 PM.

Council had nothing to report out on this matter.

8. CONFIRMATORY BY-LAW

Moved by Councillor Reid McAlpine

Seconded by Regional Councillor Joe Li

That By-law 2020-25 be given three readings and enacted.

Carried

- 8.1 BY-LAW 2020-25 A BY-LAW TO CONFIRM THE PROCEEDINGS OF THE ELECTRONIC SPECIAL COUNCIL MEETING OF MARCH 27, 2020

9. ADJOURNMENT

Moved by Councillor Isa Lee

Seconded by Councillor Keith Irish

1. That the Electronic Special Council meeting be adjourned at 1:21 p.m.

Carried

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor



MEMORANDUM

To: Mayor and Members of Council

From: Arvin Prasad, Commissioner of Development Services

Prepared by: Rick Cefaratti, Senior Planner, West District

Date: April 28, 2020

Re: Hold Removal By-law Angus Glen Village Ltd. 4071, 4073 and 4289 Major Mackenzie Drive East File No. HOLD 20 112414 (Ward 6)

RECOMMENDATION:

- 1) That the memorandum entitled “Hold Removal By-law Angus Glen Village Ltd., 4071, 4073 and 4289 Major Mackenzie Drive East, File No. HOLD 20 112414, dated April 28, 2020 be received;
- 2) That the attached Zoning By-law to remove the holding provision from zoning of the Angus Glen Village (Brownstones) lands at 4071, 4073 and 4289 Major Mackenzie Drive East, be approved;
- 3) That servicing allocation for one hundred seventy three (173) dwelling units be assigned to the subject development;
- 4) That the City reserves the right to revoke or reallocate servicing allocation should the development not proceed in a timely manner; and
- 5) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

BACKGROUND:

The subject lands form part of the last remaining unregistered portion of Draft Plan of Subdivision 19TM-03004 in the Angus Glen West Village Area (see Attachment 1). Zoning By-law Amendment and Site Plan approval applications by Angus Glen Village Ltd. for a 173 unit townhouse development on the subject lands at 4071, 4073 and 4289 and Major Mackenzie Drive East, are currently under review by staff. A Public Meeting held with respect to the Zoning By-law Amendment application was held on June 24, 2019. Development Services Committee

referred the Zoning application to staff for a report and recommendation and staff will report back on this matter shortly. Subsequently, Council endorsed the Site Plan application in principle on June 25, 2019 and the approval authority was delegated to staff. The zoning application noted above that is currently under review is only to deal with development standards related to the townhouses already permitted on the site. The Site Plan application was endorsed by staff on April 16, 2020.

The subject lands are currently zoned R4*387(H2) – Residential Four*387 Holding Two Zone under By-law 177-96, as amended, which permits residential development including townhouses, subject to the H2 holding provision.

Staff also note that the Council resolution to delegate site plan approval to staff did not include the assignment of servicing allocation for 173 townhouse units, therefore this memorandum includes a resolution granting servicing allocation for the proposed residential units.

COMMENT:

Angus Glen is requesting that the City remove the holding provision (H2) from the existing zoning at this time, in order to meet its building program timing. The hold removal application was submitted on April 16, 2020. Staff note that the applicant is working with the Building Department to explore opportunities to expedite issuance of building permits to permit site servicing works to be undertaken in the near future. Staff has held recent discussions with Angus Glen in order to assist the advancement of their building program. Angus Glen advises that in order to meet building program timelines, they must begin internal servicing for the future townhouse dwelling units as soon as possible. However, the Building Department has advised that building permit applications, including site servicing works, cannot be accepted until such time as the “H2” holding provision is lifted by Council.

The current R4*387(H2) zone provisions require that prior the removal of the holding provision, the owner shall obtain Site Plan approval and execute a subdivision agreement for these lands and receive servicing allocation assignment from Markham Council (which is included in the resolution contained in this memorandum). In this regard, the applicant intends to seek a building permit for construction of underground services only at this time. Furthermore, the applicant has submitted a written undertaking (Attachment 3) in which they have agreed to execute subdivision and site plan agreements, to the satisfaction of the Director of Planning and Urban Design, or designate prior to seeking a full building permit. Site Plan agreement and subdivision agreement processes are under way but not yet finalized. Staff are committed to continue working with Angus Glen to execute the subdivision and site plan agreements in a timely manner.

CONCLUSION:

Staff are not aware of any significant outstanding issues with respect to site plan or subdivision agreements and are confident that these documents will be executed in a timely manner. To avoid unduly delaying commencement of construction staff support the assignment of servicing allocation for 173 dwelling units by Council resolution, and removing the holding provision at this time.

ATTACHMENTS:

Attachment 1: Area/Context Map

Attachment 2: Hold Removal By-law

Attachment 3: Letter of Undertaking

APPLICANT: ANGUS GLEN VILLAGE LTD.
4071 & 4289 MAJOR MacKENZIE DR. E.

 SUBJECT LANDS

ATTACHMENT 1

Attachment 2



Hold Removal Bylaw.AGV.att2.docx

A By-law to amend By-law 177-96, as amended
(Removal of Hold Provision)

WHEREAS Section 34 of the Planning Act, R.S.O. 1990, c. P.13, as amended, permits a Council to pass a by-law prohibiting the use of land, buildings or structures within a defined area or areas; and,

WHEREAS Section 36 of the Planning Act, R.S.O. 1990, c. P.13, as amended, permits a Council to pass a by-law to specify the use to which lands, buildings or structures may be put at such time in the future as the holding symbol is removed by amendment to the by-law; and,

WHEREAS Zoning By-law No. 177-96 is the governing By-law of the Corporation of the City of Markham pertaining to the subject lands; and

WHEREAS the Council of the Corporation of the City of Markham has deemed it advisable to amend Zoning By-law No. 177-96; and,

WHEREAS it has been confirmed to Council that all of the conditions required for the removal of the Holding (H) Symbol from the subject lands have been completed to the satisfaction of the City;

NOW THEREFORE the Council of the Corporation of the City of Markham enacts as follows:

- 1. By-law 177-96, as amended, is hereby further amended as follows:
 - 1.1 By removing the Holding (H) provision from the **R4*387(H2) Zone** for the lands outlined on Schedule 'A' attached hereto.
- 2. THAT Zoning By-law No. 177-96 is hereby amended to give effect to the forgoing, but shall in all other respects remain in full force and effect.
- 3. THAT this By-law shall come into effect upon final passing, pursuant to Section 34(21) of the Planning Act, 1990.

Read a first, second and third time and passed on _____, 2019.

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor



EXPLANATORY NOTE

BY-LAW 2020 - _____

A By-law to amend By-law 177-96, as amended

**4289 Major Mackenzie Drive East
CON 5 PT LT 20 65R1229 PT 2
Draft Plan of Subdivision 19TM-03004
(Proposed Townhouse Development)**

Lands Affected

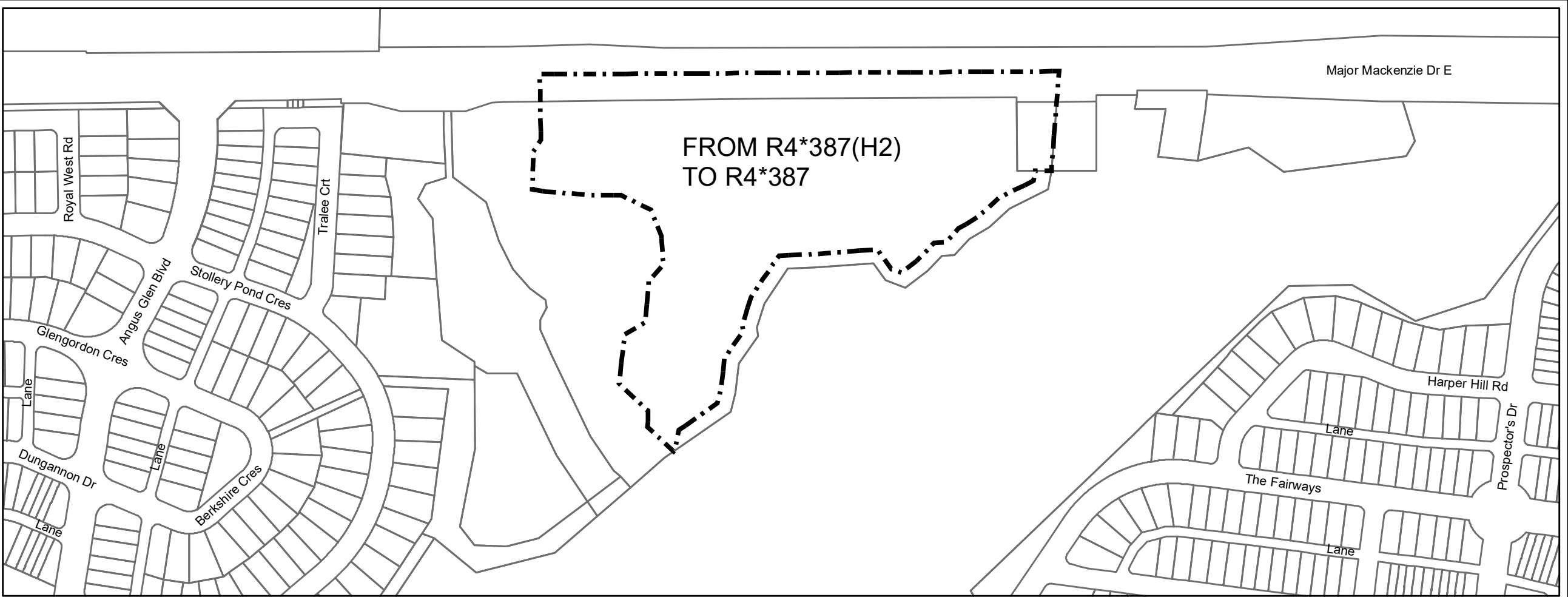
The proposed by-law amendment applies to a block of land located on the south side of Major Mackenzie Drive East, between Prospectors Drive to the east and Angus Glen Boulevard to the west. The subject lands are municipally known as 4289 Major Mackenzie Drive East.

Existing Zoning

The subject lands are zoned Residential Four*387 (Holding) [R4*387(H2)] under By-law 177-96. As amended.



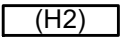

Purpose and Effect

The purpose and effect of this by-law is to remove the Holding (H) symbol provision from the zoning of the subject lands in order to allow townhouses on these lands.



SCHEDULE "A" TO BY-LAW

AMENDING BY-LAW 177-96 DATED

-  BOUNDARY OF AREA COVERED BY THIS SCHEDULE
-  RESIDENTIAL FOUR  HOLDING PROVISION TWO
-  EXCEPTION NUMBER

THIS IS NOT A PLAN OF SURVEY. Zoning information presented in this Schedule is a representation sourced from Geographic Information Systems. In the event of a discrepancy between the zoning information contained on this Schedule and the text of zoning by -law, the information contained in the text of the zoning by -law of the municipality shall be deemed accurate.

LETTER OF UNDERTAKING

To: Corporation of the City of Markham (the “City”) April __, 2020
 101 Town Centre Boulevard
 Markham, Ontario, L3R 9W3

Re: 4071, 4073 and 4289 Major Mackenzie Drive East
 (South side of Mackenzie Drive East, between Prospector’s Drive)
 Owner – Angus Glen Village Ltd.

WHEREAS Angus Glen Village Ltd. is the ‘Owner’ with respect to development approvals for the property described as 4071, 4073 and 4289 Major Mackenzie Drive East, City of Markham, hereinafter referred to as the ‘subject lands’;

AND WHEREAS the applicant has formally applied to the City for removal of the holding symbol attached to the zoning category of the ‘subject lands’;

AND WHEREAS the zoning by-law requires the execution of a subdivision and site plan agreement prior to the City removal of the holding symbol;

AND WHEREAS the applicant will be applying to the City for building permits to commence construction on the ‘subject lands’;

IN WITNESS WHEREOF the Owner undertakes, covenants and agrees to execute subdivision and site plan agreements, to the satisfaction of the Director of Planning and Urban Design, or designate, on or before December 31, 2020; AND

The Owner acknowledges and agrees nothing in this undertaking, nor the action of the City removing the holding symbol, constitutes permission by the City to proceed with any construction that would violate any regulation or order under the *Emergency Management and Civil Protection Act, RSO 1990, c E.9*, as amended; AND

The Owner agrees to and shall indemnify and hold harmless the City, its Council members, employees, successors and assigns, from and against all actions, claims, demands, losses, costs, damages, suits or proceedings whatsoever which may be brought against or made upon the City and against all losses, liabilities, judgments, claims, suits, demands or expenses which the City may sustain, suffer or be put to resulting from or arising out of the Owner’s omissions, or failure to exercise reasonable care, skill or diligence resulting from the removal of the holding provision or the commencement of construction on the subject lands prior to the termination of an emergency declared under *Emergency Management and Civil Protection Act, RSO 1990, c E.9*, as amended.

Angus Glen Village Ltd.

Name:

Title:

I/We have authority to bind the corporation.

Date: April __, 2020



Report to: Development Services Committee

Meeting Date: March 9th, 2020

SUBJECT: Ground Sign Variance – Markham Subaru
9401 Markham Road
Application No. 19.112248.000.00.SP

PREPARED BY: Cristin Miller, Supervisor of Zoning
Ext. 3980

RECOMMENDATION:

1. THAT the ground sign variance application by Markham Subaru at 9401 Markham Road, Application No. 19.112248.000.00.SP, BE DENIED.
2. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

BACKGROUND:

During the drafting of the revised Sign By-law passed in 2002, careful consideration was given to sign size and sign height to control the proliferation of signage throughout the City. At that time, signage provided for in the Sign By-law was liberalized to some extent, and the standards currently contained therein were considered acceptable. If approved, the increase in sign height and sign area would encourage and set a precedent for other single and/or multiple tenant properties, including motor vehicle sales establishments, to have larger and higher signs throughout the City.

The subject property is located on the east side of Markham Road, south of Bur Oak Avenue (FIGURE 2), in lands zoned M.HC - Highway Commercial, under By-law 88-76, as amended.

The site is the location of a single building, with single tenant, operating a motor vehicle sales establishment with accessory service garage.

The applicant is seeking permission to replace the existing ground sign with a new, larger ground sign.

The proposed sign does not comply with By-law 2002-94, as amended, in the following ways:

Sign By-Law Section and Requirements	Applicant's Proposal	Required Variance
<u>Section 7.0, Table B</u> A ground sign (on a lot with a lot frontage greater than 20 metres) shall have a maximum area of 6.0 m ² per face.	A ground sign with an area of 9.13 m ² per face. Percentage Increase = 52.17 % Refer to FIGURE 3	To permit a ground sign (on a lot with a lot frontage greater than 20 metres) with an area of 9.13 m ² per face; whereas the by-law permits a maximum area of 6.0 m ² per face.

<u>Section 7.0, Table B</u> A ground sign (on a lot with a lot frontage greater than 20 metres) shall have a maximum height of 7.5 metres.	A ground sign with a height of 9.15 metres. Percentage Increase = 22 % Refer to FIGURE 3	To permit a ground sign (on a lot with a lot frontage greater than 20 metres) with a height of 9.15 metres; whereas the by-law permits a maximum height of 7.5 metres.
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OPTIONS/ DISCUSSION:

Section 19.0 of Sign By-law 2002-94, as amended, states that when considering an application for a variance the Development Services Committee and Council shall have regard for:

- (a) *Special circumstances or conditions applying to the land, building or use referred to in the application:*

It is the opinion of staff that there are no special conditions or circumstances present on this site. The subject property maintains frontage on Markham Road (a Major Collector Road) and has sufficient visibility to provide the public reasonable and appropriate means to locate and identify the business.

In addition to the ground sign, Subaru has been issued permits for five (5) other signs that are currently erected on the façade of the building (FIGURE 4). With the exception of one (1) sign indicating the 'service/reception' entrance, all existing signs attract visual attention from the streetline by advertising either the name, or the logo of the business.

The use of the site, as a motor vehicle sales establishment, involves the prominent display of vehicles for sale and/or lease. Unlike many commercial establishments, where outdoor display or storage of products is prohibited, this business has the advantage of direct advertising to the general public through their product(s).

- (b) *Whether strict application of the provisions of this By-law in the context of the special circumstances applying to the land, building or use, would result in practical difficulties or unnecessary and unusual hardship for the applicant, inconsistent with the general intent and purpose of this By-law:*

Staff are of the opinion that the amount of signage permitted under the by-law is adequate to suit the needs of the applicant. The site is the location of a single tenancy building, which is afforded the same sign area and sign height for ground signs as a multiple tenancy plaza.

The General Manager of Markham Subaru submitted a letter in support of this application indicating the growth of deciduous street trees is interfering with the visibility of the signage (FIGURE 6). However, given that commercial properties throughout the city require landscaping buffers, staff are of the opinion that landscaping is not a special circumstance that creates practical difficulties nor undue hardship for the applicant. Enhancing the visibility of the ground sign from the street could be achieved through re-design and/or relocation without a variance.

The letter of support further outlines the ‘promise of two new high-rise buildings scheduled to be constructed on the property directly south’ and the anticipated difficulties that will result in viewing the signage once these buildings are constructed. As these buildings have not yet been constructed, staff feel it is inappropriate to comment at this time on the perceived hardship they will create.

- (c) *Whether such special circumstances or conditions are pre-existing and not created by the owner or applicant:*

There are no special circumstances or conditions. This section is not applicable.

- (d) *Whether the sign that is the subject of the variance will alter the essential character of the area:*

The signage proposed in this application would alter the essential character of the area. The site is located within an area of the City experiencing re-development, including new mixed-use high-rise developments along the west side of Markham Road south of Bur Oak Avenue. Adhering to the By-law standards encourages compatibility between the commercial uses that remain, and the new residential uses.

To conclude, staff have reviewed the application with respect to Section 19.5 of the Sign By-law and are of the opinion that the variance requested does not meet the purpose and intent of the Sign By-law. The Building Department recommends that the ground sign variances be denied.

INTER-DEPARTMENTAL IMPLICATIONS:

The By-law Enforcement and Licensing Department is responsible for the inspection and enforcement of the Sign By-law.

ATTACHMENTS:

Figure 1 – Applicant

Figure 2 – Site Location

Figure 3 – Proposed Ground Sign Drawing

Figure 4 – Photograph of Existing Ground and Wall Signs

Figure 5 – Existing Ground Sign Drawing

Figure 6 – Letter of Support from General Manager of Markham Subaru

RECOMMENDED BY:

Chris Bird,
Director of Building Standards

Arvin Prasad,
Commissioner of Development Services

FIGURE 1 – Applicant

Permit World
C/O Ali Campaniaris, Dorothy Pearce
12 Rock Avenue, Unit B
Kitchener, Ontario
N2M 2P1

FIGURE 2 – Site Location

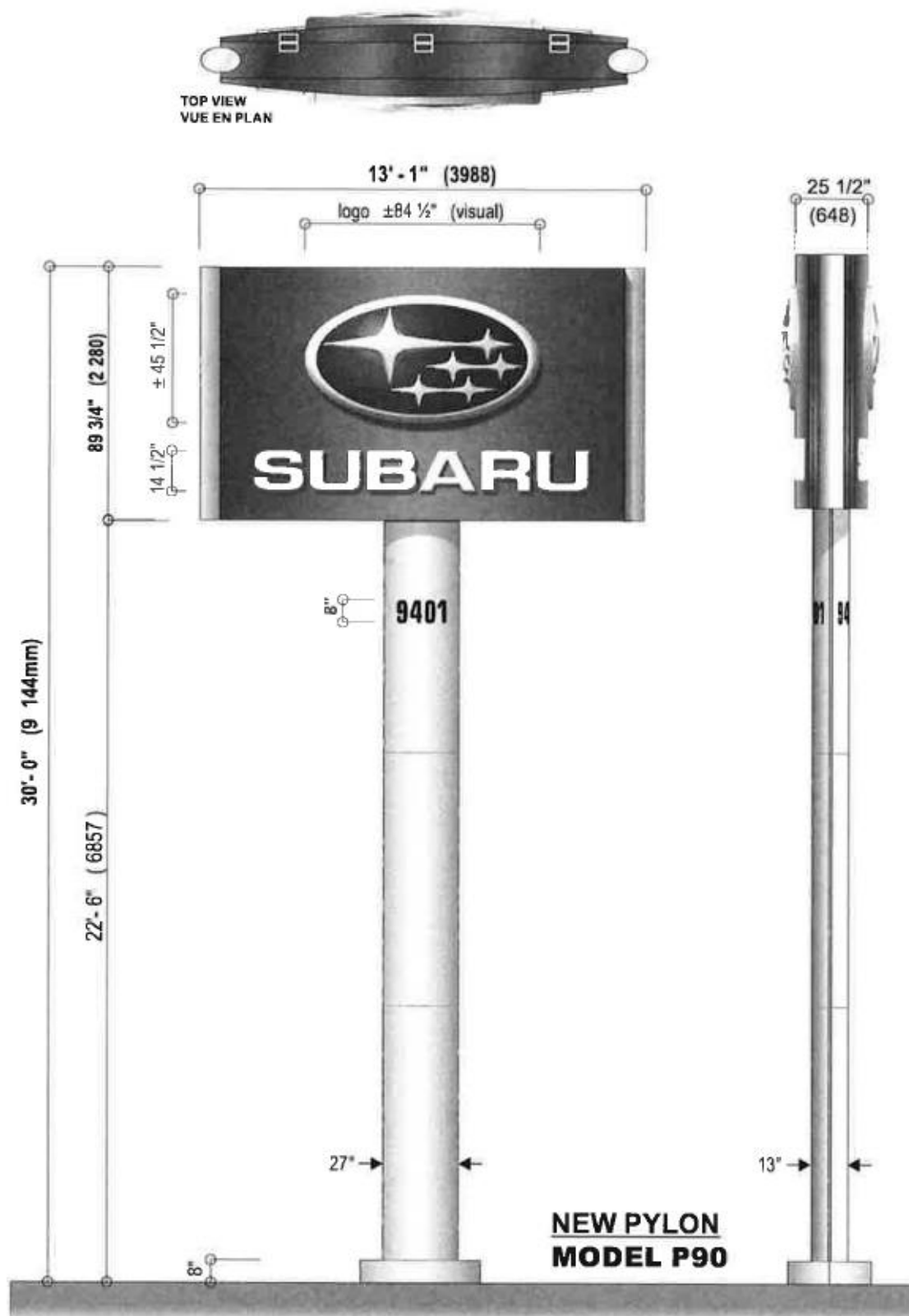
FIGURE 3 – Proposed Ground Sign Drawing

FIGURE 4 – Photographs of Existing Ground Sign and Wall Signs

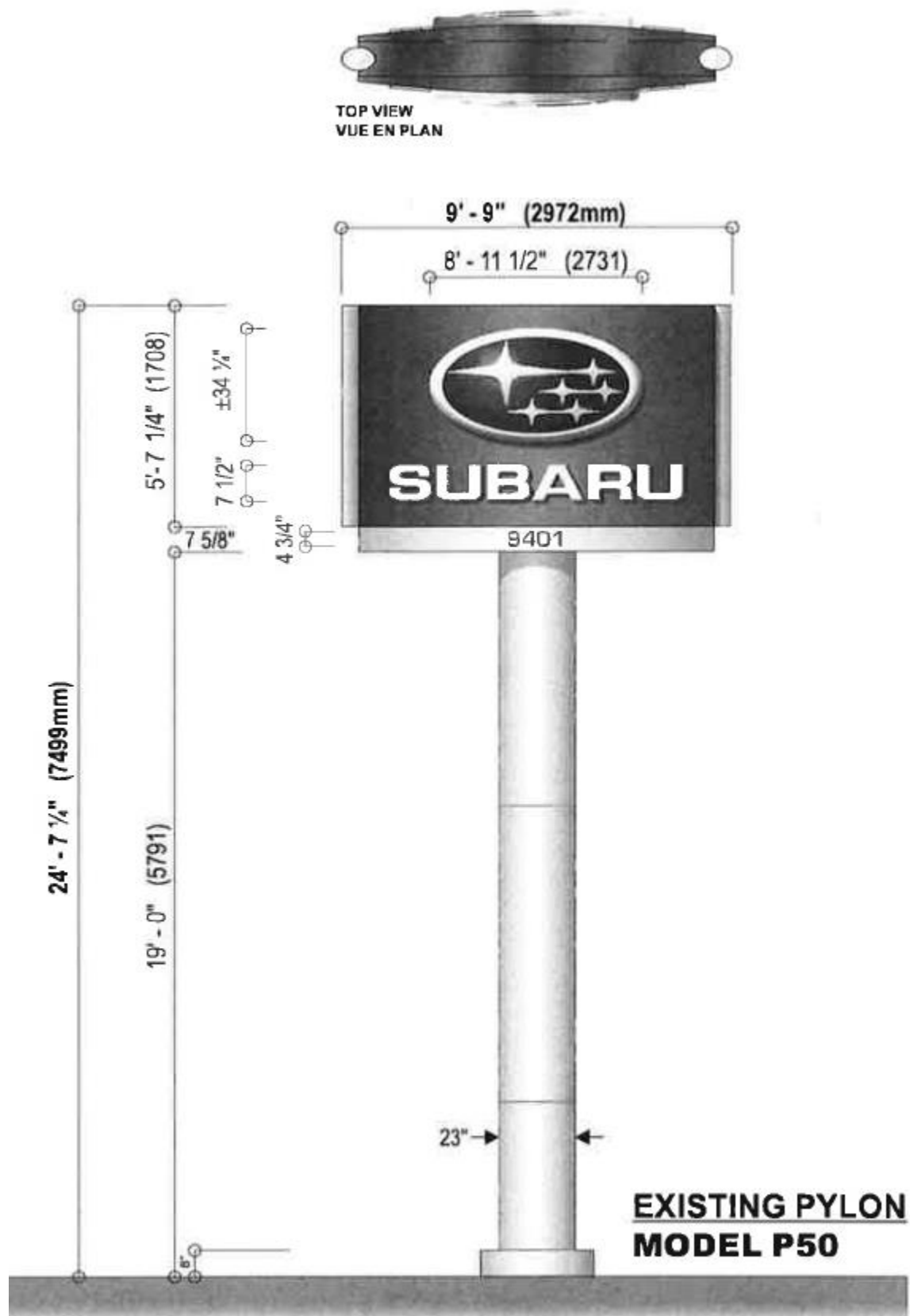
FIGURE 5 – Existing Ground Sign Drawing

FIGURE 6 – Letter of Support from General Manager of Markham Subaru

May 9, 2019

To Whom It May Concern,

I have been asked to write a letter describing why our dealership, Markham Subaru at 9401 Markham Road, is requesting a variance from the City of Markham to erect a taller curbside sign.

When we first opened our dealership in 2004, the land surrounding us was largely undeveloped and the sign erected was perfectly suitable for the location. However, since that time, the makeup (and zoning) of our area has completely changed.

When our store was first built, we were directed to ensure our frontage and parking was well recessed from the road. Since that time, multiple storefronts, plazas and condominiums have been erected essentially on the street, creating a sunken look to our property and making it harder to see from the road. This problem will only be exacerbated by the promise of two new high-rise buildings scheduled to be constructed on the property directly south of us. It is already difficult to both see our building and our sign while travelling southbound on Markham Road. The presence of two large buildings sitting in front of our property will only make this issue worse.

Further, since opening, we have proudly maintained a series of seven trees in front of our property. These trees were requested by the city as part of our approval process but we are more than happy to house them. That said, since they were planted, they have grown quite large and, in the case of our black locusts, have nearly reached the top of our existing sign. My family appreciates the value of trees both in an environmental perspective as well as an aesthetics one, however, these trees are currently blocking our existing sign from oncoming traffic.

My family lives and works in Markham as do most of our employees. We are proud members of the community. We only want what is fair to allow our business to continue to thrive in our current location. We appreciate your consideration into our variance application.

Sincerely,

A handwritten signature in black ink, appearing to read "Carlo Vigliatore".

Carlo Vigliatore
General Manager & Director

MARKHAM SUBARU

9401 Highway 48N, Markham, Ont. L3P 3J3

Tel. (905) 209-0002

Fax. (905) 209-9391

www.markhamsubaru.com

E-mail. sales@markhamsubaru.com



Report to: Development Services Committee

Meeting Date: March 9, 2020

SUBJECT: Recovery of Payment for Construction of Storm and Sanitary Sewer System on Houghton Boulevard (Ward 4)

PREPARED BY: Alberto S. Lim, Senior Capital Works Engineer, Ext. 2860
Marija Ilic, Manager, Infrastructure and Capital Works,
Ext. 2136

REVIEWED BY: Alain Cachola, Senior Manager, Infrastructure and Capital Works, Ext. 2711

RECOMMENDATION:

1. That the report entitled “Recovery of Payment for Construction of Storm and Sanitary Sewer System on Houghton Boulevard (Wards 4)” be received; and,
2. That the Finance Department recover the total project cost of \$387,250.00 for the installation of storm and sanitary sewers and service connections to the property line (including construction costs, engineering and contract administration fees) for the subject properties equally and that the following items be approved;
 - a. Council enacts a Local Sewer Fee By-Law pursuant to Section 391 of the *Municipal Act, 2001*, SO 2001 c25, for the recovery of costs associated with the storm and sanitary sewer installation substantially in the form attached as per Attachment ‘A’ – Local Sewer Fee By-law;
 - b. Costs per lot be paid either as a one-time payment or annual payment up to a maximum of 10 years accruing interests at the same rate as the York Region 10 Year Debenture Rate, 3.00% starting in 2020 and ending in 2029;
 - c. There will be no interest payable if the costs per lot are paid in full with a one-time payment by April 30, 2020;
 - d. The collected funds for the storm and sanitary local sewers be reimbursed to the Life Cycle Replacement and Capital Reserve Fund; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide background and analysis for Council to enact a Local Sewer Fee By-Law pursuant to Section 391 of the *Municipal Act 2001* to recover costs associated with the storm and sanitary sewer installation on Houghton Boulevard including all engineering and related administrative fees from the benefiting residents.

BACKGROUND:

Houghton Boulevard is located north of Highway 7 and east of Main St. Markham North. It intersects with Albert Street to the west and turns to a private cul-de-sac Alma Walker Way to the east. Five property owners of Houghton Boulevard (Nos. 4, 6, 7, 8 and 10), signed a petition in May 2018 requesting for the City to construct sanitary and storm sewers to provide municipal service connections to the said properties, at the estimated total cost of \$387,250.00 or \$77,450.00 per resident lot.

A report was approved by Council on June 11, 2018, for the City to up-front the total project cost from the Life Cycle Replacement and Capital Reserve Fund and recover the actual total project costs from the five benefitting property owners with interest, by adopting a by-law when the final project costs are determined.

OPTIONS/ DISCUSSION:

The City completed the installation of the storm and sanitary sewer systems, service connections and associated road restoration on Houghton Boulevard in the fall of 2019. A Local Sewer Fee By-law has to be enacted to recover the final project costs.

FINANCIAL CONSIDERATIONS:

Table 1 outlines the final project costs and the cost per benefitting property. The costs do not include the property owners' cost of connecting the services through their private property.

Table 1 – Final Project Costs and Cost per Property

Description	Amount
Construction Costs (Storm, Sanitary and Road Reconstruction)	\$ 328,515.35
Tender Preparation, Technical Support and Soil Testing	\$ 11,521.80
Engineering and Construction Administration Fees	\$ 47,213.38
Total Project Cost (A)	\$ 387,250.53
Round-down (B)	\$ 387,250.00
Cost per Property (C) = (B)/5	\$ 77,450.00

ALIGNMENT WITH STRATEGIC PRIORITIES:

The construction of the municipal sanitary sewer system allows the five (5) benefitting residents to remove old septic tanks. The storm sewers will assist with alleviating flooding on these properties. These homes are in close proximity to the Rouge River and connection to the municipal system results in overall enhancement of the environment.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance and Legal Departments have been consulted in the preparation of this report and their comments have been incorporated. The Clerks Department, in consultation with the Legal and Finance Departments, will prepare the municipal By-Law with appropriate terms in accordance with Section 391 of the *Municipal Act, 2001*.

RECOMMENDED BY:

Brian Lee, P.Eng.
Director of Engineering

Arvin Prasad, MCIP, RPP
Commissioner, Development
Services

ATTACHMENTS:

Attachment 'A' – Local Sewer Fee By-law

Attachment 'A' - Local Sewer Fee By-Law**Draft By-law – Houghton Boulevard Storm and Sanitary Sewer System Fee By-law****BY-LAW 2020 –**

Being a By-law to levy the actual cost of construction, technical support and administration fees of the storm and sanitary sewers on Houghton Boulevard.

(Houghton Boulevard Storm and Sanitary Sewer System Fee By-law)

WHEREAS paragraph 391(1)(a) of the *Municipal Act*, 2001 provides that a municipality may pass a by-law for imposing fees or charges or activities provided by or done on behalf of it; and

WHEREAS Council of The Corporation of the City of Markham on March 10, 2020 authorized a by-law to levy the actual cost of construction, technical support and administration fees of storm and sanitary sewer systems on Houghton Boulevard;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF MARKHAM ENACTS AS FOLLOWS:

1. Houghton Boulevard is comprised of those properties as set out in Schedule “A” hereto. These properties shall hereinafter be referred to collectively as “Houghton Boulevard Residents”.
2. The actual cost of construction, technical support and administration fees of the storm and sanitary sewer system installed on Houghton Boulevard is \$387,250.00 (the “Actual Cost”).
3. The Actual Cost be allocated as per Schedule “A” to each member of the Houghton Boulevard Residents (the “Lot Cost”) shall be \$77,450.00.
4. Each member of the Houghton Boulevard Residents shall pay the Lot Cost by making annual payments, comprised of principal and interest, as set out in Schedule “B” attached hereto. The payments shall be made in instalments as set by the final annual tax levy by-law until the Lot Cost is paid in full.
5. Interest shall be calculated and paid by each property owner on the outstanding principal amount at the rate of 3.00% annually.
6. Notwithstanding sections 4 and 5 above, the outstanding balance, plus accrued interest up to the date of payment, may be paid at any time prior to December 31, 2029.
7. There shall be no interest payable if the Lot Cost is paid in full by April 30, 2020, with a one-time payment.
8. The Schedules attached hereto shall be and form part of this By-law.

READ A FIRST, SECOND AND THIRD TIME AND PASSED THIS DAY OF _____, 2020.

Kimberley Kitteringham, City Clerk

Frank Scarpitti, Mayor

Attachment 'A' - Local Sewer Fee By-Law**SCHEDULE "A"**
TO BY-LAW 2020-XX

Address	Lot Cost
4 Houghton Boulevard	\$77,450.00
6 Houghton Boulevard	\$77,450.00
7 Houghton Boulevard	\$77,450.00
8 Houghton Boulevard	\$77,450.00
10 Houghton Boulevard	\$77,450.00
Total	\$387,250.00

Attachment 'A' - Local Sewer Fee By-Law
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SCHEDULE “B”
TO BY-LAW 2020-XX
Construction of Houghton Boulevard Storm and Sanitary Sewer System
Repayment Plan: 10 years at 3.00% annually

Cost per lot:	\$77,450.00
Interest:	3.00%
Number of years:	10

Year	Principal	Interest	Payment
2020	\$ 77,450.00	\$ 2,323.50	\$ 9,079.51
2021	\$ 70,693.99	\$ 2,120.82	\$ 9,079.51
2022	\$ 63,735.30	\$ 1,912.06	\$ 9,079.51
2023	\$ 56,567.85	\$ 1,697.04	\$ 9,079.51
2024	\$ 49,185.37	\$ 1,475.56	\$ 9,079.51
2025	\$ 41,581.43	\$ 1,247.44	\$ 9,079.51
2026	\$ 33,749.36	\$ 1,012.48	\$ 9,079.51
2027	\$ 25,682.33	\$ 770.47	\$ 9,079.51
2028	\$ 17,373.29	\$ 521.20	\$ 9,079.51
2029	\$ 8,814.98	\$ 264.45	\$ 9,079.51
Total		\$ 13,345.02	\$ 90,795.10



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: 2019 Consolidated Financial Statements
PREPARED BY: Sandra Skelcher, Senior Manager, Financial Planning and Reporting
Kishor Soneji, Senior Accountant

RECOMMENDATION:

- 1) That the presentation titled “2019 Consolidated Financial Statements” be received; and,
- 2) That the report titled “2019 Consolidated Financial Statements” be received; and,
- 3) That Council approve the draft Consolidated Financial Statements of The Corporation of the City of Markham (the City), including Community Boards, Business Improvement Areas (BIAs) , and Investment in Markham Enterprises Corporation (MEC), for the fiscal year ended December 31, 2019; and,
- 4) That Council authorize Staff to publish the final audited Statements for the fiscal year ended December 31, 2019 upon receiving the Independent Auditors’ Report; and,
- 5) That the KPMG LLP Audit Findings Report for the year ended December 31, 2019 be received; and,
- 6) That this matter be forwarded to Council for adoption on April 28, 2020; and further,
- 7) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

KPMG LLP has completed an audit of the Consolidated Financial Statements of the City of Markham and has expressed an unqualified opinion that the Statements present fairly, in all material respects, the consolidated financial position of the City.

The audited Statements are a report card on the financial position, health and strength of the City. The 2019 financial results continue to demonstrate Markham’s strong leadership and excellence in financial planning and fiscal prudence.

Following approval, the audited Statements will be included in the 2019 Annual Report which will be published on the City’s website and will be distributed to Council upon completion.

PURPOSE:

The purpose of this report is to obtain Council adoption of the 2019 Statements and to seek authority to publish the audited financial information as required by the Municipal Act (*the Act*).

BACKGROUND: 2019 Consolidated Financial Statements

This report and its appendices are prepared in accordance with *the Act* as follows:

- *Section 286 (1)* requires the Treasurer to report the financial affairs of the municipality to Council.
- *Section 294 (1)* requires a municipality to prepare, for each fiscal year, annual financial statements in accordance with generally accepted accounting principles (GAAP) for local governments as recommended, from time to time, by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPAC).
- *Section 296 (1)* requires a municipality to appoint an auditor, licensed under the Public Accounting Act, who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit.

PSAB issues recommendations and reporting requirements that serve the public's interest by strengthening accountability in the public sector through the development, recommendation, and acceptance of accounting and financial reporting standards.

The Statements reflect the financial position of the City, the operating results, and how the City financed its activities and met its cash requirements. Additionally, the Statements confirm that the resources were obtained and used consistent with the Council-approved budgets.

The City engaged the external audit firm KPMG LLP, Chartered Accountants to audit the Statements as at December 31, 2019 and their accompanying Notes to Financial Statements (Notes). The Notes comprise a summary of significant accounting policies and other explanatory information. The audit is conducted in accordance with Canadian Generally Accepted Auditing Standards to obtain reasonable assurance as to whether the Statements are free from material misstatement.

The Statements include the City's wholly owned investment in MEC, including MEC's shares in Alectra Inc. (Alectra) of 15% (2018: 15.73%) and Markham District Energy Inc. (MDE) of 100%.

DISCUSSION:**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Balance Sheet)**
(Appendix A – Page 1)

The Statement of Financial Position outlines the City's financial assets, financial liabilities and non-financial assets. The outcome of the statement shows an Accumulated Surplus at year end of \$4,698.86M, an increase of \$92.27M (2.0%) over 2018.

	\$ in millions		
	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Financial Assets	813.62	854.07	(40.45)
Financial Liabilities	<u>336.75</u>	<u>364.55</u>	<u>(27.80)</u>
Net Financial Assets	476.87	489.52	(12.65)
Non-Financial Assets	<u>4,221.99</u>	<u>4,117.07</u>	<u>104.92</u>
Accumulated Surplus	<u>4,698.86</u>	<u>4,606.59</u>	<u>92.27</u>

Financial Assets

Financial assets are the resources controlled by the organization as a result of past events and from which future economic benefits are expected. Financial assets include cash and other assets expected to be converted to cash, sold or consumed either within a year or in the operating cycle. These assets are continually turned over in the course of normal business activities.

The City ended the year with financial assets totalling \$813.62M, a decrease of \$40.45M (-4.7%) from 2018.

Cash and investments decreased in 2019 from \$389.14M to \$344.48M (\$44.66M, -11.5%).

The decrease in cash outflows was driven by an increase in spending on capital projects in 2019 compared to 2018 (net \$78.1M). This was partially offset by a one-time increase in federal gas tax funding (\$10.2M), an increase in the Markham Enterprises Corporation (MEC) dividend (\$6.8M), property taxes (\$5.8M) and municipal accommodation tax revenue (\$3.7M).

The average rate of return on investments in 2019 was 3.40% (2018: 3.12%), an increase of 28 basis points over 2018.

Property taxes receivable increased from \$25.59M to \$26.65M (\$1.06M, 4.1%) related to increased property taxes levied in 2019.

Accounts receivable increased from \$59.03M to \$61.02M (\$1.99M, 3.4%) in 2019 due to an increase in receivables from the Region of York for shared projects.

Investment in MEC increased by \$1.16M (0.3%) in 2019.

This increase in investment includes the equity pick-up for 2019 of \$10.81M and gain on the merger of Guelph Municipal Holdings Inc. with Alectra Inc. of \$0.66M. This was offset by a reduction in dividends of \$8.46M and a reduction in share capital of \$1.85M.

A summary of the overall change in the City's investment in MEC is shown in the following chart:

	\$ in millions		
	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Equity in MEC, January 1, 2019	380.32	362.16	18.16
Gain on merger of Guelph Municipal Holdings with Alectra Inc.	0.66	-	0.66
Equity pick-up for the year	10.81	21.33	(10.52)
Increase / (Decrease) in share capital	(1.85)	(1.54)	(0.31)
Dividend paid by MEC to City	(8.46)	(1.63)	(6.83)
Equity in MEC, December 31, 2019	<u>381.48</u>	<u>380.32</u>	<u>1.16</u>

Financial Liabilities

Financial liabilities are financial obligations to outside organizations or other individuals that are the result of transactions or events that occurred on or before the end of the accounting period.

Financial liabilities were \$336.75M at the end of 2019, a decrease of \$27.80M (-7.6%) from 2018.

Accounts payable and accrued liabilities increased in 2019 from \$148.52M to \$151.24M (\$2.72M, 1.8%).

There was an increase of \$11.90M in amounts accrued for payments owed to vendors for completion of capital works, refundable deposits and to Destination Markham Corp. for its share of municipal accommodation tax revenue collected in 2019. These were offset by a \$9.20M decrease in the net amount owed to the Region for water purchases and shared projects.

Deferred revenues decreased from \$172.85M to \$142.61M (\$30.24M, -17.5%) in 2019. Decreases included \$18.87M in development charges, \$14.35M in parkland cash-in-lieu and \$6.03M in funds from developers for capital projects. These were offset by increase in the federal gas tax and section 37 funds of \$9.01M.

Employee future benefits liabilities were nominally increased by \$.045M as per actuarial valuations for the current year end.

Long-term liabilities decreased from 11.53M to \$10.80M (-\$0.73M, -6.3%) in recognition of payments toward long-term loans from the Federation of Canadian Municipalities (FCM) and Canada Mortgage & Housing Corporation (CMHC).

Non-Financial Assets

Non-financial assets are assets with physical, rather than cash value. They include tangible capital assets (TCA) such as land & buildings, inventories of supplies such as salt and sand, as well as prepaid expenses.

Non-financial assets totalled \$4,221.99M at the end of 2019, an increase of \$104.92M (2.5%), which is almost entirely (99.6%) related to the addition of tangible capital assets. The major assets purchased, acquired through development or put into service following construction completion in 2019 were land, roads, stormwater & waterworks infrastructure and parks & pathways.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**(Income Statement)****(Appendix A – Page 2)**

This statement accounts for the City's consolidated revenues and expenses from operations, and includes other accounting adjustments such as the value of contributed assets from developers (\$41.64M), deferred revenues earned (\$65.54M), the equity pick up from MEC (\$11.48M) and the amortization of TCA in the accounting period (\$78.19M). The major components of the statement are illustrated in the chart below.

The year-over-year decrease in revenues of \$32.20M was driven by less contributions from developers (\$86.49M) and a reduction in the equity pick up from MEC (\$9.85M), partially offset by an increase in deferred revenue earned (\$45.00M).

The expense increase of \$26.95M in 2019 compared to 2018 was mainly in the areas of transportation services (\$14.41M) and environmental services (\$13.32M). Amortization expenses and contracted services for water/wastewater, winter maintenance and road repairs were the major contributors.

	\$ in millions		
	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Revenues	529.21	561.41	(32.20)
Less Expenses	<u>436.94</u>	<u>409.99</u>	<u>26.95</u>
Annual Surplus	92.27	151.42	(59.15)
Accumulated Surplus, Beginning of Year	<u>4,606.59</u>	<u>4,455.17</u>	<u>151.42</u>
Accumulated Surplus, End of Year	<u>4,698.86</u>	<u>4,606.59</u>	<u>92.27</u>

The accumulated surplus of \$4,698.86M consists of individual operating fund surpluses, equity in MEC, reserves and reserve funds, etc. as outlined in the following table:

	<u>\$ in millions</u>		
	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Operating fund surplus (excl. waterworks)	3.04	3.58	(0.54)
Waterworks	1.98	0.52	1.46
Community Boards and BIAs	<u>0.44</u>	<u>0.37</u>	<u>0.07</u>
Operating Surplus Total	5.46	4.47	0.99
Equity in Markham Enterprises Corporation	381.48	380.32	1.16
Invested in Tangible Capital Assets and Other	4,181.86	4,071.19	110.67
Reserves and Reserve Funds	<u>130.06</u>	<u>150.61</u>	<u>(20.55)</u>
Total Accumulated Surplus	<u>4,698.86</u>	<u>4,606.59</u>	<u>92.27</u>

Operating Fund Surplus

The 2019 year-end results of operations are also on today's General Committee agenda. Council authority to transfer the operating surplus of \$3.04M to reserves is included in the report. Combining this with a surplus of \$1.98M from Waterworks operations, \$0.44M from the Community Boards and BIAs, results in the Operating Surplus Total of \$5.46M as noted above.

Equity in Markham Enterprises Corporation

This represents the value of the City's investment in MEC of \$381.48M as detailed in the Financial Assets section on page 4 of this report.

Invested in Tangible Capital Assets and Other

The investment in tangible capital assets and other totaled \$4,181.86M.

This represents the net book value of TCA such as land, buildings, equipment and infrastructure and other adjustments at the year end.

Reserves and Reserve Funds

The Reserves and Reserve Funds represent the means by which the City keeps track of monetary resources set aside by Council for specific, future purposes. The inflows into these funds are largely from the operating budget and the outflows are generally to fund capital projects, employee future benefit needs and other initiatives as directed by Council. The Reserves and Reserve Funds totalled \$132.04M at the close of 2019, a decrease of \$18.57M from 2018.

The \$132.04M total Reserve and Reserve Funds plus the \$112.78M Deferred Reserve Funds are fully funded, as illustrated in the comparison to the total cash and investments below.

	<u>\$ in millions</u>
A. Total Cash & Investments	344.48
Reserves	173.53
Reserve Funds	(43.47)
Deferred Reserve Funds (DCs, Parkland cash-in-lieu, Gas Tax & Section 37)	<u>112.78</u>
B. Total Reserves, Reserve Funds & Deferred Reserve Funds	<u>242.84</u>
A. - B.	<u>101.64</u>

Reserves totalled \$173.53M, an increase of \$5.95M over 2018. The net increase was the result of the following changes to Reserves:

	\$ in millions		
Reserves	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Building fee	11.16	13.60	(2.44)
Capital gains	4.16	4.16	0.00
Corporate rate stabilization	22.53	21.13	1.40
Development fee	0.36	1.18	(0.82)
Facility ramp up	19.53	14.86	4.67
Firefighters sick leave benefits	6.78	6.34	0.44
Insurance	4.06	3.93	0.13
Long-term disability benefit	21.98	21.09	0.89
Waterworks	82.16	80.40	1.76
Other	0.81	0.89	(0.08)
Total Reserves	<u>173.53</u>	<u>167.58</u>	<u>5.95</u>

Reserve Funds decreased by \$26.50M from 2018. The decrease was a result of the following changes to the Reserve Funds:

	\$ in millions		
Reserve Funds	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Environmental land acquisition	10.33	9.84	0.49
Land acquisition	(215.24)	(164.93)	(50.31)
Library infrastructure	6.37	6.22	0.15
Life cycle replacement and capital	120.80	100.83	19.97
Non-DC growth	9.06	6.55	2.51
Post retirement benefits	14.57	14.23	0.34
Workplace Safety & Insurance Board	4.33	4.23	0.10
Other	6.31	6.06	0.25
Total Reserve Funds	<u>(43.47)</u>	<u>(16.97)</u>	<u>(26.50)</u>

Communication

Section 295 (1) of the Act requires municipalities to annually communicate to its ratepayers, the results of the municipality's year end. The financial statements will be published on the City's website upon receipt of the final audited version from KPMG LLP and will form an important part of the City's 2019 Annual Report publication.

For the past eighteen consecutive years, the City has received the Government Finance Officers Association (GFOA) 'Canadian Award for Financial Reporting'. The award provides recognition for excellence in governmental accounting and financial reporting. The receipt of this award signifies that Markham delivered a comprehensive annual financial report that demonstrates full transparency and disclosure over and above the minimum requirements of Generally Accepted Accounting Principles. Upon receiving the

Independent Auditors' Report, the 2019 Annual Report will again be submitted to the GFOA.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

2019 Consolidated Financial Statements Presentation

Appendix A – 2019 Consolidated Financial Statements

Appendix B – 2019 Audit Findings Report



2019 Consolidated Financial Statements

Presentation to General Committee

April 20, 2020



Agenda

1. Introduction
2. Requirements
3. Audit Summary
4. Financial Results Discussion
5. Presentation by Mr. Kevin Travers, Partner, KPMG LLP-Audit Findings Report



1. Introduction

The Financial Statements are a report card on the financial position, health and strength of the City.

- reflect the financial position of the organization, the operating results, and how the City financed its activities and met its cash requirements
- confirm that the resources were obtained and used consistent with the budgets approved by Council

Statements consolidate the financial activities of:

- City of Markham
- Community Boards and Business Improvement Areas (BIAs)
- City's investment in Markham Enterprises Corporation



2. Requirements

- We are required by The *Municipal Act* to :
 - ✓ prepare annual financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for governments as recommended by the Public Sector Accounting Board (PSAB),
 - ✓ have the financial statements audited by a licensed auditor,
 - ✓ report the financials to Council, and
 - ✓ publish the statements



3. Audit Summary

- Schedule:
 - KPMG audit team was onsite one week in November 2019 performing interim and preliminary year end work.
 - The team continued the audit of the financial records of the City and associate corporations over a six week period this year:
 - onsite from February 24th until March 16th
 - remotely from March 17th to March 2
- No adjustments or differences were communicated to Management
- Clean audit opinion



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet)

	\$ in millions		
	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Financial Assets	813.62	854.07	(40.45)
Financial Liabilities	<u>336.75</u>	<u>364.55</u>	<u>(27.80)</u>
Net Financial Assets	476.87	489.52	(12.65)
Non-Financial Assets	<u>4,221.99</u>	<u>4,117.07</u>	<u>104.92</u>
Accumulated Surplus	<u>4,698.86</u>	<u>4,606.59</u>	<u>92.27</u>



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet) cont'd.

❖ Financial Assets decreased by \$40.45M

Financial Assets	Incr. / (Decr.)	Significant change drivers
Cash & investments	\$(44.66 M)	<ul style="list-style-type: none">• Increased spending on projects \$78.1M• Offsets:<ul style="list-style-type: none">- Increase in Gas tax funds \$10.2M- MEC dividend \$6.8M- Property taxes collected \$5.8M- MAT revenues \$3.7M
Accounts receivable	\$1.99 M	<ul style="list-style-type: none">• Increased receivable for Region of York for shared project agreements
Investment in MEC	\$1.16 M	<ul style="list-style-type: none">• Equity pick up \$10.81M• Gain on merger with Guelph Municipal Holdings Inc. \$0.66M• Offset by reduction in share capital (\$1.85M) and dividends paid (\$8.46M)



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet) cont'd.

❖ Financial Liabilities decreased by \$27.80M

Financial Liabilities	Incr. / (Decr.)	Significant change drivers
Accounts payable & accrued liabilities	\$2.72 M	• Increase in amounts owed to vendors as a result of completion of capital works, refundable deposits & to Destination Markham Corp. \$10.31M
		• Offset by decrease in net amount owed to the Region for water purchases and shared projects \$9.77M
Deferred revenues	(\$30.24 M)	• Inflows \$65.09M • Outflows (\$95.34M) - higher project spending
Long term liabilities	\$(0.73) M	• Scheduled payments for FCM & CMHC loans



4. Financial Results

Consolidated Statement of Financial Position (Balance Sheet) cont'd.

❖ Non-Financial Assets increased by \$104.92M

Non-Financial Assets	Incr. / (Decr.)	Significant change drivers
Tangible Capital Assets (TCA)	\$104.49 M	<ul style="list-style-type: none">• Land, Infrastructure, parks/pathways
Prepaid expenses and inventories	\$0.43 M	<ul style="list-style-type: none">• Winter control inventory• Prepaid computer software licenses & maintenance agreements



4. Financial Results

Consolidated Statement of Operations and Accumulated Surplus (Income Statement)

	<u>\$ in millions</u>		
	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Revenues	529.21	561.41	(32.20)
Less Expenses	<u>436.94</u>	<u>409.99</u>	<u>26.95</u>
Annual Surplus	92.27	151.42	(59.15)
Accumulated Surplus, Beginning of Year	<u>4,606.59</u>	<u>4,455.17</u>	<u>151.42</u>
Accumulated Surplus, End of Year	<u>4,698.86</u>	<u>4,606.59</u>	<u>92.27</u>



4. Financial Results

Details of Accumulated Surplus

	\$ in millions		
	<u>2019</u>	<u>2018</u>	<u>Incr. / (Decr.)</u>
Operating fund surplus (excl. waterworks)	3.04	3.58	(0.54)
Waterworks	1.98	0.52	1.46
Community Boards and BIAs	<u>0.44</u>	<u>0.37</u>	<u>0.07</u>
Operating Surplus Total	5.46	4.47	0.99
Equity in Markham Enterprises Corporation	381.48	380.32	1.16
Invested in Tangible Capital Assets and Other	4,181.86	4,071.19	110.67
Reserves and Reserve Funds	<u>130.06</u>	<u>150.61</u>	<u>(20.55)</u>
Total Accumulated Surplus	<u>4,698.86</u>	<u>4,606.59</u>	<u>92.27</u>



5. Presentation of the Audit Findings Report

Kevin Travers, Partner, KPMG LLP

Consolidated Financial Statements of

**THE CORPORATION OF
THE CITY OF MARKHAM**

December 31, 2019

INDEPENDENT AUDITORS' REPORT

To be provided following Council adoption of the financial statements.

THE CORPORATION OF THE CITY OF MARKHAM
Consolidated Statement of Financial Position
December 31, 2019 with comparative figures for 2018
(All dollar amounts are in \$000)

	Note	2019	2018
FINANCIAL ASSETS			
Cash and investments	4	\$344,476	\$389,141
Property taxes receivable	5	26,653	25,591
Accounts receivable		61,016	59,026
Investment in Markham Enterprises Corporation	6	381,477	380,312
		\$813,622	\$854,070
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	7	\$151,241	\$148,524
Deferred revenues	8	142,603	172,847
Employee future benefits liabilities	9	32,103	31,649
Long-term liabilities	10	10,800	11,530
		\$336,747	\$364,550
NET FINANCIAL ASSETS		\$476,875	\$489,520
NON-FINANCIAL ASSETS			
Tangible capital assets	11	\$4,217,849	\$4,113,357
Inventories of supplies		2,032	1,503
Inventories of land - heritage estates		86	86
Prepaid expenses		2,021	2,119
		\$4,221,988	\$4,117,065
Contingency	16		
Contractual rights	20		
Subsequent event	21		
ACCUMULATED SURPLUS	14	\$4,698,863	\$4,606,585

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF MARKHAM
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2019 with comparative figures for 2018
(All dollar amounts are in \$000)

	Note	2019		2018
		Budget (note 18)	Actual	Actual
Revenues				
Property taxes		\$161,759	\$162,536	\$156,737
User charges	12	196,694	189,080	192,852
Government transfers	13	12,443	15,573	11,158
Contributions from developers and others		1,525	41,637	128,130
Investment income		23,352	23,284	15,726
Tax penalties		4,158	4,811	4,482
Gain on sale of tangible capital assets		-	128	873
Deferred revenue earned		46,435	65,543	20,543
Equity pick up from Markham Enterprises Corporation	6	-	11,476	21,327
Other		5,793	15,149	9,578
TOTAL REVENUES		\$452,159	\$529,217	\$561,406
Expenses				
General government		\$55,742	\$53,259	\$52,289
Protection to persons and property		53,661	52,041	49,254
Transportation services		70,482	75,509	61,103
Environmental services		153,377	159,498	146,179
Recreation and cultural services		89,958	85,622	88,324
Planning and development services		17,684	10,986	12,803
Other		34	24	34
TOTAL EXPENSES		\$440,938	\$436,939	\$409,986
ANNUAL SURPLUS		\$11,221	\$92,278	\$151,420
ACCUMULATED SURPLUS, BEGINNING OF YEAR		4,606,585	4,606,585	4,455,165
ACCUMULATED SURPLUS, END OF YEAR	14	\$4,617,806	\$4,698,863	\$4,606,585

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF MARKHAM
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2019 with comparative figures for 2018
(All dollar amounts are in \$000)

	2019		2018
	Budget	Actual	Actual
Annual surplus	\$11,221	\$92,278	\$151,420
Acquisition of tangible capital assets including capital work in progress	(102,953)	(182,824)	(185,230)
Amortization of tangible capital assets	78,565	78,188	76,384
Disposal/write-down of tangible capital assets	-	144	754
	(\$13,167)	(\$12,214)	\$43,328
Acquisition of inventories of supplies	-	(2,032)	(1,503)
Acquisition prepaid expenses	-	(2,021)	(2,119)
Consumption of inventories of supplies	-	1,503	1,263
Use of prepaid expenses	-	2,119	1,790
Change in net financial assets	(\$13,167)	(\$12,645)	\$42,759
Net financial assets, beginning of year	489,520	489,520	446,761
Net financial assets, end of year	\$476,353	\$476,875	\$489,520

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF MARKHAM
Consolidated Statement of Cash Flows
For the year ended December 31, 2019 with comparative figures for 2018
(All dollar amounts are in \$000)

	2019	2018
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$92,278	\$151,420
Add (deduct) items not involving cash		
Amortization of tangible capital assets	78,188	76,384
Disposal of tangible capital assets	144	754
Change in employee future benefits and other liabilities	454	696
Equity pick up in Markham Enterprises Corporation	(11,476)	(21,327)
Contributed tangible assets	(39,796)	(120,344)
Change in non-cash assets and liabilities		
Property taxes receivable	(1,062)	355
Accounts receivable	(1,990)	9,625
Accounts payable and accrued liabilities	2,717	5,798
Long term liabilities	(730)	(706)
Deferred revenue	(30,244)	46,571
Inventories of supplies	(529)	(240)
Prepaid expenses	98	(329)
Net change in cash from operating activities	\$88,052	\$148,657
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(143,028)	(64,886)
Net change in cash from capital activities	(\$143,028)	(\$64,886)
INVESTING ACTIVITIES		
Dividend from Markham Enterprises Corporation	8,460	1,634
Decrease in share capital of Markham Enterprises Corporation	1,851	1,540
Net change in cash from investing activities	\$10,311	\$3,174
NET CHANGE IN CASH AND CASH EQUIVALENTS	(\$44,665)	\$86,945
OPENING CASH AND CASH EQUIVALENTS	389,141	302,196
CLOSING CASH AND CASH EQUIVALENTS	\$344,476	\$389,141
Supplementary information:		
Interest paid	387	412
Interest received	9,468	9,075

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(All dollar amounts are in \$000)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of The City of Markham (the City) are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). Significant accounting policies adopted by the City are as follows:

a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the City, and which are owned or controlled by the City, including the following:

- City of Markham Public Library Board
- Old Markham Village Business Improvement Area
- Unionville Business Improvement Area

Inter-entity transactions and balances are eliminated on consolidation.

b) Investment in Markham Enterprises Corporation

Markham Enterprises Corporation (MEC) and its subsidiaries are accounted for on a modified equity basis, consistent with the Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis of accounting, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of MEC in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from MEC are reflected as reductions in the investment asset account.

c) Accounting for Region and School Board Transactions

The property taxes, other revenues, expenses, assets and liabilities with respect to the operations of the Regional Municipality of York (the Region) and the York Region District School Boards (School Boards) are not reflected in the municipal fund balances of these financial statements.

d) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Financial Position" and the "Trust Funds Statement of Operations and Fund Balances".

e) Basis of Accounting

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(All dollar amounts are in \$000)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occurred, providing that the transfers are authorized, any eligibility criteria and stipulations have been met, and reasonable estimates of the amounts can be made.

g) Deferred Revenue

Funds received for specific purposes are accounted for as deferred revenue until the City discharges the obligation, which led to receipt of the funds.

h) Property Taxes and Related Revenues

Property tax billings are prepared by the City based on assessment rolls compiled by the Municipal Property Assessment Corporation (MPAC). Property tax rates are established annually by City Council, incorporating amounts to be raised for local services and amounts that the City is required to collect on behalf of the Region and School Boards for education purposes. Realty taxes are billed based on the assessment rolls provided by MPAC.

A normal part of the assessment process is the issuance of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the property taxes applicable and issues supplementary tax bills. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the impact shared with the Region and School Boards as appropriate.

The City is entitled to collect interest and penalties on overdue property taxes. These revenues are recorded in the period the interest and penalties are levied.

i) Employee Future Benefits

The City accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, which is accounted for as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the City's employment. Other employee future benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

Unamortized actuarial gains or losses for event-triggered liabilities, such as those determined as claims related to Workplace Safety and Insurance Board (WSIB) are amortized over the average expected period during which the benefits will be paid. The cost of plan amendments is accounted for in the period they are adopted.

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(All dollar amounts are in \$000)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Management, on approval from City Council, has set aside funds specifically for the financing of future costs.

j) Investment Income

Investment income is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue and/or obligatory reserve funds balance.

k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives in number of years as follows:

Asset	Useful Life - Years
Buildings and building improvements	40
Equipment	5 – 20
Furniture & fixtures	10 – 15
Infrastructure	10 – 100
Library materials, furniture & fixtures	7 – 10
Park & pathways	10 – 60
Vehicles	7 – 9
Waterworks equipment & infrastructure	7 – 100

Amortization is prorated to six months in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration.

(iii) Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest Capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Inventories of Supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(vi) Inventories of land

Inventories of heritage land held for sale and are recorded at cost.

l) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

m) Budget Figures

The approved operating and capital budgets for 2019 are reflected on the Consolidated Statement of Operations and Accumulated Surplus and on the Consolidated Statement of Change in Net Financial Assets. The Capital budget is on a project-oriented basis, the costs of which may be carried but over one or more years and, therefore, may not be comparable with the current year actual amounts. The budget presented in these financial statements has been reconciled to the approved budgets to reflect the accrual basis of accounting (Note 18).

n) Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of the segments used and presented financial information in segmented format in Note 17.

o) Liability for Contaminated Sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The City adopted this standard on a prospective basis.

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- an environmental standard exists
- contamination exceeds the environmental standard
- the organization is directly responsible or accepts responsibility for the liability
- future economic benefits will be given up, and
- a reasonable estimate of the liability can be made.

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Newly Adopted Accounting Standard

Effective January 1, 2019, the City has adopted following standard issued by PSAB:

- (i) PS 3430 Restructuring Transactions, requires that assets and liabilities in restructuring transactions to be measured at their carrying amount. It also prescribes financial statement presentation and disclosure requirement.

The adoption of this standard has not resulted in additional note disclosures. There are no restructuring transactions to disclose for 2019.

q) Future Accounting Pronouncements

These standards and amendments were not effective for the year ended December 31, 2019, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

- (i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the consolidated statement of operations and accumulated surplus. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This section is effective for fiscal years beginning on or after April 1, 2021 (the City's December 31, 2022 year-end) and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted.
- (ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has recently been deferred and is now effective for fiscal periods beginning on or after April 1, 2021 (the City's December 31, 2022 year-end).
- (iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2021 (the City's December 31, 2022 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.
- (iv) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This section is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).
- (v) PS 3280, Asset Retirement Obligation, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This section is effective for fiscal year beginning on or after April 1, 2021 (the City's December 31, 2022 year-end).

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2. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF YORK

Further to Note 1, requisitions were made by the Region and School Boards requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	School Boards	Region of York	2019	2018
Taxation	\$ 242,690	\$ 325,708	\$ 568,398	\$ 543,368
Payment in lieu of taxes	327	968	1,295	977
Supplementary taxes	2,638	3,319	5,957	5,962
Amount requisitioned and transferred	\$ 245,655	\$ 329,995	\$ 575,650	\$ 550,307

3. PENSION AGREEMENTS

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings. Employees contribute between 9.0% and 15.9% of their salary and the City matches the employee contribution.

Total OMERS contributions amounted to \$24,512 (2018 - \$22,930) of which \$12,256 (2018 - \$11,465) represented the City's portion and \$12,256 (2018 - \$11,465) represented employees portion

Since OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit of \$3.4 billion as of 2019 (2018 - \$4.2 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

4. CASH AND INVESTMENTS

	2019	2018
Cash	\$ 138,544	\$ 169,044
Investments	205,932	220,097
	\$ 344,476	\$ 389,141

Cash balance includes investments in the amount of \$10,000 (2018 - \$12,169) which have a maturity date of less than three months. Investments consist of authorized investments pursuant to the provisions of the Municipal Act and include short-term instruments of various financial institutions, government bonds, and Treasury Bills. Investments, which are reported at cost for money market and face value for bonds, had a market value of \$213,099 (2018 - \$217,695) at the end of the year. For the year 2019, the average rate of return earned was 3.40% (2018 - 3.12%).

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5. PROPERTY TAXES RECEIVABLE

The balance in property taxes receivable, including penalties and interest, is comprised of the following:

	2019	2018
Current year	\$ 21,710	\$ 20,029
Arrears prior years	5,944	6,563
	27,654	26,592
Less: Allowance for uncollectible taxes	(1,001)	(1,001)
	\$ 26,653	\$ 25,591

The Municipal Property Assessment Corporation (MPAC) is responsible for the valuation of the current value assessment (CVA) of all properties in Ontario. MPAC determines the CVA for all properties and provides it annually to municipalities in the form of an Assessment Roll, which the municipalities use to calculate property taxes for each individual property.

The Province of Ontario introduced a four-year property assessment cycle in 2009, which included a mandatory phase-in of reassessment increases for all properties. The Province chose to repeat the four-year assessment cycle and therefore, for the 2017 through 2020 tax years, all properties are assessed and taxed based on their CVA as of the valuation date of January 1st, 2016. The 2020 taxation year marks the fourth and last year of the current phase-in cycle.

The City of Markham's property tax revenue and property tax receivables rely on the stability of the assessment roll, which is subject to annual assessment appeals that create an amount of uncertainty related to the amount of property tax receivables. This financial uncertainty continues to illustrate the requirement of the provision allowance, which was established in the amount of \$1,001 (2018 - \$1,001). Further, as a result of an initiative by the Chair of the Assessment Review Board (ARB), a commitment was made by the ARB to address the regular and systemic backlog of all property assessment appeals.

6. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION

Markham Enterprises Corporation (MEC) is wholly owned by the City of Markham. MEC owns 100% of Markham District Energy Inc. (MDE) and 15.00% of Alectra Inc. (2018 – 15.73%).

On January 1, 2019, Alectra Inc. amalgamated with Guelph Hydro Electric Systems Inc. ("GHESI"). Alectra Inc. issued 485,000 Class G Common Shares to Guelph Municipal Holdings Inc. ("GMHI") in consideration for all the issued and outstanding shares of GHESI. This common shares issuance by Alectra Inc. represents an effective 4.6% interest in its aggregate issued and outstanding classes of common shares. The new shareholder ownership structure as a result of this merger is as follows: Barrie Hydro Holdings – 8.4%, Enersource Corporation – 29.6%, Hamilton Utilities Corporation – 17.3%, Markham Enterprises Corporation – 15%, St. Catharines Hydro Inc. – 4.6%, Vaughan Holdings Inc. – 20.5% and GMHI – 4.6%.

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6. INVESTMENT IN MARKHAM ENTERPRISES CORPORATION (continued)

The following consolidated financial statements of Markham Enterprises Corporation include the financial information of its subsidiaries Markham District Energy Inc. and Alectra Inc. for the period from January 1, 2019 to December 31, 2019.

	2019	2018
Assets		
Current	21,811	18,717
Capital	127,105	117,879
Investment in Alectra Inc.	309,255	316,007
Other	1,778	1,778
Total Assets	459,949	454,381
Liabilities		
Current	9,617	8,674
Other	57,878	54,418
Long Term	10,977	10,977
Total Liabilities	78,472	74,069
Shareholder's Equity		
Common shares	96,065	97,916
Promissory notes payable	79,184	79,184
Retained earnings and contributed Surplus	206,228	203,212
Total Shareholder's Equity	381,477	380,312
Total Liabilities and Shareholder's Equity	459,949	454,381
Results of Operations		
Revenues	37,030	45,667
Operating expenses	25,020	24,340
Gain on acquisition of GHESI	657	-
Net Income	12,667	21,327
Impact of adoption of IFRS 16 on retained earnings	(1,191)	-
Net equity pick up in Markham Enterprises Corporation	11,476	21,327
(Decrease) in share capital	(1,851)	(1,540)
Dividend	(8,460)	(1,634)
Net Change in Equity in Markham Enterprises Corporation	1,165	18,153
Opening shareholder's equity	380,312	362,159
Closing shareholder's equity	381,477	380,312

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events on or before the end of the accounting period. They are the result of contracts, agreements and legislation in force at the end of the accounting period that require Markham to pay for goods and services acquired or provided prior to the accounting date. A breakdown of the accounts payable and accrued liabilities is as follows:

	2019	2018
Trade accounts payable	\$ 53,416	\$ 44,829
Payable to other governments	71,279	80,479
Payroll liabilities	6,873	7,983
Accrued liabilities	19,673	15,233
	\$ 151,241	\$ 148,524

8. DEFERRED REVENUE

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. The following is the current status of the deferred revenue:

	Opening balance	Inflows	Revenue earned	Closing balance
Development charges	\$57,277	\$24,457	\$43,322	\$ 38,412
Parkland cash-in-lieu	65,050	7,076	21,431	50,695
Federal Gas tax	8,368	20,085	13,321	15,132
Section 37 funds	6,215	2,792	537	8,470
Other	-	323	253	70
	136,910	54,733	78,864	112,779
Deferred revenue and deposits	35,937	10,360	16,473	29,824
	\$ 172,847	\$ 65,093	\$ 95,337	\$ 142,603

9. EMPLOYEE FUTURE BENEFITS LIABILITIES

	2019	2018
Long-term disability	\$ 5,903	\$ 5,877
Post-employment benefits	13,050	13,184
Vacation pay - City	2,938	2,792
Vacation pay - Library	161	125
Vested sick leave benefits	6,214	6,142
Workplace Safety & Insurance Board	3,837	3,529
	\$ 32,103	\$ 31,649

THE CORPORATION OF THE CITY OF MARKHAM
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9. EMPLOYEE FUTURE BENEFITS LIABILITIES (continued)

a) Long-Term Disability Benefits (LTD)

The City provides long-term disability benefits to eligible employees. At the year end, the accrued liability of \$5,903 (2018 – \$5,877) represents the actuarial valuation of benefits to be paid on the history of claims with employees. The City has established a long-term disability reserve to reduce future impact of these obligations. The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2017.

b) Post-Employment Benefits

The City provides for post-employment benefits (extended health and dental benefits) to eligible retiring employees to age 65. The City recognizes these post-employment costs as they are earned during the employee's tenure of service. The benefit liability at December 31, 2019 is \$13,050 (2018 – \$13,184). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2018.

c) Vested Sick-Leave Benefits

Under the sick leave benefit plan, which is available only to the City's Firefighters, employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the City's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to approximately \$6,214 (2018 - \$6,142). The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2018.

d) Workplace Safety and Insurance Board (WSIB) Obligations

Effective January 1, 1999, the Corporation of the City of Markham became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self-insurance for all its employees. The City remits payments to the WSIB as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$3,837 (2018 - \$3,529) and was determined by an actuarial valuation. A Workplace Safety and Insurance Reserve Fund, funded by annual contributions from the Operating Fund, has been established to protect against any unknown future liability. The accrued benefit liability and the net benefit cost for the fiscal year were determined by an actuarial valuation for December 2016.

Information about the City's self-insured, defined benefit plans is as follows:

	LTD	Post employment benefits	Vested sick- leave	WSIB	2019	2018
Accrued benefit liability, beginning of year	\$ 5,877	\$ 13,184	\$ 6,142	\$ 3,529	\$ 28,732	\$ 28,179
Service cost	888	461	538	260	2,147	2,067
Interest cost	187	455	260	188	1,090	1,124
Benefit payments	(870)	(927)	(761)	(377)	(2,935)	(2,633)
Amortization of actuarial loss(gain)	(179)	(123)	35	237	(30)	(5)
Accrued benefit liability, end of year	\$ 5,903	\$ 13,050	\$ 6,214	\$ 3,837	\$ 29,004	\$ 28,732
Unamortized actuarial (gain) loss	(346)	(1,455)	438	997	(366)	(395)
Accrued benefit obligation, end of year	\$ 5,557	\$ 11,595	\$ 6,652	\$ 4,834	\$ 28,638	\$ 28,337

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9. EMPLOYEE FUTURE BENEFITS LIABILITIES (continued)

The actuarial valuations of the plans were based upon a number of assumptions about the future events, which reflect management's best estimates. The following represents the more significant assumptions made:

	LTD	Post employment benefits	Vested sick- leave	WSIB
Expected inflation rate	N/A	2.00%	1.75%	1.75%
Expected level of salary increase	N/A	3.00%	2.75%	3.00%
Interest discount rate	3.50%	4.00%	4.00%	4.00%

10. LONG-TERM LIABILITIES

On July 1, 2010 and April 14, 2014, the City received a loan of \$12,000 from Canada Mortgage Housing Corporation (CMHC) and a \$4,000 low-interest loan from Federation of Canadian Municipalities (FCM) respectively through the Region. As a lower-tier municipality the City does not have the ability to borrow long-term funds, and as such the borrowing was done through the Region. The loan received on July 1, 2010 was used to fund the purchase of the Markham District Energy Birchmount plant. The plant was subsequently leased back to Markham District Energy (MDE), a 100% subsidiary of MEC. The loan received on April 14, 2014 was used to fund the cost of Cornell Community Centre.

The loan of \$12,000 is to be amortized over a period of 20 years, at an interest rate of 4.04%. An annual payment to the Region of \$886 consists of principal and interest. The first payment was due July 1, 2011. The loan of \$4,000 is to be amortized over a period of 20 years, at an interest rate of 2%. An annual payment to Region of \$244 consists of principal and interest. The first payment was due October 4, 2014.

Principal payments are repayable annually as follows:

2020	757
2021	784
2022	811
2023	840
2024	870
2025 and thereafter	6,738
Total	10,800

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11. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Depreciation				Net Book Value	
	Jan 1, 2019	Additions	Disposals & Adjustments	Dec 31, 2019	Jan 1, 2019	For the year	Disposals & Adjustments	Dec 31, 2019	Balance at Dec,31, 2019	Balance at Dec,31, 2018
Land	2,044,517	81,573	(144)	2,125,946	-	-	-	-	2,125,946	2,044,517
Buildings	410,598	7,716	-	418,314	126,319	9,909	-	136,228	282,086	284,279
Equipment	33,975	2,859	(3,509)	33,325	18,205	3,558	(3,509)	18,254	15,071	15,770
Furniture & fixtures	7,958	170	(66)	8,062	5,692	592	(66)	6,218	1,844	2,266
Infrastructure	1,441,399	59,666	(6,536)	1,494,529	485,769	38,013	(6,536)	517,246	977,283	955,630
Library materials, furniture & fixtures	22,115	1,631	(1,968)	21,778	12,216	2,614	(1,968)	12,862	8,916	9,899
Parks & Pathways	91,321	9,385	(3,804)	96,902	34,847	5,173	(3,804)	36,216	60,686	56,474
Vehicles	16,058	1,500	(764)	16,794	8,598	1,887	(764)	9,721	7,073	7,460
Waterworks equipment & infrastructure	1,053,417	21,802	(948)	1,074,271	344,212	16,442	(948)	359,706	714,565	709,205
Total	5,121,358	186,302	(17,739)	5,289,921	1,035,858	78,188	(17,595)	1,096,451	4,193,470	4,085,500
Capital work in progress	27,857	(3,478)		24,379					24,379	27,857
Grand Total	5,149,215	182,824	(17,739)	5,314,300	1,035,858	78,188	(17,595)	1,096,451	4,217,849	4,113,357

a) Capital work in progress

Assets under construction having a value of \$24,379 (2018 - \$27,857) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contribution assets received during the year is \$39,796 (2018 - \$120,344) comprised of land in the amount of \$5,957 (2018 - \$70,344), roads infrastructure in the amount of \$25,683 (2018 - \$38,166) and water and wastewater infrastructure in the amount of \$8,156 (2018 - \$11,834).

c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

d) Works of Art and Historical Treasures

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

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12. USER CHARGES

	2019	2018
Water and sewer billing to ratepayers	\$ 130,470	121,384
Building permits	6,184	11,791
Culture venues	3,772	3,613
Engineering	7,385	10,231
Facility rentals	9,458	9,196
Licenses	1,617	1,808
Landscaping	1,581	3,362
Parking violations	3,493	3,056
Planning	5,922	10,357
Recreation programs	13,901	13,244
Other	5,297	4,810
Total	\$ 189,080	192,852

13. GOVERNMENT TRANSFERS

The City recognizes the transfer of government funding as revenue in the year the events giving rise to the transfer occurred. The details of government transfer for the year are:

	2019	2018
Provincial Grant:		
Environmental services	1,297	1,260
Recreation and cultural services	647	658
Planning and development services	308	337
	\$ 2,252	\$ 2,255
Federal Grant:		
General government	13,321	8,903
	\$ 13,321	\$ 8,903
	\$ 15,573	\$ 11,158

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14. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2019	2018
City operating fund surplus including library, community boards, and business improvement areas	5,462	4,464
Equity in Markham Enterprises Corporation	381,477	380,312
Invested in tangible capital assets and other	4,181,871	4,071,191
	4,568,810	4,455,967
RESERVES SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Berczy landscape feature	203	203
Building fee	11,155	13,603
Capital gains	4,160	4,160
Corporate rate stabilization	22,527	21,131
Development fee	364	1,179
Election expenses	231	8
Election rebates	385	675
Facility ramp up	19,535	14,861
Firefighters sick leave benefits	6,776	6,340
Insurance	4,059	3,932
Long-term disability benefits	21,975	21,093
Waterworks	82,159	80,400
Total reserves	173,529	167,585
RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Cemetery expenses	120	117
Emerald Ash Borer	387	552
Environmental land acquisition	10,326	9,838
Environmental sustainability fund	95	111
Heritage	339	345
Land acquisition	(215,236)	(164,929)
Library infrastructure	6,366	6,218
Life cycle replacement and capital	120,800	100,832
Museum	19	18
Non-DC growth	9,063	6,549
Post retirement benefits	14,566	14,229
Public art acquisition	3,158	2,723
Stormwater fee	(133)	224
Theatre	879	813
Trees for Tomorrow program	6	29
Workplace Safety & Insurance Board (WSIB)	4,334	4,234
WSIB excess compensation	1,435	1,130
Total reserves fund	(43,476)	(16,967)
Total	4,698,863	4,606,585

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(All dollar amounts are in \$000)

15. LEASE OBLIGATIONS

As at December 31, 2019, the City is committed to minimum annual operating lease payments for premises and equipment as follows:

2020	88
2021	89
2022	67
2023	43
2024	43
2025 and thereafter	173
Total	\$ 503

16. CONTINGENCY

Unsettled Legal Claims and Potential Other Claims

The City has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable at this time and, accordingly, no provision has been made in these financial statements for any liability that may result.

17. SEGMENTED INFORMATION

The City is a diverse municipal government that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized functionally based on services provided. Certain allocation methodologies are employed in the preparation of segmented financial information. User charges and other revenues are allocated to the segments based upon the segment that generated the revenue. Government transfers are allocated to the segment based upon the purpose for which the transfer was made. Deferred revenues earned and developer contributions are allocated to General Government.

The segmented information with a brief description of the service area is as follows:

a) General Government

General government service area includes the Office of Mayor and Members of Council, Chief Administrative Officer, Human Resources, Legal, Sustainability Office, Legislative Services, Financial Services, Corporate Communications and Community Engagement, and Information Technology Services. The departments are responsible for general governance and corporate management.

b) Protection to Persons and Property

Protection service area includes Fire and Emergency Services and Building Standards. The departments are responsible to perform fire prevention and protection, fire alarm, building services and other auxiliary services.

THE CORPORATION OF THE CITY OF MARKHAM
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17. SEGMENTED INFORMATION (continued)

c) Transportation Services

Transportation service area includes Roads, Parking Control and Asset Management. The departments are responsible for road maintenance, hard-top and loose-top maintenance, winter patrol, salt, sanding, snow removal, street lighting and administration of facilities and parking.

d) Environmental Services:

Environmental service area includes Waterworks and Waste Management. The departments are responsible for the administration of the sanitary and storm sewer system, distribution of water, and the administration of garbage collection and garbage recycling.

e) Recreation and Cultural Services

The recreation and cultural service area includes Park, Recreation services, Culture services and Markham Public Libraries. The departments are responsible for providing and facilitating the development and maintenance of high-quality parks, recreation services and cultural services, and administration of libraries.

f) Planning and Development Services

Planning and development services area includes Planning and Urban Design and Engineering. The departments are responsible for administration of land use plans and policies for sustainable development of the City.

g) Other

The Legislative Services department is responsible for administration of cemetery maintenance and morgues.

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(All dollar amounts are in \$000)

17. SEGMENTED INFORMATION (continued)

	General Government	Protection to persons and property	Transportation services	Environmental Services	Recreation and Cultural services	Planning and Development	Others	2019	2018
Revenues									
Property taxes	162,536	-	-	-	-	-	-	162,536	156,737
User charges	3,171	7,545	11,689	131,590	27,574	7,511	-	189,080	192,852
Government transfers	13,321	-	-	1,297	647	308	-	15,573	11,158
Contribution from developers and others	41,637	-	-	-	-	-	-	41,637	128,130
Investment income	23,284	-	-	-	-	-	-	23,284	15,726
Tax penalties	4,811	-	-	-	-	-	-	4,811	4,482
Gain on sale of tangible assets	128	-	-	-	-	-	-	128	873
Deferred revenue earned	65,543	-	-	-	-	-	-	65,543	20,543
Equity pick up from Markham Enterprises Corporation	11,476	-	-	-	-	-	-	11,476	21,327
Others	12,388	516	579	761	894	7	4	15,149	9,578
Total	338,295	8,061	12,268	133,648	29,115	7,826	4	529,217	561,406
Expenses									
Salaries, Wages and employee benefits	25,528	47,732	14,558	8,429	47,607	7,727	-	151,581	148,082
Operating Materials and Supplies	12,456	1,140	5,233	5,639	14,373	998	24	39,863	33,206
Contracted Services	13,045	1,285	18,733	118,801	10,556	2,129	-	164,549	149,221
Rents and Financial Expenses	(1,976)	114	182	2,795	717	132	-	1,964	2,306
External Transfers to others	357	-	-	-	50	-	-	407	375
Long Term Debt Charges	387	-	-	-	-	-	-	387	412
Amortization of tangible capital assets	3,462	1,770	36,803	23,834	12,319	-	-	78,188	76,384
Total Expenses	53,259	52,041	75,509	159,498	85,622	10,986	24	436,939	409,986
Annual Surplus/(Deficit)	285,036	(43,980)	(63,241)	(25,850)	(56,507)	(3,160)	(20)	92,278	151,420

THE CORPORATION OF THE CITY OF MARKHAM
Notes to the Consolidated Financial Statements
December 31, 2019
(All dollar amounts are in \$000)

18. BUDGET FIGURES

The budget figures presented in these consolidated financial statements are based on the Council approved 2019 budget. The following table reconciles the approved budget figures as presented in these financial statements using the accrual basis of accounting.

	2019	2018
	\$	\$
Revenues		
Approved operating budget	393,712	378,456
Approved capital budget	124,686	77,715
Transfer from reserve funds	(66,239)	(50,823)
Total revenues	452,159	405,348
Expenses		
Approved operating budget	393,712	378,456
Transfer to reserve funds	(53,178)	(46,004)
Expenses not capitalized	21,733	19,627
Post-employment benefit expenses	106	77
Amortization	78,565	73,756
Total expenses	440,938	425,912
Annual surplus/(deficit)	11,221	(20,564)

19. TRUST FUNDS

Trust funds administered by the City for the benefit of others amounting to \$2,436 (2018 - \$2,431) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations and Accumulated Surplus". The details of trust funds administered by the City and their Financial Position and Statement of Financial Activities and Fund Balances are as follows:

a) Morgan Park Trust Fund

The T. & G. Morgan Memorial Fund in Markham Village was established in 1918 as a result of the last Will and Testament of George Morgan to hold funds, the interest earned on which can be used to offset certain maintenance costs of Morgan Park. As at December 31, 2019 the balance was \$84 (2018 - \$82).

b) Varley-McKay Art Foundation Trust Fund

The Varley-McKay Art Foundation Trust Fund was established by Council Resolution on December 11, 2001. This trust is funded by the amount received from the Estate of Kathleen G. McKay. Interest earned on these funds is available to the Varley-McKay Art Foundation of Markham to fund art appreciation and development. As at December 31, 2019 the balance was \$1,299 (2018 - \$1,299).

THE CORPORATION OF THE CITY OF MARKHAM
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19. TRUST FUNDS (continued)

c) Markham Environmental Advisory Committee Trust Fund

The Markham Environmental Advisory Committee (previously the Markham Conservation Committee) Trust Fund was established by Council Resolution on April 15, 1992 to receive donations, grants, subsidies, and other amounts, to be used to cover costs associated with conservation and naturalization programs and projects undertaken by the Markham Environmental Advisory Committee. As at December 31, 2019 the balance was nil (2018 - \$nil).

d) Cemetery Trust Fund

The Cemetery Trust Fund was established under the Regulations of the Cemeteries Act to accumulate certain funds from the sale or transfer of an interment right to a purchaser in accordance with the Regulations. These funds are to be held in trust for the care and maintenance of the cemetery. Interest earned on amounts held by the Fund is used towards the maintenance, security and preservation of the cemetery, its grounds, buildings, equipment and markers in accordance with the Regulations. As at December 31, 2019 the balance was \$943 (2018 - \$942).

e) Older Adults In Action Trust Fund

Council Resolution established the Older Adults In Action Trust Fund on March 10, 1998 to collect donations for the Club and Older Adult Centre. As at December 31, 2019 the balance was \$10 (2018 - \$10).

f) Markham History - Research and Publication Trust Fund

The Markham History – Research and Publication Trust Fund was established by Council Resolution on June 1, 2004 to plan and monitor the implementation of research, writing, digitizing and production of historical media that illuminates various themes in Markham's history. As at December 31, 2019 the balance was \$100 (2018 - \$98).

20. CONTRACTUAL RIGHTS

City revenues to be generated in the future, in relation to existing lease agreements are approximately \$27,112. The City has also entered into Provincial funding agreements, whereby the estimated future funding is \$41,733.

Year	Lease agreements	Provincial funding agreements
2020	2,635	9,980
2021	2,597	10,433
2022	2,576	10,433
2023	2,239	10,887
2024	2,277	-
2025 and thereafter	14,788	-
Total	27,112	41,733

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(All dollar amounts are in \$000)

21. SUBSEQUENT EVENT

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the US, Canadian, Ontario and local governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however, the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

Appendix B

The Corporation of the City of Markham

Audit Findings Report
for the year ended December 31, 2019

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants

April 2020

kpmg.ca/audit



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Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of Council, in your review of the results of our audit of the consolidated financial statements (“the financial statements”) of the Corporation of the City of Markham (“the City”) as at and for the year ended December 31, 2019. This Audit Findings Report builds on the Audit Plan we presented to the Audit Committee.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to management.

Finalizing the Audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the audit committee / general committee;
- Obtaining evidence of the Council’s approval of the financial statements;
- Final internal quality control review;
- Receipt of the signed management representation letter (to be signed upon approval of the financial statements).

We will update the General Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report will be dated upon the completion of any remaining procedures.

Independence

We are independent with respect to the City of Markham, within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation.

Significant accounting policies and practices

There was no change to the significant accounting policies during the year.

The City adopted a new public sector accounting standard in 2019: See page 10 for considerations regarding the implementation of the new standard in the current year financial statements.

¹ This Audit Findings Report should not be used for any other purpose or by anyone other than the General Committee and City Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Uncorrected differences

For the City financial statements, we did not identify differences that remain uncorrected. We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Control deficiencies and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Accounting estimates

Overall, we are satisfied with the reasonability of accounting estimates.

The critical areas of estimates relate to: amortization of tangible capital assets, valuation related to land acquisitions, receivables, and accruals for employee future benefits.

See pages 7 and 8.

Financial impact of Covid-19

We have discussed the financial impact of Covid-19 on the operations of the City with management, and the City's response to the pandemic. Due to the uncertainty of the future financial impact to the City, management has added a subsequent event to the notes to the financial statements.

Audit risks and results

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

1 Presumed Risks

Presumed significant risks as prescribed by audit professional standards

Significant financial reporting risk

Fraud risk from management override of controls

Fraud risk from revenue recognition related to revenue transactions that are not in the normal course of business and deferred revenue

Our response and significant findings

- As this risk is not rebuttable, our audit methodology incorporated the required procedures in professional standards to address this risk.
 - These procedures included the testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.
 - We did not identify any issues or concerns regarding management override of controls.
-
- Our audit methodology incorporated the required procedures in professional standards to address this risk.
 - Our audit approach consisted of evaluating the design and implementation of selected relevant controls. We tested journal entries that meet specific criteria. This criteria was designed during the planning phase of the audit and is based on areas and accounts that are susceptible to manipulation through management override. We also designed search filters that allowed us to identify any unusual journal entries.
 - As part of our audit approach to address the inherent risk of error in revenue recognition, we substantively tested revenues (both recognized and amounts held as deferred at year end) and recalculated management's computation of deferred revenue.
 - We did not identify any issues related to fraud risk associated with revenue recognition.

Audit risks and results

Relevant factors affecting our risk assessment

Complexity



2 Area of focus

Tangible Capital Assets

Significant financial reporting risk

Risk of material misstatement related to existence and accuracy of tangible capital assets and accuracy of timing of revenue recognition, particularly related to funds intended for tangible capital asset additions, deferred capital contributions, and contributed assets.

Our response and significant findings

- During our substantive testing of tangible capital asset additions, we noted that the City recognized \$186.3M (2018 - \$215.3M) in total additions, which is comprised of \$148.2M (2018 - \$98.7M) of assets capitalized from work in progress ("WIP"), \$36.7M (2018 - \$55.0M) relating to assets capitalized from developer contributions and \$1.43M (2018 - \$61.6M) relating to land purchases/acquisitions.
- We reviewed on a sample basis the additions to tangible capital assets and noted that management has correctly capitalized the additions from work in progress to capital assets and developer contributions land acquisitions.
- In our testing, we reviewed the contributions from developers and others recognized of \$39.8M (2018 - \$120.3M) on the statement of operations and accumulated surplus and noted that management has appropriately recognized the related revenue.
- No exceptions were noted during testing.

Audit risks and results

Relevant factors affecting our risk assessment

Complexity



3 Area of focus

Deferred Revenue Earned

Significant financial reporting risk

Recognition of revenue relating to amounts previously deferred as a result of legislation or contractual agreements.

Our response and significant findings

- During our substantive testing, we noted that the City recognized \$65.5M (2018 - \$20.5M) of deferred revenue earned.
- We obtained the deferred revenue continuity schedule and selected samples for testing to determine if the selected amounts had been recognized in the current year in accordance with the appropriate legislation or agreements that the revenues pertain to.
- No exceptions were noted during testing.

Audit risks and results

Relevant factors affecting our risk assessment

Related party
transaction



4 Area of focus

Markham Enterprises Corporation ("MEC") Investment

Significant financial reporting risk

Accounting for the City's investment in Markham Enterprises Corporation ("MEC")

Our response and significant findings

- The City recognizes its investment in MEC using the modified equity method.
- We reviewed the criteria per PS 3070 – Investment in Government Business Enterprises and noted the City's investment in MEC continues to meet the criteria of the section and therefore it is appropriate to continue to record the investment in MEC using the modified equity method of accounting.
- We reviewed the MEC modified equity method calculation. We noted that there are two major components to the calculation. They are: MEC's current year net income / other comprehensive income and MEC's dividend declared and paid to the City. These transactions are disclosed in Note 6 of the financial statements.
- Included in the annual surplus for the City for the year is \$11.5M, which represents 100% of the net income of MEC for the year.
- No exceptions were noted during testing.

Audit risks and results - estimates with significant risk

Management is required to disclose information in the consolidated financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be “estimates with significant risk.”

We believe management’s process for identifying estimates with significant risk is considered adequate.

We have summarized our assessment of the subjective areas.

Expense / Liability	Amount (\$'000s)
Amortization expense	\$ 78,188
Employee future benefits obligation	\$ 32,103

KPMG comment

Amortization expense:

- We have reviewed the estimated useful lives of the various additions from work in progress to tangible capital assets and conclude that they are reasonable.
- Fiscal 2019 amortization expense was recalculated and it was determined that management’s calculation of the amortization expense was appropriate.

Employee future benefits obligation:

- We reviewed actuarial reports regarding estimates related to Employee Future Benefits, and conducted tests of detail to assess the reliability of the information used within the reports.
- We recalculated the accruals based on the information noted above, and did not identify any discrepancies.

Audit risks and results - estimates with significant risk

Liability	Amount (\$'000s)
Contingent liabilities	See discussion below
KPMG comment	

Contingent liabilities:

- The Chartered Professional Accountants Handbook PS3300 Contingent Liabilities requires that the City recognize a liability when “...it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.”
- At any point in time, the City is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, contract settlement accruals etc.
- We reviewed the City’s assessments of contingent liabilities and the process employed to develop and record the estimated liabilities. Where applicable, we met with the individuals responsible for the process and are satisfied that the methodology used is consistent with the approach taken in prior years and has been appropriately reviewed.
- As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management’s best estimates of exposure given the information presently available.
- We did not note any issues in the City’s assessment of contingent liabilities and amount of related liabilities that were recorded and reported for the year-ended December 31, 2019.

Technology in the audit

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.



Areas of the audit where Technology and D&A routines were used

Tool	Our results and insights
Journal Entry Analysis	<p>We utilized our proprietary D&A tool, IDEA, to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.</p> <p>We are satisfied with the results of our testing of specific relevant journal entries.</p>
Data & Analytics Routines	<p>We utilized computer assisted audit techniques to perform testing on amortization expense recorded for the fiscal year based on each individual asset in the asset sub-ledger. This consists of recalculating the expected amortization expense for each asset based on its useful life and number of days in use during the year, and comparing to the total amortization expense recorded in the General Ledger ("GL").</p> <p>We did not identify any issues in regards to the amortization expense. Moreover, we are satisfied with the results of our testing.</p>
Data Extraction & Analytics Tools	<p>We utilized data and analytics in the audit to evaluate the completeness of the journal entry population through a roll-forward of selected accounts. This consists of a summation of all automated and manual journal entries posted in the selected GL accounts during the fiscal year and comparison of the calculated final balances to the account balances as at and for the year ended December 31, 2019 as reported by management.</p> <p>We did not identify any issues in regards to the completeness of journal entries.</p>

Significant accounting policies and practices



Initial selections

There were no initial selections of significant accounting policies and practices. The following new other accounting policy was selected and applied during the period as per the requirement of Public Sector Accounting Standards. This accounting policy was applied prospectively for the consolidated financial statements for the year ended December 31, 2019.



Changes

Changes to significant accounting policies and practices and the impact on the financial statements are disclosed in Note 1(p) to the consolidated financial statements.

Beginning in fiscal 2019, the City is now required to adopt the following new public sector accounting standard (PSAS):

PS 3430 – Restructuring Transactions

- This section establishes standards on how to account for and report restructuring transactions by both transferors and recipients of asset and/or liabilities, together with related program and operating responsibilities. Individual assets and liabilities received in a restructuring transaction should be recognized by the recipient if they meet the definitions of assets and liabilities and applicable recognition criteria at the restructuring date. Individual assets and liabilities transferred in a restructuring transaction should be derecognized by the transferor if they no longer meet the definition of assets and liabilities and applicable recognition criteria at the restructuring date.
- The City has internal policies to identify and monitor restructuring transactions. Our findings from our review of internal policies and procedures were consistent in this regard. At the completion of the audit, we will obtain from management a signed representation letter indicating that there were no restructuring transactions not identified to us or disclosed in the consolidated financial statements.

As at December 31, 2019 and for the year then ended, the City does not have any restructuring transactions, as defined by the PS3430 to report.

Uncorrected differences and Corrected Adjustments

Differences and adjustments include disclosure differences and adjustments.

Professional standards require that we request of management that all identified differences be corrected. We have already made this request of management.

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Current developments and audit trends

Public Sector Accounting Standards

Title	Details	Link
Public Sector Update – connection series	Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items.	Contact your KPMG team representative to sign up for these webinars. Public Sector Minute Link

The following are upcoming changes that will be effective in future periods as they pertain to Public Sector Accounting Standards. We have provided an overview of what these standards are and what they mean to your financial reporting so that you may evaluate any impact to your future financial statements.

Standard	Summary and implications
Asset Retirement Obligations (applicable for the year ending December 31, 2022 with a retrospective application effective December 31, 2020)	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2021 (the City's 2022 year-end). – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity would have to: <ul style="list-style-type: none"> ○ consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; ○ carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; ○ begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.

Standard	Summary and implications
Revenue	<ul style="list-style-type: none"> — A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 (the City's 2023 year-end). — The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. — The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. — The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Financial Instruments and Foreign Currency Translation	<ul style="list-style-type: none"> — New accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> have been approved by PSAB and are effective for years commencing on or after April 1, 2021 (the City's 2022 year-end). — Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the government's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. — Hedge accounting is not permitted. — A new statement, the Statement of Re-measurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations. — Based on stakeholder feedback received, PSAB is considering certain scope amendments to PS 3450 <i>Financial Instruments</i>. An exposure draft with the amendments is expected to be issued in 2020. The proposed amendments are expected to include the accounting treatment of bond repurchases, scope exclusions for certain activities by the federal government, and improvements to the transitional provisions.
Employee Future Benefit Obligations	<ul style="list-style-type: none"> — PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits. — Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans. — The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.

Standard	Summary and implications
2019 – 2020 Annual Improvements	<ul style="list-style-type: none"> – PSAB adopted an annual improvements process to make minor improvements to the CPA Canada Public Sector Accounting (PSA) Handbook or Statements of Recommended Practices (other guidance). – The annual improvement process: <ul style="list-style-type: none"> ○ clarifies standards or other guidance; or ○ corrects relatively minor unintended consequences, conflicts or oversights. – Major or narrow scope amendments to the standards or other guidance are not included in the annual improvement process.
Public Private Partnerships (“P3”)	<ul style="list-style-type: none"> – A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. The objective is to develop a public sector accounting standard specific to public private partnerships. – A Statement of Principles (“SOP”) was issued in August 2017 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. An Exposure Draft of the new standard is expected to be issued in December 2018. – The SOP proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. – The SOP proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. – The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
International Strategy	<ul style="list-style-type: none"> – PSAB is in the process of reviewing its current approach towards International Public Sector Accounting Standards (IPSAS). This project may result in changes to the role PSAB plays in setting standards in Canada. – A consultation paper was released for comment in May 2018 and has closed. The consultation paper described the decision-making criteria PSAB expects to consider in evaluating the international strategy that best serves the public sector. It also introduced four proposed international strategies that PSAB considers to be viable. Over 2017-2021 period, PSAB intends to do the following: <ul style="list-style-type: none"> ○ conduct research on differences between Canadian Public Sector Accounting Standards and International Accounting Standards; ○ learn about experiences of other jurisdictions that choose to follow IPSAS; publish a consultation paper to get the opinion of stakeholders; – and, develop options for PSAB’s International strategy.
Purchased Intangibles	<ul style="list-style-type: none"> – As a result of stakeholder feedback received, PSAB will revisit validity of the prohibition against recognizing purchased intangibles in public sector financial statements and will consider a narrow scope amendment. – Input received in response to the 2018 conceptual framework and reporting model documents for comment supported PSAB relocating the recognition prohibitions from the conceptual framework to the standards level. This is a bigger issue for Indigenous governments. PSAB is looking into the question of purchased intangibles acquired through an exchange transaction cannot be recognized in public sector financial statements as they are measureable at the price in the transaction.

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> — PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. — PSAB is developing two exposure drafts (one for a revised conceptual framework and one for a revised reporting model) with two accompanying basis for conclusions documents and resulting consequential amendments. PSAB expects to issue the two exposure drafts and accompanying documents in 2020. — A Statement of Concepts (“SOC”) and Statement of Principles (“SOP”) were issued for comment in May 2018. — The SOC proposes a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. — The SOP includes principles intended to replace PS 1201 <i>Financial Statement Presentation</i>. The SOP proposes: <ul style="list-style-type: none"> ○ Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets. ○ Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). ○ Restructuring the statement of financial position to present non-financial assets before liabilities. ○ Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities). ○ A new provision whereby an entity can use an amended budget in certain circumstances. — Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Current developments and audit trends

Our discussions with you and what KPMG is seeing in the marketplace—both from an audit and industry perspective—indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

Thought Leadership	Overview	Links
Accelerate	Accelerate is a KPMG trends report and video series that includes the perspective of subject matter leaders from across KPMG in Canada on seven key issues impacting organizations today that are disrupting the audit committee mandate.	Link to report
Bracing for digital disruption	The digital revolution may be well into its prime, but the disruption is far from over. New and emerging technologies continue to shape (and reshape) how organizations operate and adapt to their customers. While these tools have opened the doors to new capabilities and market opportunities, they have also driven the need for stronger and more adaptive risk management strategies.	Link to report

Appendices

Content

Appendix 1: Required communications

Appendix 2: Audit Quality and Risk Management

Appendix 3: Key Audit Matters – Identification

Appendix 4: Preparing for PSAB Standard Changes



Appendix 1: Required Communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

Auditor's report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.

Management representation letter

In accordance with professional standards, a copy of the management representation letter is provided to Council. The management representation letter is attached.

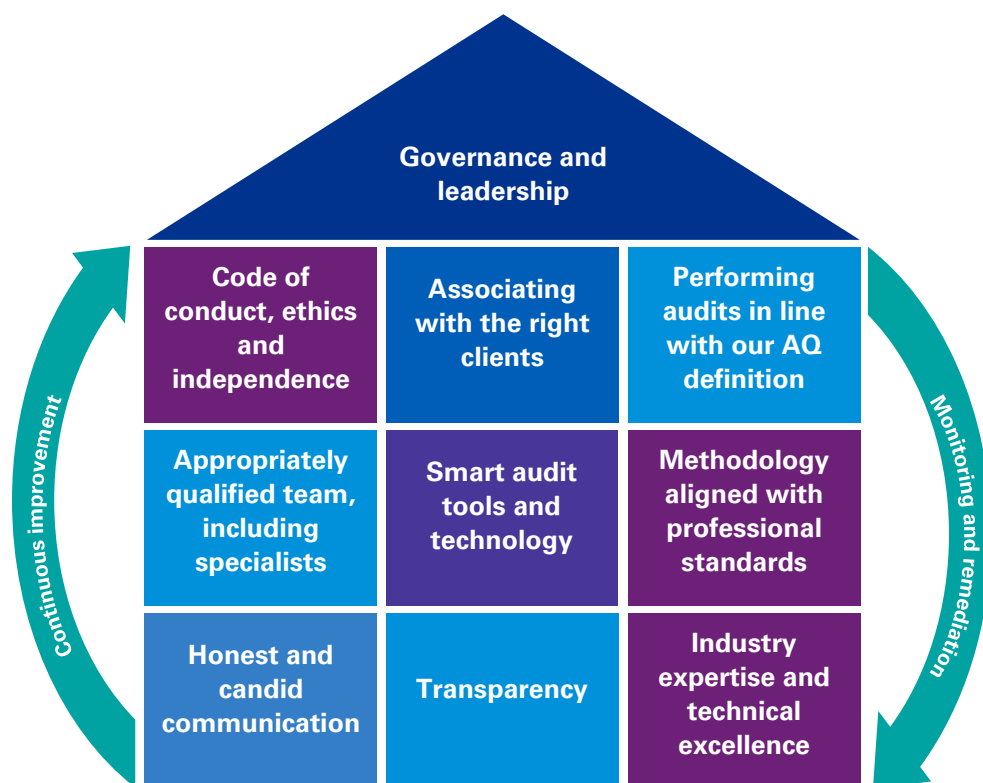
Audit quality

Audit Quality (AQ) is at the core of everything we do at KPMG. Appendix 2 provides more information on AQ.

Appendix 2: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).

Appendix 3: Key Audit Matters — Identification

Key audit matters (KAMs) are those matters that were communicated to those charged with governance which required significant audit attention in performing the audit and that, in the auditor's professional judgment, were of the most significance in the audit of the financial statements in the current period.

Currently, the communication of KAMs in the auditors' report is only applicable when:

1. The auditors' report will refer to International Standards on Auditing and the audit is for a complete set of general purpose financial statements of a listed entity
2. Required by law or regulation; or
3. The auditor is engaged to do so

However, the AASB approved amendments to bullet #1 which now require auditors' to communicate KAMs in the auditors' report for audits of complete sets of general purpose financial statements of:

- Toronto Stock Exchange listed entities (TSX listed entities) for periods ending on or after December 15, 2020.
- Other listed entities (non-TSX listed entities) for periods ending on or after December 15, 2022.

The above excludes TSX listed entities / Non-TSX listed entities that comply with National Instrument 81-106, *Investment Fund Continuous Disclosure*.

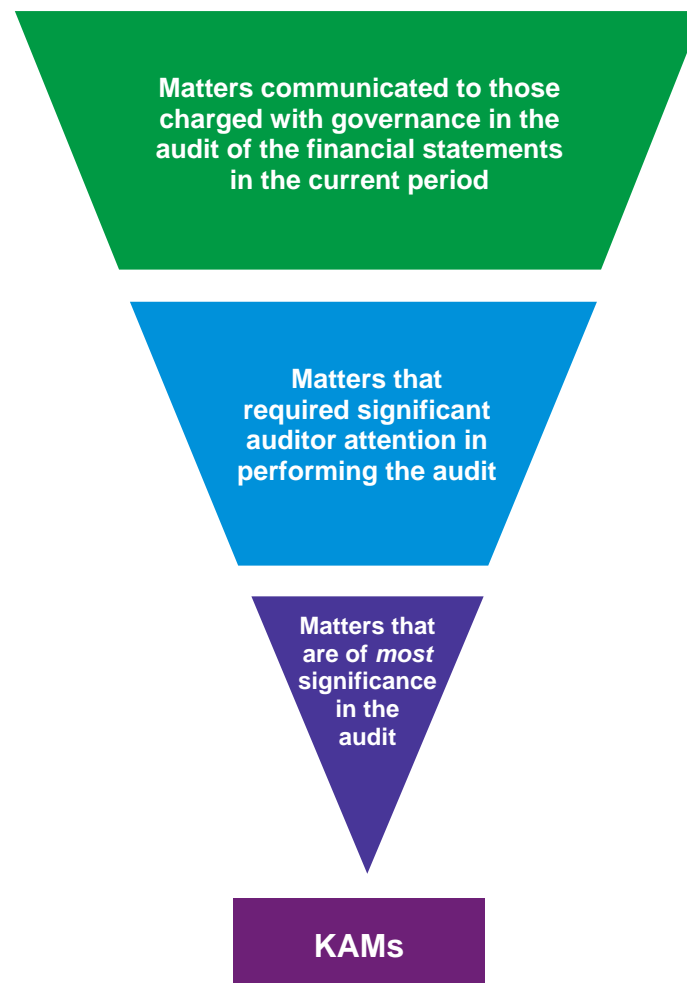
The above includes auditors' reports on separate/non-consolidated financial statements.

The total population of potential KAMs begins with all matters communicated to the audit committee during the audit of the current period.

The auditor is required to identify from that total population of potential KAMs, which matters required significant auditor attention in performing the audit. In doing so, the auditor is required to take into account the following:

- Areas of higher assessed risks of material misstatement identified
- Areas of significant risks identified
- Significant auditor judgments relating to areas in the financial statements that are subject to a high degree of estimation uncertainty
- The effect of the audit of significant events or transactions that occurred during the period

From that population of potential KAMs, the auditor identifies those matters that are of "most" significance in the audit. The use of the term "most" is not intended to limit the number of KAMs to one. However, lengthy lists of KAMs may be contrary to the notion that such matters are of most significance to the audit.



Appendix 4: Preparing for PSAB Standard Changes



Preparing for PSAB Standard Changes

Are you ready to implement PSAB's impactful series of new standards?

Public sector entities are preparing to implement three significant Public Sector Accounting standards through 2022. These standards will impact not only your accounting policies, but also how Finance engages key stakeholders.

Asset Retirement Obligations

PS3280 addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites by public sector entities. **PS3280 will apply to fiscal years beginning on or after April 1, 2021 (the City's 2022 fiscal year). Earlier adoption is permitted. Three transition options are available – retroactive, modified retroactive, prospective.**

Asset retirement activities are defined to include all activities related to an asset retirement obligation. These may include but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed
- decontamination created by the normal use of the tangible capital asset
- post-retirement activities such as monitoring
- constructing other tangible capital assets in order to perform postretirement activities

With the introduction of PS3280 PSAB has withdrawn existing Section PS3270, solid waste landfill closure and post-closure liability.

Some examples of asset retirement obligations which fall under scope of proposed PS3280 include:

- | | |
|--|--|
| ▪ end of lease provisions (from a lessee perspective) | ▪ closure and post-closure obligations associated with landfills |
| ▪ removal of radiologically contaminated medical equipment | ▪ septic beds |
| ▪ wastewater or sewage treatment facilities | ▪ fuel storage tank removal |
| ▪ firewater holding tanks | |

Under PS3280, an asset retirement obligation should be recognized when, as at the financial reporting date, ALL of the following criteria are met:

- | | |
|---|---|
| ▪ there is a legal obligation to incur retirement costs in relation to a tangible capital asset | ▪ it is expected that future economic benefits will be given up |
| ▪ the past transaction or event giving rise to the liability has occurred | ▪ a reasonable estimate of the amount can be made |

This accounting standard will have implications for your organization if you report under the Public Sector Accounting Standards.

Are You Ready?

1. *Has a project plan been developed for the implementation of this section?*
2. *Has Finance communicated with key stakeholders, including Council or Board on the impact of this section?*
3. *Does Finance communicate with representatives of the Public Works, Asset Management, Facilities Management or Legal functions through the financial reporting process?*
4. *Has a complete inventory been developed of all inactive or active assets or sites, to provide a baseline for scoping of potential retirement obligations?*
5. *If a complete inventory has been developed, does it reconcile back to information currently reported in the entity's financial statements for tangible capital assets or contaminated sites?*
6. *Does your entity have data on non-recorded assets or sites (ie: assets which were originally expensed on purchase, or recorded at no book value) which could have retirement obligations?*
7. *Does your entity have an active solid waste landfill site?*
8. *If yes, does your entity have an existing estimate of the full costs to retire and monitor the landfill site?*
9. *Is your entity aware of any of its buildings which have asbestos?*
10. *If so, does your entity have information to inform a cost estimate to remove/ treat the asbestos?*
11. *Is your entity aware of underground fuel storage tanks or boilers which must be removed at end of life?*
12. *If so, does your entity have information to inform a cost estimate to remove the tanks?*
13. *Is your entity aware of any lease arrangements where it will be required to incur costs to return the premises to pre-existing conditions at the end of the lease?*
14. *Has your entity determined if it has any sewage or wastewater treatment plants which have closure plans or environmental approvals which require full or partial retirement of the plant at the end of its life?*
15. *Is your entity aware of any other contractual or legal obligations to retire or otherwise dismantle or remove an asset at the end of its life?*

Revenues

PS3400 outlines a framework describing two categories of revenue – transactions with performance obligations (exchange transactions) and transactions without performance obligations (unilateral transactions).

- This section will apply to fiscal years beginning on or after April 1, 2022, with earlier adoption permitted.
- This Section may be applied retroactively or prospectively.
- This section will not impact the present accounting for taxation revenues and government transfers.

Transactions which give rise to one or more performance obligations are considered to be exchange transactions. Performance obligations are defined as enforceable promises to provide goods or services to a payer as a result of exchange transactions. Revenue from an exchange transaction would be recognized when the public sector entity has satisfied the performance obligation(s), at a point in time or over a period of time.

If no performance obligations are present, the transaction would represent unilateral revenue, and be recognized when the public sector entity has the authority to claim or retain an inflow of economic resources and a past event gives rise to a claim of economic resources.

Public sector entities will need to review their revenue recognition policies for in-scope transaction types. Impacted areas may include:

- Development charges
- Permits
- Licences
- Advertising programs

Are You Ready?

1. *Has the entity identified any revenue-generating transactions other than taxation or government transfer revenues which create performance obligations (ie: the entity is required to provide a good or service to earn that revenue)?*
2. *If so, has the entity reviewed its accounting policies for these transactions to verify revenue is recognized only as performance obligations are being met?*
3. *Has the entity quantified the impact of any change in accounting policy, or determined that there is no impact?*

Financial Instruments

PS3450 establishes standards on how to account for and report all types of financial instruments including derivatives.

- This Section applies to fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted.
- Government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the CPA Canada Public Sector Accounting Handbook applied this Section to fiscal years beginning on or after April 1, 2012.
- This section must be adopted with Section PS 2601, Foreign Currency Translation.
- Specific transition requirements are outlined in the section.

This section prescribes a fair value measurement framework for derivatives, and equity instruments that are quoted in an active market.

Where an entity manages risks, the investment strategy, or performance of a group of financial assets, financial liabilities or both on a fair value basis, they may also be measured at fair value.

Other financial instruments are measured at cost/ amortized cost.

Changes in the fair value of a financial instrument in the fair value category are recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the financial instrument is derecognized.

- Upon derecognition, the remeasurement gain or loss is realized in the Statement of Operations.

Are You Ready?

1. *Does the entity hold any financial assets which are equity or derivative instruments?*
2. *Has the entity determined if it has any embedded derivatives that might arise from existing contractual arrangements?*
3. *Does the entity have other financial assets which it assesses performance of based on fair value, and for which it might elect a fair value measure?*
4. *If yes to any of the above three questions, does the entity have readily observable market data to inform a fair value measure?*
5. *Has the entity reviewed existing financial instrument note disclosure in the financial statements to determine any required revisions to meet the requirements of this section?*
6. *Does the entity enter into transactions involving foreign exchange?*
7. *Does the entity hold any monetary assets and monetary liabilities, or non-monetary assets denominated in a foreign currency?*



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Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: 2019 Year-End Results of Operations
PREPARED BY: Sandra Skelcher, Senior Manager, Financial Planning and Reporting
 Jay Pak, Senior Business Analyst

RECOMMENDATION:

1. That the report titled “2019 Year-End Review of Operations” be received; and,
2. That the City’s 2019 net favourable variance of \$3.04M be transferred to the Corporate Rate Stabilization Reserve; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Council approved the 2019 annual operating budget of \$395.09M on March 19, 2019 which includes the City’s primary operating budget, Planning & Design operating budget, Engineering operating budget, Building Standards operating budget and Waterworks operating budget.

This report provides an overview of the 2019 year-end operating results comparing actual to the annual operating budgets.

a) **Primary Operating Budget (Appendix 1)**
 (Excludes Planning & Design, Engineering, Building Standards and Waterworks)

The 2019 operations resulted in a surplus of \$3.04M as shown below:

(\$ in millions)	<u>2019</u>		Variance	% of
	<u>Actual</u>	<u>Budget</u>	<u>fav./ (unfav.)</u>	<u>Budget</u>
Revenues	\$234.33	\$232.90	\$1.43	100.6%
Expenses	<u>216.41</u>	<u>221.17</u>	<u>4.76</u>	97.8%
Subtotal	\$17.92	\$11.73	\$6.19	
Year-End Accounting Accruals & Other Adjustments	<u>3.09</u>	<u>1.69</u>	<u>(1.40)</u>	
Surplus excluding winter maintenance	14.83	10.04	4.79	
Winter Maintenance	<u>\$11.79</u>	<u>\$10.04</u>	<u>(\$1.75)</u>	
Net surplus including winter maintenance	<u>\$3.04</u>	<u>\$0.00</u>	<u>\$3.04</u>	

City’s surplus excluding year-end accounting accruals and other adjustments and winter maintenance = Favourable variance \$6.19M

The major variances are outlined in the chart below:

Revenues	Fav. / (Unfav.)		Expenditures	Fav. / (Unfav.)	
Property tax penalty and interest	\$0.65	M	Salaries & benefits	\$0.65	M
Tax Levies	\$0.37	M	Corporate contingency	\$2.57	M
Parking fines	\$0.27	M	Utilities and Streetlight hydro	\$1.26	M
Federal and Provincial grants	\$0.23	M	Contract service agreements	\$0.28	M
Utility permit fees	\$0.20	M	Maintenance & repairs	\$0.25	M
Payments in Lieu	\$0.16	M	Professional services/ training/ travel	\$0.21	M
Theatre, Art Centre and Museum revenue	(\$0.12)	M	Property tax adjustments	\$0.12	M
Supplementary taxes	(\$0.20)	M	Vehicle supplies (parts & fuel)	(\$0.18)	M
Recreation services revenue	(\$0.23)	M			
Business & taxi licenses	(\$0.30)	M			
Other	\$0.40	M	Other	(\$0.40)	M
Total	\$1.43	M	Total	\$4.76	M

The September year-to-date report projected a year-end Net surplus of \$3.77M. The actual surplus of \$3.04M is unfavourable by \$0.73M, due mainly to changes in the year-end accounting accruals and other adjustments (Projection \$0.86M unfavourable, Actual \$1.40M unfavourable).

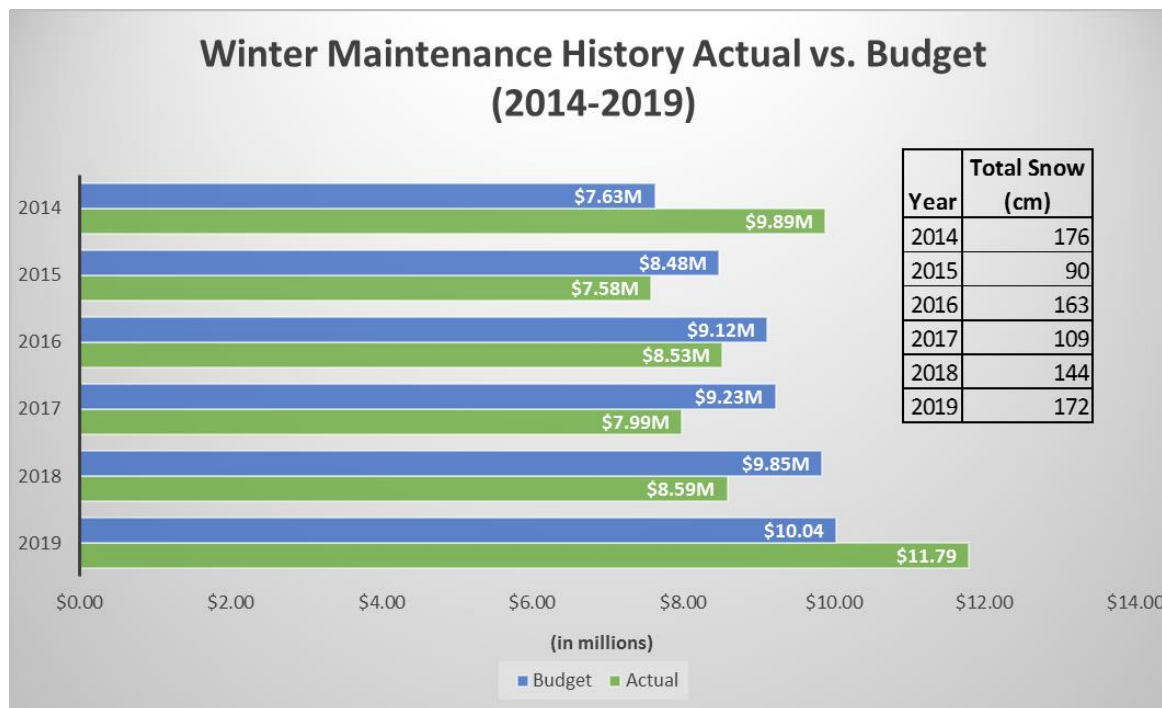
Year-end accounting accruals and other adjustments = Unfavourable variance (\$1.40M)

The 2019 year-end accounting accruals and other adjustments totaled \$3.09M against a budget of \$1.69M resulting in an unfavourable variance of (\$1.40M), \$0.71M of which is due to the continuation of the ramp-up in the base budget. The budget is anticipated to be fully ramped up to \$2.44M by 2022. The remaining unfavourable variance of \$0.69M is due to the top-up of employee future benefit reserves, based on actuarial valuations (\$0.44M) and other employee related accruals (\$0.25M). The year-end accounting accruals and other adjustments include severance, salary continuance payments, firefighter sick leave payouts, post-employment benefits and salary accruals.

Winter maintenance = Unfavourable variance (\$1.75M)

The 2019 actual winter maintenance expenditures totaled \$11.79M against a budget of \$10.04M, resulting in an unfavourable variance of (\$1.75M).

The exhibit below compares the 6 year historical actuals vs. budget for winter maintenance expenses from 2014-2019 as well as the total snow fall per year as per the Government of Canada's environment and natural resources site.



As the exhibit above shows, the actuals compared to budget have fluctuated over the past 6 years. 2019 experienced the second highest snowfall (172cm) since 2014 and the highest costs of \$11.79M over the six-year history, against a budget of \$10.04M.

The City's winter maintenance budget includes personnel expenditures, salt and sand purchases as well as five service contracts:

1. Supply and operation of tandem/single combination plow to sand and plow the City's primary road network;
2. Supply and operation of loaders to assist in the snow removal in cul-de-sacs, wide corners and rear lanes;
3. Grader rentals to remove snow on the City's local road networks;
4. Sidewalk snow removal; and
5. Windrow snow clearing services for eligible applicants

The following chart provides details of the \$1.75M unfavourable variance:

<u>Description</u>	<u>Actual</u>		<u>Budget</u>		<u>Variance Fav./(Unfav.)</u>	
					<u>Hours</u>	<u>\$M</u>
Sidewalk (per unit of equipment)	467	hrs	334	hrs	(133) hrs	(0.89)
Tandem (per unit of equipment)	384	hrs	277	hrs	(107) hrs	(0.50)
Graders and windrows (per unit of equipment)	132	hrs	146	hrs	14 hrs	0.07
Loader (per unit of equipment)	126	hrs	157	hrs	31 hrs	0.14
Salt & Sand	28,603	tonnes	20,153	tonnes	(8,451) tonnes	(0.73)
Part-time & overtime costs						0.04
Other winter maintenance costs						0.12
Winter maintenance favourable variance						(1.75)

As costs continue to increase based on growth and contract escalations, Staff will continue to monitor the trends to determine whether future adjustments to the winter maintenance budget are necessary.

b) Planning & Design (Appendix 2)

Actual (\$0.63M) – Budget \$2.07M = Unfavourable variance (\$2.70M)

Planning & Design incurred a deficit of (\$0.63M) against a budgeted surplus of \$2.07M. The unfavourable variance of \$2.70M was mainly due to lower planning fees partially offset by favourable personnel variances from an average of seven temporary net vacancies.

c) Engineering (Appendix 3)

Actual \$0.03M – Budget \$0.67M = Unfavourable variance (\$0.64M)

Engineering incurred a surplus of \$0.03M against a budgeted surplus of \$0.67M. The unfavourable variance of \$0.64M was primarily due to lower engineering fees than budgeted.

d) Planning & Engineering Development Fee Reserve (Appendix 4)

The 2019 budget anticipated a surplus of \$2.07M for Planning and a surplus of \$0.67M for Engineering totaling \$2.74M.

The Planning & Design and Engineering departments ended the year with a deficit of (\$0.63M) and a surplus of \$0.03M respectively. A draw from the Reserve of \$0.60M will be made decreasing the balance from \$0.27M to (\$0.52M). The year-end balance includes in-year interest adjustments and capital project funding transfers.

e) Building Standards (Appendix 5)

Actual (\$2.51M) – Budget (\$1.38M) = Unfavourable variance (\$1.13M)

The Building Standards department incurred a deficit of (\$2.51M) against a budgeted deficit of (\$1.38M). The unfavourable variance of \$1.13M was mainly due to lower Building permit fees than budgeted.

A draw from the Reserve of \$2.51M will be made decreasing the balance from \$12.94M to \$10.36M (see Appendix 6). The year-end balance includes in-year interest adjustments and capital project funding transfers.

f) Waterworks (Appendix 7)

Actual \$17.26M – Budget \$15.28M = Favourable variance \$1.98M

The Waterworks department ended 2019 with a surplus of \$17.26M against a budgeted surplus of \$15.28M. The main drivers for the favourable variance of \$1.98M were as follows:

- Lower water purchases due to actual non-revenue water (NRW) of 10.1% (below the budgeted 11%), resulting in a favourable net sales and purchase of \$1.42M;
- Favourable non-personnel variance of \$0.77M due to lower maintenance materials and supplies costs;

A transfer of \$17.26M will be made to the Reserve which is offset by transfers to 2019 capital projects decreasing the balance from \$69.13M to \$68.20M (see Appendix 8).

The 2019 draft consolidated financial statements will be presented to General Committee in April 2020. The year-end results presented in this report are subject to change based on the results of the external audit.

PURPOSE:

The purpose of this report is to provide the 2019 year-end actual results of operations versus the 2019 operating budget.

BACKGROUND:**Operating Budget Controls and Monitoring Process**

On a monthly basis, Finance Staff distribute operating statements to all department Directors. As well, Finance Staff review the results of operations department by department. Based on pre-established variance thresholds, departments are contacted for explanations and to determine mitigating strategies, if required. As well, Finance Staff meet with Directors every quarter to review the department operating results. Finance Staff will advise the Executive Leadership Team (ELT) immediately should significant variances arise

On a quarterly basis, results of operations are reported to General Committee based on March (tabled in May), July (tabled in September), September (tabled in November) and year-end results (tabled in March of the following year). Year-end forecasts are provided in the July and September reports.

This report provides a variance analysis by:

1. City's primary operating budget by Commission/Department
2. City's primary operating budget by major accounts
3. Planning & Design, Engineering, Building Standards and Waterworks operating budgets by Department

DISCUSSION:**1. CITY'S PRIMARY OPERATING BUDGET BY COMMISSION/DEPARTMENT**

Net results (revenues less expenses) for the twelve months ended December 31, 2019 by each Commission and Department, summarized by personnel expenditures, non-personnel expenditures and revenues, are provided in Appendices 9 to 14.

The following table is a summary of all commissions' year-end December results excluding year-end accounting accruals and other adjustments and winter maintenance:

<u>Commission</u>	<u>2019</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
CAO's Office, Human Resources and Legal	\$ 5.59	\$ 5.90	\$ 0.31
Community & Fire Services (excl. winter maintenance)	\$ 99.83	\$ 99.73	\$ (0.10)
Corporate Services	\$ 20.99	\$ 21.00	\$ 0.01
Development Services	\$ 7.02	\$ 6.69	\$ (0.33)
Mayor & Council	\$ 2.82	\$ 3.04	\$ 0.22
Corporate Items	\$ (154.17)	\$ (148.09)	\$ 6.08
Net Expense/ (Revenue)	\$ (17.92)	\$ (11.73)	\$ 6.19

Explanations for variances greater than \$0.10M by each Commission and Department are provided below.

CAO's Office, Human Resources, Legal and Sustainability Office (Appendix 9)

<u>Department</u>	<u>2019</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
CAO's Office	\$ 0.72	\$ 0.79	\$ 0.07
Human Resources	\$ 3.16	\$ 3.24	\$ 0.08
Legal	\$ 1.71	\$ 1.87	\$ 0.16
Net Expense	\$ 5.59	\$ 5.90	\$ 0.31

Legal (Actual \$1.71M – Budget \$1.87M = Variance \$0.16M)

Favourable variance of \$0.16M is mainly due to expenses towards external legal services and registry fees lower than budgeted by \$0.06M and higher legal administration fees revenue (mainly from development applications) by \$0.10M.

Community and Fire Services – excluding winter maintenance (Appendix 10)

<u>Department</u>	<u>2019</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Operations	\$ 24.15	\$ 25.55	\$ 1.40
Fire Services	\$ 40.19	\$ 38.92	\$ (1.27)
Library	\$ 13.05	\$ 13.43	\$ 0.38
Recreation Services	\$ 12.21	\$ 11.22	\$ (0.99)
Environmental Services	\$ 0.88	\$ 0.98	\$ 0.10
Waste	\$ 8.80	\$ 9.00	\$ 0.20
Commissioner's Office	\$ 0.59	\$ 0.67	\$ 0.08
<u>Net Expense</u>	<u>\$ 99.87</u>	<u>\$ 99.77</u>	<u>\$ (0.10)</u>

Operations (Actual \$24.15M – Budget \$25.55M = Variance \$1.40M)

Favourable personnel variance of \$0.40M mainly due to an average of five temporary net vacancies in Roads and Operations Admin and a temporary part time vacancy for Parks Renaissance. Other contracted services (including asphalt repairs), favourable \$0.38M. Streetlight maintenance and repairs was favourable by \$0.28M mainly due to ongoing efforts to convert streetlights to LED, thereby reducing maintenance costs (conversion projects). The budget reduction was addressed in the 2020 budget. Utility permit fees were favourable by \$0.20M and utility locates were favourable by \$0.18M. The above favourable variances were partially offset by higher than budgeted vehicle repair costs (\$0.18M).

Fire Services (Actual \$40.19M – Budget \$38.92M = Variance (\$1.27M))

Personnel was unfavourable by \$1.19M, including the approved, over-complement positions in the Suppression division (\$0.69M). The over-complement staff are required to cover temporary absences due to, for example, medical, parental and bereavement leaves. Overtime & shift premiums contributed \$0.36M to the unfavourable variance, partially due to the coverage noted above. The remaining unfavourability is attributed to budgeted salary gapping (\$0.15M).

Library (Actual \$13.05M – Budget \$13.43M = Variance \$0.38M)

Favourable variance mainly due to an average of two temporary net vacancies and a delay in hiring pages \$0.33M. Unfavourable fines and fees revenues were offset by favourable program registration fees and grants.

Recreation (Actual \$12.21M – Budget \$11.22M = Variance (\$0.99M))

Excluding the effect of the Milliken pool closure and one-time maintenance expenses, the net unfavourable variance for the department is \$0.23M.

The closure of the Milliken pool from July to December for change room renovations contributed \$0.54M to the year-end unfavourable variance. Other one-time facility maintenance work for emergency repairs and to meet Technical Standards and Safety Authority (TSSA) requirements added \$0.22M of unfavourability.

Lower ice rental revenue from loss of group allocation hours of \$0.37M was offset by favourable revenue in fitness of \$0.19M, camps \$0.10M and programs \$0.07M. The remaining unfavourable variance, due to rising costs of facility maintenance, has been addressed in the 2020 budget.

Environmental Services (Actual \$0.88M – Budget \$0.98M = Variance \$0.10M)
Favourable variance mainly due to an average of one temporary net vacancy \$0.10M.

Waste (Actual \$8.80M – Budget \$9.00M = Variance \$0.20M)
Favourable variance mainly due to lower municipal facility, garbage and recycling collection charges from lower than budgeted fuel escalation charges \$0.20M.

Corporate Services (Appendix 11)

<u>Department</u>	<u>2019</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./ (unfav.)</u>
Legislative Services & Corporate Communications	\$ 5.29	\$ 4.55	\$ (0.74)
Financial Services	\$ 4.09	\$ 4.43	\$ 0.34
ITS	\$ 7.64	\$ 7.81	\$ 0.17
Sustainability & Asset Management	\$ 3.58	\$ 3.79	\$ 0.21
Commissioner's Office	\$ 0.39	\$ 0.42	\$ 0.03
<u>Net Expense</u>	<u>\$ 20.99</u>	<u>\$ 21.00</u>	<u>\$ 0.01</u>

Legislative Services & Corporate Communications (Actual \$5.29M – Budget \$4.55M = Variance (\$0.74M))

Unfavourable variance mainly due to part-time salaries (\$0.27M) due to additional parking enforcement/control for special events and to maintain 24 hour shift coverage and lower taxi licenses (\$0.16M) (pending council decision to approve by-law to license private transportation companies). Business licenses were unfavourable by \$0.13M due to timing of renewals (\$0.08M) and lower than anticipated growth (\$0.50M).

Sponsorship revenues were also lower than budget by \$0.11M.

Financial Services (Actual \$4.09M – Budget \$4.43M = Variance \$0.34M)
Favourable variance mainly due to an average of two temporary net vacancies \$0.29M and higher than budgeted overdue property tax notice fees \$0.07M, partially offset by unfavourable ownership change fees (\$0.09M).

ITS (Actual \$7.64M – Budget \$7.81M = Variance \$0.17M)
Favourable variance mainly due to an average of four temporary net vacancies \$0.29M, partially offset by computer software license costs (\$0.13M). The increase in license costs has been addressed in the 2020 budget.

Sustainability & Asset Management (Actual \$3.58M – Budget \$3.79M = Variance \$0.21M)

Favourable variance mainly due to an average of four temporary net vacancies \$0.21M.

Development Services (Appendix 12)

<u>Department</u>	<u>2019</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Culture & Economic Development	\$ 4.33	\$ 3.75	\$ (0.58)
Traffic Operations	\$ 1.53	\$ 1.72	\$ 0.19
Commissioner's Office	\$ 1.16	\$ 1.22	\$ 0.06
<u>Net Expense</u>	\$ 7.02	\$ 6.69	\$ (0.33)

Culture & Economic Development (Actual \$4.33M – Budget \$3.75M = Variance (\$0.58M))

Art Centres were unfavourable by \$0.15M: \$0.09M in part time salaries and \$0.08M in revenues from camps and programs, partially offset by a favourable variance of \$0.02 in program support costs.

The Museum was unfavourable by \$0.25M: \$0.20M in part time salaries, \$0.03 in various program and rental revenues and \$0.02M in facility maintenance.

The Theatre was unfavourable by \$0.2M: Personnel costs were unfavourable by \$0.11M, including contract employees. One-time costs for website development and branding added \$0.09M to the unfavourable results. Unfavourable artist fees were offset by favourable revenues.

As the unfavourable variances occurred in the latter part of 2019, an in-depth business analysis of each Culture venue operations is underway in 2020.

Traffic Operations (Actual \$1.53M – Budget \$1.72M = Variance \$0.19M)

Favourable variance mainly due to an average of one temporary net vacancy \$0.10M and professional services (school crossing guards) \$0.06M.

Mayor and Council (Appendix 13)

<u>Department</u>	<u>2019</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>fav./(unfav.)</u>
Mayor & Council	\$2.82	\$3.04	\$0.22
<u>Net Expense</u>	\$2.82	\$3.04	\$0.22

Mayor and Council includes personnel costs for all Members of Council and Councillor Assistants, non-personnel and Councillor discretionary budgets. The year end favourable variance is mainly driven by unspent discretionary budgets.

Corporate Items (Appendix 14)

<u>Department</u>	<u>2019</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>fav./ (unfav.)</u>
Corporate Items	\$ (154.17)	\$ (148.09)	\$ 6.08
Net Revenue	\$ (154.17)	\$ (148.09)	\$ 6.08

Favourable variances in corporate contingency of \$2.57M, utilities \$1.11M, property tax penalty and interest \$0.65M (2020 budget increased by \$0.12M), tax levies \$0.37M, payments-in-lieu \$0.16M, and property tax adjustments \$0.12M, offset by lower than budgeted supplemental taxes (\$0.20M).

2. CITY'S PRIMARY OPERATING BUDGET BY MAJOR ACCOUNTS

(excl. year-end accounting accruals and other adjustments and winter maintenance)

<u>(\$ in millions)</u>	<u>2019</u>		<u>Variance</u>	<u>% of Budget</u>
	<u>Actual</u>	<u>Budget</u>	<u>fav./ (unfav.)</u>	
Revenues	\$234.33	\$232.90	\$1.43	100.6%
Expenses	\$216.41	\$221.17	\$4.76	97.8%
Surplus excluding winter maintenance	\$17.92	\$11.73	\$6.19	

The 2019 actual operating results, excluding year-end accounting accruals and other adjustments and winter maintenance, against budget netted a favourable variance of \$6.19M (revenue of \$1.43M + expenses of \$4.76M) and the breakdown is as follows:

a) REVENUES

At the end of 2019, revenues totalled \$234.33M against a budget of \$232.90M resulting in a favourable variance of \$1.43M (100.6% of budget).

<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Fav./ (Unfav.)</u>
Property Taxation Revenues	\$ 162.08 M	\$ 161.76 M	\$ 0.32 M
General Revenues	\$ 33.54 M	\$ 33.01 M	\$ 0.53 M
User Fees & Service Charges	\$ 31.10 M	\$ 31.03 M	\$ 0.07 M
Grant & Subsidy Revenues	\$ 2.19 M	\$ 1.96 M	\$ 0.23 M
Other Income	\$ 5.42 M	\$ 5.14 M	\$ 0.28 M
Net Variance	\$ 234.33 M	\$ 232.90 M	\$ 1.43 M

Property Taxation Revenues (Actual \$162.08M – Budget \$161.76M = Variance \$0.32M)

Property taxation revenues were favourable by \$0.32M mainly due to tax levies \$0.37M and payments-in-lieu \$0.16M, offset by lower than budgeted supplemental taxes (\$0.20M).

General Revenues (Actual \$33.54M – Budget \$33.01M = Variance \$0.53M)

The general revenues budget includes investment income (budget \$23.35M), interest and penalties on property taxes (budget \$4.16M), parking fines (budget \$3.25M), and business, taxi, marriage and other licenses (budget \$2.25M).

General revenues also include Alectra interest and dividends (budget of \$12.32M) with a corresponding transfer in expenditures to the Life Cycle Replacement and Capital Reserve Fund. At year-end, a net \$1.00M is retained in the Operating Budget from Alectra interest and dividends.

General revenues totaled \$33.54M at the end of December against a budget of \$33.01M. The main drivers for the favourable variance of \$0.53M are interest and penalties on property taxes \$0.65M and parking fines \$0.27M, offset by lower taxi licenses (\$0.16M) (pending council decision to approve by-law to license private transportation companies) and lower business licenses (\$0.13M) due to timing of renewals (\$0.08M) and lower than anticipated growth (\$0.50M).

User Fees and Service Charges (Actual \$31.10M – Budget \$31.03M = Variance \$0.07M)

The user fees and services charges budget of \$31.03M includes revenues from programs offered by Recreation, Culture and Library departments and service fees such as new property tax account set-up fees, ownership change administrative fees and utility permit fees (budget \$20.54M), and facility rentals for arenas, pools, gym and halls (budget \$9.85M).

User fees and service charges were favourable by \$0.07M mainly due to utility permit fees \$0.20M from increased telecommunications activity, offset by lower Art Centre and Museum revenues of (\$0.13M).

Grants & Subsidy Revenues (Actual \$2.19M – Budget \$1.96M = Variance \$0.23M)

The budget includes provincial and federal grants of \$1.96M. The favourable variance of \$0.23M resulted from the receipt of one-time federal and provincial grants offset by corresponding expenses.

Other Income (Actual \$5.42M – Budget \$5.14M = Variance \$0.28M)

The favourable variance of \$0.28M was mainly due to gain on miscellaneous recoveries.

b) PERSONNEL EXPENDITURES

In 2019 personnel expenditures were favourable by \$0.65M or 99.5% of the year end budget.

<u>Personnel</u>	<u>Actual</u>	<u>Budget</u>	<u>Fav./(Unfav.)</u>
Full time net of vacancy backfills and part time salaries	\$ 129.6 M	\$ 130.89 M	\$ 1.29 M
Overtime and other personnel costs	\$ 2.44 M	\$ 1.80 M	(\$ 0.64 M)
Total	\$ 132.04 M	\$ 132.69 M	\$ 0.65 M

In 2019, there was an average of 21 net temporary vacancies resulting in a favourable variance of \$2.58M. This was offset by part time salaries (\$0.87M) and full year budgeted salary gapping of (\$0.46M).

Overtime was unfavourable by (\$0.49M) mainly due to coverage for approved absences in the Fire Department (\$0.25M) and vacation coverage for facility operator staff in Recreation facilities (\$0.18M).

c) NON-PERSONNEL EXPENDITURES

In 2019, non-personnel expenditures were favourable by \$4.11M (95.4% of budget).

<u>Non Personnel Items</u>	<u>Actual</u>	<u>Budget</u>	<u>Fav./(Unfav.)</u>
Materials & Supplies	\$ 5.94 M	\$ 5.78 M	(\$ 0.16 M)
Purchased Services	\$ 38.85 M	\$ 41.05 M	\$ 2.20 M
Transfers to Reserves	\$ 37.21 M	\$ 36.53 M	(\$ 0.68 M)
Other Expenditures	\$ 2.37 M	\$ 5.12 M	\$ 2.75 M
Total	\$ 84.37 M	\$ 88.48 M	\$ 4.11 M

Materials & Supplies (Actual \$5.94M – Budget \$5.78M = Variance (\$0.16M))

Materials & supplies budget of \$5.78M includes facility maintenance supplies, uniforms, recreation and other program supplies (budget \$2.74M), vehicle supplies such as fuel and repair parts (budget \$1.74M), and printing and office supplies (budget \$0.43M).

The unfavourable variance of (\$0.16M) was primarily due higher than budgeted vehicle parts, and gasoline and diesel fuel (\$0.18M) offset by traffic signs/supplies \$0.03M.

Purchased Services (Actual \$38.85M – Budget \$41.05M = Variance \$2.20M)

Purchased services budget of \$41.09M includes utilities and streetlight hydro (budget \$11.87M), waste collection (budget \$9.36M), maintenance & repairs (\$5.83M), professional services such as Theatre artist/entertainer fees, school crossing guards and external legal services (budget \$3.04M), insurance (\$2.63M), communications (\$1.40M) and promotion and advertising (budget \$1.40M).

Purchased Services were favourable \$2.20M mainly due to:

- \$1.26M favourable in utilities and streetlight hydro due to lower than budgeted rates.
- \$0.28M favourable in contract services agreements for asphalt repairs \$0.15M and grass cutting \$0.13M.
- \$0.25M favourable in maintenance and repairs mainly due to ongoing efforts to convert streetlights to LED, thereby reducing maintenance costs \$0.28M, and utility locates \$0.18M, partially offset by facility maintenance.
- \$0.21M favourable in professional fees, training, and travel (excl. office supplies which is included under materials & supplies).

Transfers to Reserves (Actual \$37.21M – Budget \$36.53M = Variance (\$0.68M)

The majority of funds transferred are directed to the Life Cycle and Capital Reserve Fund.

Other Expenditures (Actual \$2.37M – Budget \$5.12M = Variance \$2.75M)

Other expenditures budget of \$5.12M includes contingency expense and non-personnel ramp ups \$2.68M and property tax adjustments \$1.15M. Variance of \$2.75M is mainly due to lower corporate contingency expenditures of \$2.57M and property tax adjustments \$0.12M.

Summary of One-Time Items

There were several one-time revenue or expense items affecting the City's 2019 year-end results. As required, budgets have been adjusted in 2020. Listed below is a summary of the one-time items:

- \$2.57M favourable in corporate contingency (Budget \$2.68M, 1.1% of the City's Operating Budget of \$233.04M)
- \$1.26M favourable in hydro and streetlight hydro (no incremental increase in the 2020 budget required for the projected 2020 rate increase)
- \$0.65M favourable in personnel primarily due to temporary net vacancies (average 21 net temporary vacancies out of the total tax funded full-time complement of 891, or 2.3% of the full-time complement)
- \$0.65M favourable in penalty and interest due to higher than anticipated overdue property tax payments (2020 budget increased by \$0.12M)
- \$0.37M favourable in property tax levies
- \$0.28M favourable in contract services agreements for asphalt repairs and grass cutting
- \$0.28M favourable in maintenance and repairs mainly from lower streetlight maintenance repairs for LED lights
- \$0.16M favourable in Payments in lieu of property taxes
- (\$1.75M) unfavourable variance for winter maintenance
- (\$1.40M) unfavourable variance due to year-end accounting accruals and other adjustments
- (\$0.54M) unfavourable variance due to the planned closure of Milliken pool.
- (\$0.22M) unfavourable variance from one-time facility maintenance work for emergency repairs and to meet TSSA requirements.

Total: \$2.31M

After adjusting for the above items, and the usual transfer to the Corporate Rate Stabilization Reserve of approximately \$0.73M in order to maintain it at 15% of the local tax levy, the City's projected surplus including year-end accounting accruals and other adjustments is fully depleted.

Year-End Accounting Accruals and Other Adjustments

Year-end accounting accruals and other adjustments = Unfavourable variance (\$1.40M)

The 2019 year-end accounting accruals and other adjustments totaled \$3.09M against a budget of \$1.69M resulting in an unfavourable variance of (\$1.40M), \$0.71M of which is due to the continuation of the ramp-up in the base budget. The budget is anticipated to be fully ramped up to \$2.44M by 2022. The remaining unfavourable variance of \$0.69M is due to the top-up of employee future benefit reserves to 2021 needs, based on actuarial valuations (\$0.44M) and other employee related accruals (\$0.25M). The year-end accounting accruals and other adjustments include severance, salary continuance payments, firefighter sick leave payouts, post-employment benefits and salary accruals.

Winter Maintenance

The 2019 actual winter maintenance expenditures totaled \$11.79M against a budget of \$10.04M, resulting in an unfavourable variance of \$1.75M.

The City's winter maintenance budget includes personnel expenditures, salt and sand purchases as well as five service contracts:

1. Supply and operation of tandem/single combination plow to sand and plow the City's primary road network;
2. Supply and operation of loaders to assist in the snow removal in cul-de-sacs, wide corners and rear lanes;
3. Grader rentals to remove snow on the City's local road networks;
4. Sidewalk snow removal; and
5. Windrow snow clearing services for eligible applicants

3. PLANNING & DESIGN, ENGINEERING, BUILDING STANDARDS AND WATERWORKS OPERATING BUDGETS BY DEPARTMENT**a) Planning & Design (Appendix 2)**

Actual (\$0.63M) – Budget \$2.07M = Unfavourable variance (\$2.70M)

Planning & Design incurred a deficit of (\$0.63M) against a budgeted surplus of \$2.07M. The unfavourable variance of \$2.70M was mainly due to lower planning fees partially offset by favourable personnel variances from an average of seven temporary net vacancies.

b) Engineering (Appendix 3)

Actual \$0.03M – Budget \$0.67M = Unfavourable variance (\$0.64M)

Engineering incurred a surplus of \$0.03M against a budgeted surplus of \$0.67M. The unfavourable variance of \$0.64M was primarily due to lower engineering fees than budgeted.

c) Planning & Engineering Development Fee Reserve (Appendix 4)

The 2019 budget anticipated a surplus of \$2.07M for Planning and a surplus of \$0.67M for Engineering totaling \$2.74M.

The Planning & Design and Engineering departments ended the year with a deficit of (\$0.63M) and a surplus of \$0.03M respectively. A draw from the Reserve of \$0.60M will be made decreasing the balance from \$0.27M to (\$0.52M). The year-end balance includes in-year interest adjustments and capital project funding transfers.

d) Building Standards (Appendix 5)

Actual (\$2.51M) – Budget (\$1.38M) = Unfavourable variance (\$1.13M)

The Building Standards department incurred a deficit of (\$2.51M) against a budgeted deficit of (\$1.38M). The unfavourable variance of \$1.13M was mainly due to lower Building permit fees than budgeted.

A draw from the Reserve of \$2.51M will be made decreasing the balance from \$12.94M to \$10.36M (see Appendix 6). The year-end balance includes in-year interest adjustments and capital project funding transfers.

e) Waterworks (Appendix 7)

Actual \$17.26M – Budget \$15.28M = Favourable variance \$1.98M

The Waterworks department ended 2019 with a surplus of \$17.26M against a budgeted surplus of \$15.28M. The main drivers for the favourable variance of \$1.98M were as follows:

- Lower water purchases due to actual non-revenue water (NRW) of 10.1% (below the budgeted 11%), resulting in a favourable net sales and purchase of \$1.42M;
- Favourable non-personnel variance of \$0.77M due to lower maintenance materials and supplies costs;

A transfer of \$17.26M will be made to the Reserve which is offset by transfers to 2019 capital projects decreasing the balance from \$69.13M to \$68.20M (see Appendix 8).

FINANCIAL CONSIDERATIONS:

The Council approved Financial Planning and Budgeting Policy states any year-end operating surplus will first be transferred to the Corporate Rate Stabilization Reserve to achieve a level equivalent to 15% of local tax revenues, secondly, to replenish the expenditures in the Environmental Land Reserve Fund and finally, remaining balance transferred to the Life Cycle Replacement and Capital Reserve Fund.

Staff recommend that the full 2019 operating surplus of \$3.04M be transferred to the Corporate Rate Stabilization Reserve. The additional provision will help mitigate the impact of possible unfavourable operating results in 2020 due to the COVID-19 virus. The audited 2019 draft consolidated financial statements will be presented to General Committee in April 2020. The year-end results presented in this report are subject to change based on the results of the external audit.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

**ATTACHMENTS:
Appendices 1 to 14**

Appendix 1 – Primary Operating Budget - Financial Results at December 31, 2019

Appendix 2 – Planning & Design Operating Budget - Financial Results at December 31, 2019

Appendix 3 – Engineering Operating Budget - Financial Results at December 31, 2019

Appendix 4 – Planning and Engineering Development Fee Reserve Balance at December 31, 2019

Appendix 5 – Building Standards Operating Budget - Financial Results at December 31, 2019

Appendix 6 – Building Fee Reserve Balance at December 31, 2019

Appendix 7 – Waterworks Operating Budget - Financial Results at December 31, 2019

Appendix 8 – Waterworks Reserve Balance at December 31, 2019

Appendix 9 – Variances by Commission and Department at December 31, 2019 – CAO's Office, Human Resources and Legal

Appendix 10 – Variances by Commission and Department at December 31, 2019 – Community and Fire Services

Appendix 11 – Variances by Commission and Department at December 31, 2019 – Corporate Services

Appendix 12 – Variances by Commission and Department at December 31, 2019 – Development Services

Appendix 13 – Variances by Commission and Department at December 31, 2019 – Mayor and Council

Appendix 14 – Variances by Commission and Department at December 31, 2019 – Corporate Items

APPENDIX 1

CITY OF MARKHAM
Operating Budget
(Excluding Planning & Design, Engineering, Waterworks and Building Standards)
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Actual	2019 Budget	Variance fav./(unfav.)	% of YTD Budget
Revenues				
Property Taxation Revenues	162.08	161.76	0.32	
General Revenues	33.54	33.01	0.53	
User Fees & Service Charges	31.10	31.03	0.07	
Grant & Subsidy Revenues	2.19	1.96	0.23	
Other Income	5.42	5.14	0.28	
Revenues Total	234.33	232.90	1.43	100.6%
Expenditures				
Salaries & Benefits	132.04	132.69	0.65	
Material & Supplies	5.94	5.78	(0.16)	
Purchased Services	38.85	41.05	2.20	
Transfers to Reserves	37.21	36.53	(0.68)	
Other Expenditures	2.37	5.12	2.75	
Expenditures Total	216.41	221.17	4.76	97.8%
Year-End Accounting Accruals & Other Adjustments	3.09	1.69	(1.40)	
Surplus excluding winter maintenance	14.83	10.04	4.79	
Winter Maintenance	11.79	10.04	(1.75)	
Surplus including winter maintenance	3.04	0.00	3.04	

APPENDIX 2

CITY OF MARKHAM
Planning & Design Operating Budget
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Actual	2019 Budget	Variance fav./ (unfav.)	% of YTD Budget
Revenues				
Planning & Design Fees	7.50	11.86	(4.36)	
Revenues Total	7.50	11.86	(4.36)	63.2%
Expenditures				
Salaries & Benefits	5.44	7.07	1.63	
Material & Supplies	0.04	0.04	0.00	
Purchased Services	2.65	2.68	0.03	
Expenditures Total	8.13	9.79	1.66	83.0%
Surplus/(Deficit) Before Transfer to/Draw (from) Reserve	(0.63)	2.07	(2.70)	
Transfer to/ Draw (from) Reserve	(0.63)	2.07	(2.70)	
Surplus After Transfer to Reserve	0.00	0.00	0.00	

APPENDIX 3

CITY OF MARKHAM
Engineering Operating Budget
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Actual	2019 Budget	Variance fav./ (unfav.)	% of YTD Budget
Revenues				
Engineering Fees	7.61	8.93	(1.32)	
Revenues Total	7.61	8.93	(1.32)	85.2%
Expenditures				
Salaries & Benefits	4.91	5.51	0.60	
Material & Supplies	0.01	0.03	0.02	
Purchased Services	2.66	2.72	0.06	
Expenditures Total	7.59	8.26	0.68	91.9%
Surplus Before Transfer to Reserve	0.03	0.67	(0.64)	
Transfer to Reserve	0.03	0.67	(0.64)	
Surplus After Transfer to Reserve	0.00	0.00	0.00	

APPENDIX 4

CITY OF MARKHAM
Planning and Engineering Development Fee Reserve Balance
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Budget	2019 Actual
Opening Balance at January 1, 2019	0.27	0.27
Transfer to Capital and Interest Charges	(0.19)	(0.19)
Transfer to/Draw (from) Reserves		
Planning & Design	2.07	(0.63)
Engineering	0.67	0.03
Planning and Engineering Reserve Ending Balance	2.82	(0.52)

APPENDIX 5

CITY OF MARKHAM
Building Standards Operating Budget
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Actual	2019 Budget	Variance fav./unfav.)	% of YTD Budget
Revenues				
Building Permits	6.18	7.92	(1.74)	
Other Revenues	0.10	0.03	0.07	
Revenues Total	6.28	7.95	(1.67)	79.0%
Expenditures				
Salaries & Benefits	5.78	6.23	0.45	
Material & Supplies	0.04	0.07	0.03	
Purchased Services	2.97	3.03	0.06	
Expenditures Total	8.79	9.33	0.54	94.2%
Deficit Before Draw from Reserve	(2.51)	(1.38)	(1.13)	
Draw from Reserve	(2.51)	(1.38)	(1.13)	
Deficit After Draw from Reserve	0.00	0.00	0.00	

APPENDIX 6

CITY OF MARKHAM
Building Fee Reserve Balance
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Budget	2019 Actual
Opening Balance at January 1, 2019	12.94	12.94
Transfer to Capital and Interest Income	(0.07)	(0.07)
Projected Transfer to/Draw (from) Reserves	(1.38)	(2.51)
Building Reserve Ending Balance	11.49	10.36

APPENDIX 7

CITY OF MARKHAM
Waterworks Operating Budget
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Actual	2019 Budget	Variance fav./(unfav.)	% of YTD Budget
Sales & Purchases of Water				
Water Revenue				
Water & Sewer Billing	130.47	130.51	(0.04)	
Water Expenditure				
Contracted Municipal Services	99.59	101.04	1.45	
Net Sales & Purchases of Water	30.88	29.46	1.42	104.8%
Other Revenues Total	1.18	1.41	(0.23)	83.5%
Other Expenditures				
Salaries & Benefits	7.83	7.86	0.03	
Non Personnel Expenditures	6.97	7.74	0.77	
Expenditures Total	14.80	15.60	0.80	94.9%
Surplus Before Transfer to Reserve	17.26	15.28	1.98	
Transfer to Reserve	17.26	15.28	1.98	
Surplus After Transfer to Reserve	0.00	0.00	0.00	

APPENDIX 8

CITY OF MARKHAM
Waterworks Reserve Balance
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

	2019 Budget	2019 Actual
Opening Balance - January 1, 2019	69.13	69.13
Transfer to 2019 Capital	(20.49)	(20.49)
Interest Income	0.95	0.95
Transfer from closed capital projects	0.00	1.35
Transfer to Reserve	15.28	17.26
Waterworks Reserve Ending Balance*	64.87	68.20

*Excludes \$6.35M transfer to fund 2020 capital pre-approved in 2019

APPENDIX 9

CITY OF MARKHAM
Variances by Commission and Department
CAO'S Office, Human Resources and Legal Department
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

Department	Fav./ (Unfav.)			
	Personnel	Non-Personnel	Revenue	Total
CAO'S OFFICE	0.04	0.03	0.00	0.07
HUMAN RESOURCES	0.05	0.03	0.00	0.08
LEGAL DEPT.	0.00	0.06	0.10	0.16
Total	0.09	0.12	0.10	0.31

APPENDIX 10

CITY OF MARKHAM
Variances by Commission and Department
Community and Fire Services
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

Department	Fav./ (Unfav.)			
	Personnel	Non-Personnel	Revenue	Total
OPERATIONS	0.40	0.78	0.22	1.40
FIRE SERVICES	(1.19)	(0.08)	0.00	(1.27)
LIBRARY	0.32	0.02	0.04	0.38
RECREATION SERVICES	(0.16)	(0.60)	(0.23)	(0.99)
ENVIRONMENTAL SERVICES	0.10	0.00	0.00	0.10
WASTE	0.02	0.17	0.01	0.20
COMMISSIONER'S OFFICE	0.04	0.04	0.00	0.08
Total Excl. Winter Maintenance	(0.47)	0.33	0.04	(0.10)
WINTER MAINTENANCE	0.04	(1.74)	(0.05)	(1.75)
Total	(0.43)	(1.41)	(0.01)	(1.85)

APPENDIX 11

CITY OF MARKHAM
Variances by Commission and Department
Corporate Services
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

Department	Fav./ (Unfav.)			
	Personnel	Non-Personnel	Revenue	Total
LEGISLATIVE SERVICES & CORPORATE COMMUNICATIONS	(0.31)	(0.01)	(0.42)	(0.74)
FINANCIAL SERVICES	0.29	0.03	0.02	0.34
ITS DEPARTMENT	0.29	(0.12)	0.00	0.17
SUSTAINABILITY & ASSET MANAGEMENT	0.21	(0.50)	0.50	0.21
COMMISSIONER'S OFFICE	0.02	0.01	0.00	0.03
Total	0.50	(0.59)	0.10	0.01

APPENDIX 12

CITY OF MARKHAM
Variances by Commission and Department
Development Services
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

Department	Fav./ (Unfav.)			
	Personnel	Non-Personnel	Revenue	Total
CULTURE & ECONOMIC DEVELOPMENT	(0.34)	(0.27)	0.03	(0.58)
TRAFFIC OPERATIONS	0.10	0.09	0.00	0.19
COMMISSIONER'S OFFICE	0.06	0.00	0.00	0.06
Total	(0.18)	(0.18)	0.03	(0.33)

APPENDIX 13

CITY OF MARKHAM
Variances by Commission and Department
Mayor and Council
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

Department	Fav./ (Unfav.)			
	Personnel	Non-Personnel	Revenue	Total
MAYOR and COUNCIL	0.15	0.07	0.00	0.22
Total	0.15	0.07	0.00	0.22

APPENDIX 14

CITY OF MARKHAM
Variances by Commission and Department
Corporate Items
Financial Results for the Twelve Months December 31, 2019
(in millions of dollars)

Department	Fav./ (Unfav.)			
	Personnel	Non-Personnel	Revenue	Total
CORPORATE ITEMS	0.54	4.39	1.15	6.08
Total	0.54	4.39	1.15	6.08



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Development Charges December 31, 2019 Reserve Balances and Annual Activity of the Accounts

PREPARED BY: Heena Mistry, Financial Analyst, ext. 2659
Kevin Ross, Manager, Development Finance & Payroll, ext. 2126

RECOMMENDATION:

1. That the report titled “Development Charges December 31, 2019 Reserve Balances and Annual Activity of the Accounts” be received by Council as required under Section 43(1) of the *Development Charges Act, 1997, as amended*; and,
2. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not applicable.

PURPOSE:

Section 43(1) of the *Development Charges Act, 1997, as amended*, requires the Treasurer to submit annually to Council a financial statement relating to Development Charges by-laws and reserve funds established under Section 33 of the *Development Charges Act, 1997*. This report includes that financial statement and also provides Council with information regarding the semi-annual indexing that occurred during 2019.

BACKGROUND:

As part of the *Development Charges Act, 1997, as amended*, the Treasurer is to report annually on the funds received and dispersed as shown in the attached schedules.

Enclosed are the statistics for the twelve (12) months ended December 31, 2019.

OPTIONS/ DISCUSSION:

Not applicable.

FINANCIAL CONSIDERATIONS

Summary of Activity

The December 31, 2019 closing balance of the development charges (DC) reserve accounts, before accounting for approved capital commitments, was \$43,562,485 (Schedule A). This balance represents the cash, letters of credit and receivable balances in the reserves, but does not take into account commitments for approved capital projects.

Approved capital commitments against the reserves as at December 31, 2019 totaled \$50,982,025 resulting in an adjusted (committed) reserve balance of (\$7,419,540) (\$43,562,485 less \$50,982,025).

As depicted in Schedule B, the net decrease in the reserve fund before capital commitments from January 1, 2019 to December 31, 2019 was \$3,616,432 (\$43,562,485 less \$47,178,917). Schedule B also outlines the net amount of \$40,279,118 transferred to capital projects in 2019, which is broken down into two components: transfer to capital and transfer from capital. These two components of the transfer include \$45,783,569 of growth-related projects funded from development charges (Schedule C), as well as transfers to development charges of \$5,504,451 resulting mainly from the closure of capital projects as well as the realignment of funding sources.

In addition to the \$40,279,118 of growth-related capital projects funded from development charges in 2019, there are other associated sources of project funding which are identified in Schedule C.

A summary of the development charge activity for the year is detailed as follows:

January 1, 2019 opening balance	\$47,178,917
Development Charges received	\$36,124,063
Interest	\$538,624
Net amount transferred to capital projects	<u>(\$40,279,118)</u>
Balance as at December 31, 2019	<u><u>\$43,562,485</u></u>

The balance of the Development Charge Reserve Fund is made up of the following major categories:

City Wide Soft	(\$22,945,786)
City Wide Hard	\$60,034,173
Area Specific	<u>\$6,474,098</u>
Total	<u><u>\$43,562,485</u></u>

Interest

During 2019, there were no long term investments of development charge reserve funds however, the cash on hand earned interest at a competitive rate at the bank in line with short term investment rates (Schedule D).

Development Charge Credits

Schedule E provides information on credit agreements that the City has with developers. The City has future credit obligations in the amount of \$9,727,187, which is to be offset from development charges payable when the respective developers execute their agreements.

Component Categories

Schedule F provides the year-end balance of each reserve for 2017 through 2019 along with the percentage change over the three-year period.

The chart below summarizes the year-end DC reserve balances by component category, taking approved capital commitments into account:

	YEAR-END BALANCES			% CHANGE 2017 - 2019
	2017	2018	2019	
CITY-WIDE SOFT SERVICES	(\$35,948,450)	(\$13,220,358)	(\$22,945,786)	36%
CITY-WIDE HARD SERVICES	\$37,787,651	\$53,416,339	\$60,034,173	59%
AREA SPECIFIC CHARGES	\$7,494,104	\$6,982,936	\$6,474,098	-14%
TOTAL DEVELOPMENT CHARGE RESERVE	\$9,333,305	\$47,178,917	\$43,562,485	367%
CAPITAL COMMITMENTS AT YEAR-END	(\$38,748,797)	(\$28,611,850)	(\$50,982,025)	-32%
ADJUSTED DC RESERVE BALANCES	(\$29,415,492)	\$18,567,067	(\$7,419,540)	75%

The City Wide Soft services reserves negative balance has improved since 2017 due to reduced capital spending. The City Wide Soft services reserves are in a negative balance due to the pre-emplacment of recreation facilities. The reduction from 2018 to 2019 was as a result of the acquisition of land for the new works yard.

The increase in the City Wide Hard reserve is primarily due to expenditures on engineering-related infrastructure being done at a slower pace than anticipated to match growth patterns.

The Area Specific reserves reduced mainly due to funding for the Rodick Road extension from Miller Avenue to 14th Avenue.

Development Charges Committed To Approved Projects

Growth-related capital projects that are approved as part of the annual budgets generally denote development charges as the major funding source, but the actual cash funding for capital expenditures totaling one million dollars or greater is not transferred to the project until required. This process retains cash within the Development Charge Reserve Fund to earn as much interest as possible for the reserve. Upon the approval of the budget, the reserve balances in the Development Charge Reserve Fund are considered to be committed to projects underway, or about to start.

The reserve balance for the year ended December 31, 2019 is significantly lower when capital commitments of \$50,982,025 are taken into account, leaving an adjusted (committed) reserve balance of (\$7,419,540). The total capital commitments for 2019 represent an increase of \$22,370,175 (\$50,982,025 less \$28,611,850) compared to the prior year. A large portion of this increase can be attributed to the Miller Pond Site Preparation project (\$15M), which was approved by Council as part of the 2019 Capital Budget process, and the design and construction of a new works yard (\$8M), which was approved by Council on April 30th, 2019. This project relates to the initial servicing, design and construction of salt, sand and brine storage facilities, construction of parking and the environmental assessment and design of a bridge to access the rear portion of the property located at 10192 Ninth Line.

The capital commitments relate mainly to City Wide Hard and City Wide Soft services projects which total approximately \$30M and \$20M respectively. The City Wide Hard includes projects such as the Miller Pond Site Preparation and Property Acquisition (\$15M), Highway 404 Midblock Crossing, North of 16th Ave (\$5M), Miller Avenue – CN

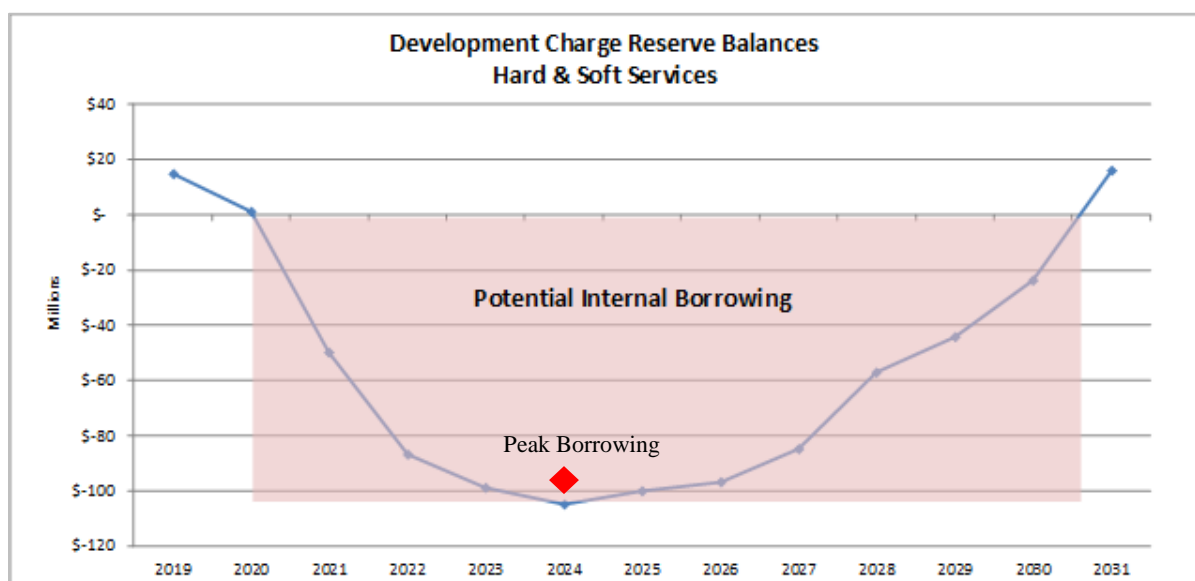
to Kennedy Road (\$5M), and construction of the John Street Multi-Use Pathway (\$3M). The City Wide Soft capital commitments includes projects such as the design & construction of works yard (\$8M) and several smaller projects relating to park development, such as the construction of Kirkham Drive Park Phase 2 (\$3M), Cornell Community Park Phase 1 of 3 (\$3M), and Box Grove Community Park East Phase 1 (\$3M). The adjusted (committed) reserve balance of (\$7.4M) represents a \$26M decrease from the prior year closing balance of \$18.6M.

The chart below summarizes the 2019 year-end reserve balances and capital commitments:

	YEAR-END RESERVE BALANCE	CAPITAL COMMITMENTS	ADJUSTED RESERVE BALANCE
CITY WIDE SOFT SERVICES	(\$22,945,786)	(\$20,071,137)	(\$43,016,923)
CITY WIDE HARD SERVICES	\$60,034,173	(\$30,034,708)	\$29,999,465
AREA SPECIFIC CHARGES	\$6,474,098	(\$876,180)	\$5,597,918
TOTAL DEVELOPMENT CHARGE RESERVE	\$43,562,485	(\$50,982,025)	(\$7,419,540)

Debt

A DC cash-flow forecast was developed taking into consideration current capital commitments, identified growth-related projects included in the 2017 DC Background Study capital program, and anticipated DC collections. The capital infrastructure to service anticipated growth is required to be installed ahead of the new population and, this pre-emplacment of facilities will result in debt in the DC reserves (expenditure preceding revenue inflow). The forecast shows that peak borrowing is projected to occur in 2024 at approximately \$100M with recovery expected to occur around 2030, as shown in the graph below. The anticipated debt will mainly be financed through internal borrowing from the City's reserves.



Indexing

Section 15 of the City's Development Charge by-laws state that the charges referred to in each of the by-laws' shall be increased, if applicable, semi-annually without an amendment to the by-laws, on the first day of January and the first day of July, of each year, in accordance with the most recent change in the Statistics Canada Quarterly, *Construction Price Statistics* (Catalogue No. 62-007). Indexing the City's development charges helps to partially mitigate the impact of inflationary increases on future growth-related costs.

In accordance with the by-laws, the development charge rates were indexed up by 3.3% on January 1, 2019 and 1.7% on July 1, 2019. This represents the increase in the prescribed index, the Statistics Canada Quarterly, *Construction Price Statistics* for non-residential buildings in Toronto.

Compliance with the Development Charges Act, 1997

For the year ended December 31, 2019, the Reserve Balance and Annual Activity Statement is in compliance with the *DCA 1997, as amended*. The City has not imposed additional levies in accordance with Subsection 59.1 (1) of the Act.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Schedule A – Summary Statement - Balances by Component of the Reserve Fund
Schedule B – Continuity Statement - Funds Received and Dispersed by Category
Schedule C – Capital Fund Transfers Addendum
Schedule D – Summary of Investments - Reg. 74/97 Section 8 of the Municipal Act
Schedule E – Credit Obligation Summary
Schedule F – Statement of Change in Year-end Balances

DEVELOPMENT CHARGES RESERVE
Summary Statement Including Accounts Receivable
Balances by Category as at December 31, 2019

SCHEDULE A

	CASH	LETTERS OF CREDIT	RECEIVABLE AT PERMIT STAGE	RESERVE BALANCE	COMMITMENTS TO APPROVED CAPITAL PROJECTS	ADJUSTED RESERVE BALANCE
ADMINISTRATION	(\$12,748,974)	-	\$684,289	(\$12,064,685)	-	(\$12,064,685)
FIRE	\$2,107,183	-	\$948,411	\$3,055,595	-	\$3,055,595
LIBRARY	(\$829,562)	-	\$2,568,544	\$1,738,982	-	\$1,738,982
PARKLAND	\$31,967,527	-	\$6,271,495	\$38,239,022	(\$12,238,711)	\$26,000,311
RECREATION	(\$67,127,989)	-	\$9,363,885	(\$57,764,104)	-	(\$57,764,104)
PUBLIC WORKS	\$2,482,411	-	\$812,266	\$3,294,676	(\$7,832,426)	(\$4,537,750)
PARKING	\$171,401	-	\$41,681	\$213,083	-	\$213,083
WASTE MANAGEMENT	\$86,739	-	\$254,906	\$341,645	-	\$341,645
TOTAL CITY WIDE SOFT SERVICES	(\$43,891,263)	-	\$20,945,477	(\$22,945,786)	(\$20,071,137)	(\$43,016,923)
CITY WIDE HARD SERVICES	\$48,619,706	\$10,144,366	\$1,270,101	\$60,034,173	(\$30,034,708)	\$29,999,465
AREA SPECIFIC CHARGES	\$6,468,762	\$5,336	-	\$6,474,098	(\$876,180)	\$5,597,918
TOTAL DEVELOPMENT CHARGE RESERVE	\$11,197,205	\$10,149,702	\$22,215,578	\$43,562,485	(\$50,982,025)	(\$7,419,540)

DEVELOPMENT CHARGES RESERVE
Continuity Statement Including Accounts Receivable
Balances by Category as at December 31, 2019

SCHEDULE B

	BALANCE AT JANUARY 1 2019	DEVELOPMENT CHARGES EARNED	INTEREST	SUB TOTAL	TRANSFER TO CAPITAL PROJECTS	TRANSFER FROM CAPITAL PROJECTS ¹	BALANCE AT DECEMBER 31 2019	COMMITMENTS TO APPROVED CAPITAL PROJECTS	ADJUSTED BALANCE AT DECEMBER 31 2019
ADMINISTRATION	(\$11,032,652)	\$774,030	(\$491,210)	(\$10,749,832)	(\$1,547,377)	\$232,524	(\$12,064,685)	-	(\$12,064,685)
FIRE	\$2,064,280	\$1,005,378	\$61,504	\$3,131,162	(75,566.56)	-	\$3,055,595	-	\$3,055,595
LIBRARY	(\$385,372)	\$2,204,855	(\$80,500)	\$1,738,983	-	-	\$1,738,983	-	\$1,738,983
PARKLAND	\$39,628,610	\$5,383,482	\$1,282,694	\$46,294,786	(\$9,154,191)	\$1,098,426	\$38,239,021	(\$12,238,711)	\$26,000,310
RECREATION	(\$59,213,788)	\$8,038,009	(\$2,538,560)	(\$53,714,339)	(\$4,050,129)	\$365	(\$57,764,102)	-	(\$57,764,102)
PUBLIC WORKS	\$15,333,891	\$810,670	\$341,587	\$16,486,148	(\$13,392,963)	\$201,489	\$3,294,675	(7,832,426.00)	(\$4,537,751)
PARKING	\$163,272	\$44,088	\$5,722	\$213,082	-	-	\$213,082	-	\$213,082
WASTE MANAGEMENT	\$221,401	\$218,811	\$1,434	\$441,645	(\$100,000)	-	\$341,645	-	\$341,645
TOTAL CITY WIDE SOFT SERVICES	(\$13,220,358)	\$18,479,323	(\$1,417,330)	\$3,841,636	(\$28,320,226)	\$1,532,804	(\$22,945,786)	(\$20,071,137)	(\$43,016,923)
CTIY WIDE HARD SERVICES	\$53,416,339	\$17,525,721	\$1,707,630	\$72,649,689	(\$16,587,162)	\$3,971,645	\$60,034,173	(\$30,034,708)	\$29,999,464
AREA SPECIFIC CHARGES	\$6,982,936	\$119,019	\$248,323	\$7,350,278	(876,180.00)	-	\$6,474,098	(\$876,180)	\$5,597,918
TOTAL	\$47,178,917	\$36,124,063	\$538,624	\$83,841,603	(\$45,783,569)	\$5,504,451	\$43,562,485	(\$50,982,025)	(\$7,419,540)

Note:

1) Relates mainly to funds being returned from closed capital projects

DEVELOPMENT CHARGES RESERVE
Capital Fund Transfers Addendum - Total Project Funding
Balances by Category as at December 31, 2019

SCHEDULE C

PROJECT	PROJECT DESCRIPTION	CITY WIDE SOFT DC FUNDING	NON-DC GROWTH FUNDING ¹	OTHER PROJECT FUNDING ²	2019 PROJECT FUNDING
6390	YMCA Land and Construction	\$4,050,129	\$270,009	-	\$4,320,137
12026	Angus Glen West Village Parks Dev. Reimbursement	\$67,759	-	\$7,529	\$75,288
12371	Milne Dam Conservation Area Master Plan	\$3,750	-	\$1,250	\$5,000
13011	Kirkham Drive Park Phase 2 Construction	\$40,000	-	-	\$40,000
13012	Box Grove Community Park - Design	\$37,344	-	\$4,149	\$41,493
14020	Reimbursement to 1691126 Ontario Ltd.	\$342,430	-	-	\$342,430
16021	Box Grove Rizal Avenue Neighbourhood Park - Construction	\$29,931	-	\$3,326	\$33,257
16038	Box Grove Community Park East (Phase 1) - Construction	\$100,000	-	-	\$100,000
16170	Growth Related Park Improvements	\$100,000	-	\$2,500	\$102,500
17001	Box Grove Community Park (Phase 2 of 2)	\$26,963	-	\$2,996	\$29,959
17014	Wismer Alexander Lawrie NP East & West - D & C	\$797,379	-	-	\$797,379
17017	Cornell Community Park - Phase 1 of 3 Construction	\$125,000	-	-	\$125,000
17055	Municipal Energy Plan - Implementation Phase	\$1,378	-	\$297,214	\$298,592
17075	Special Rescue - Confined Space	\$20	-	\$20	\$40
18033	Markham Centre Riverwalk Urban Park - Design & Const	\$55,000	-	-	\$55,000
18034	Wismer Park Pavilion & Washrooms - Design & Const.	\$35,000	-	-	\$35,000
18035	Parking Lot Adjacent - Cedarwood Park - Design & Constr.	\$24,344	-	\$2,705	\$27,049
19012	Accessibility & Age Friendly Design Guidelines	\$180,540	-	\$20,060	\$200,600
19013	Annual York Region Employment Survey	\$34,200	-	\$3,800	\$38,000
19014	Consultant Studies	\$87,300	-	\$9,700	\$97,000
19019	Future Urban Area Natural Heritage Restoration Plan	\$27,720	-	\$3,080	\$30,800
19020	Housing Strategy	\$90,000	-	\$10,000	\$100,000
19021	LPAT/OMB - Growth Related Hearings	\$274,770	-	\$30,530	\$305,300
19023	Secondary Plans	\$263,662	-	\$29,296	\$292,958
19024	Berczy Beckett East Park - Design and Constr.	\$485,111	-	\$53,901	\$539,012
19025	Box Grove Park Pavilion and Washrooms - Design	\$124,560	-	\$13,840	\$138,400
19026	Cornell Centre NP and Woodlot - Construction	\$878,762	-	\$97,641	\$976,403
19027	Cornell Park Maintenance Building - Construction	\$996,840	-	\$110,760	\$1,107,600
19028	Markham Centre Rouge Side Promenade Parks - Design	\$193,410	-	\$21,490	\$214,900
19029	Wismer Greenspire Parkette - Design and Construction	\$493,470	-	\$54,830	\$548,300
19064	Internal Project Management	\$578,820	-	-	\$578,820
19086	Salt Barn	\$440,400	-	\$466,962	\$907,362
19095	Radio Repeaters	\$33,174	-	\$13,673	\$46,847
19138	Morgan Pool Revitalization - Construction Phase 2 of 2	\$446,029	-	\$2,455,400	\$2,901,429
19178	Incremental Growth Related Winter Maintenance Vehicles	\$450,000	-	-	\$450,000
19204	Corporate Fleet Growth - Non-Fleet	\$10,200	-	-	\$10,200
19211	New Fleet - Fire (Ground Cover Firefighting)	\$42,373	-	-	\$42,373
19213	New Fleet - Parks	\$142,362	-	-	\$142,362
19219	Growth Related Parks Improvements	\$151,110	\$16,790	-	\$167,900
19240	Incremental Growth Related Waste Management Vehicles	\$100,000	-	-	\$100,000
19282	Land Acquisition - 10192 Ninth Line	\$15,600,000	\$400,000	-	\$16,000,000
19287	10192 Ninth Line - Demolition of barn (construction of a new Works Yard)	\$50,000	-	-	\$50,000
19288	Design and Construction of Works Yard	\$200,000	\$205,921	-	\$405,921
19293	14th Avenue Fencing, Gates, Lighting	\$108,987	-	-	\$108,987
TOTAL FUNDED CITY-WIDE SOFT		\$28,320,226	\$892,720	\$3,716,653	\$32,929,599

Notes:

¹ Non-DC Growth Funding may not equal 10% of total funding for the year due to timing of project funding. Negative amounts reflect returns.

² Other Project Funding includes sources such as grants, life cycle, developer funding and taxes

SCHEDULE C (Cont'd)

PROJECT	PROJECT DESCRIPTION	CITY WIDE HARD DC FUNDING	NON-DC GROWTH FUNDING	OTHER PROJECT FUNDING	2019 PROJECT FUNDING
18026	Markham Centre Secondary Plan Study	\$585,106	-	\$250,000	\$835,106
18043	Downstream Improvement Work Program	\$76,223	-	\$41,043	\$117,266
18045	John Street MUP Design	\$79,030	-	\$17,630	\$96,660
18048	Regional Mid-Block Crossing EA & Design	\$1,223,540	-	-	\$1,223,540
18049	Rouge Valley Trail Multi-Use Pathway (Phase 4 of 5)	\$16,090	\$29,882	-	\$45,972
18050	Sidewalk Construction (City Wide)	\$355,730	\$0	\$31,041	\$386,771
19022	Planning & Design Staff Salary Recovery	\$498,300	-	-	\$498,300
19030	Active Transportation Awareness Program	\$61,880	\$33,320	\$21,550	\$116,750
19032	Downstream Improvements Program (Design)	\$141,435	-	\$76,157	\$217,592
19033	Elgin Mills Road Environmental Conditions Study	\$567,000	-	-	\$567,000
19035	Hwy 404 Midblock Crossing, N of 16th Ave & Cachet Woods	\$7,100,000	-	-	\$7,100,000
19036	Intersection Improvements (Construction)	\$717,220	\$1,331,980	-	\$2,049,200
19038	Markham Road Multi-Use Pathway Cross-rides (Design)	\$42,250	\$22,750	-	\$65,000
19039	Sidewalk Program (Design)	\$364,406	\$125,259	-	\$489,665
19041	Markham Centre Trails EA for Areas 1, 2, and 4	\$298,555	-	\$127,155	\$425,710
19043	Municipal Inspection and Construction Guidelines Update	\$34,100	-	-	\$34,100
19044	North Markham Transportation Needs Assessment	\$634,900	-	-	\$634,900
19045	Smart Commute Markham - Richmond Hill	\$75,000	-	-	\$75,000
19046	Growth Related Salary Recovery	\$733,200	-	-	\$733,200
19047	Stormwater Thermal Cooling Pilot Project	\$256,200	-	-	\$256,200
19048	Streetlight Program (Construction)	\$100,000	-	-	\$100,000
19049	Streetlighting Program (Design)	\$192,600	-	-	\$192,600
19051	Traffic Safety Audit (City-wide)	\$113,346	\$61,032	-	\$174,378
19064	Internal Project Management	\$298,180	-	-	\$298,180
19232	Erosion Restoration Program	\$560,699	-	\$301,815	\$862,514
19257	Consulting Engineering Services for Hwy 404 North Sec Plan Ward 2	\$1,352,357	-	-	\$1,352,357
19262	Markham Centre Trails – Design (Phase 1 of 4)	\$84,815	-	\$45,670	\$130,484
19285	Yonge Street Hwy 7 Transit Planning Advisory Services	\$25,000	-	-	\$25,000
TOTAL FUNDED CITY-WIDE HARD		\$16,587,162	\$1,604,223	\$912,061	\$19,103,447

PROJECT	PROJECT DESCRIPTION	AREA SPECIFIC DC FUNDING	NON-DC GROWTH FUNDING	OTHER PROJECT FUNDING	2019 PROJECT FUNDING
14056	Rodick Extension - Phase 2 of 3 - Miller to 14th	\$876,180	-	-	\$876,180
TOTAL FUNDED AREA SPECIFIC		\$876,180	\$0	\$0	\$876,180

TOTAL CAPITAL FUND TRANSFERS		\$45,783,569	\$2,496,943	\$4,628,714	\$52,909,225
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DEVELOPMENT CHARGES RESERVE**SCHEDULE D****Summary of Investments**

Balances by Category as at December 31, 2019

ISSUER	YIELD	DATE BOUGHT	MATURITY DATE	COST	MATURITY VALUE	INTEREST
NO INVESTMENTS						
				Internal Borrowing		-
				Bank Interest/Other		\$538,624
TOTAL DCA INTEREST						\$538,624

DEVELOPMENT CHARGES RESERVE**SCHEDULE E****Credit Obligation Summary**

Balances by Category as at December 31, 2019

	BALANCE A9 JANUARY 1 2019	NEW AGREEMENTS	REDUCTIONS IN CREDITS	BALANCE AT DECEMBER 31 2019
AREA-SPECIFIC RESERVES				
AREA 5 - ARMADALE				
Armadale Developers' Group	\$171,719	-	-	\$171,719
AREAS 9, 42B.6, 42B.8				
Markham Avenue 7 Developers Group	\$2,339,148	-	-	\$2,339,148
AREAS 9, 42B.6, 42B.8				
North Markham Avenue 7 Developers Group	\$3,434,788	-	-	\$3,434,788
AREA 9 - PD 1-7				
1820266 Ontario Inc & UDC Corp.	\$651,212	-	-	\$651,212
AREA 23 - Mount Joy				
Wismer Commons Developers Group Inc.	\$816,354	-	-	\$816,354
AREA 42A-1 HELEN AVENUE				
Abidien Inc.	\$343,373	-	-	\$343,373
AREA 42B.6 - MARKHAM CENTRE S. HWY 7				
1826918 Ontario Ltd.	\$526,893	-	-	\$526,893
CITY WIDE HARD RESERVES				
Angus Glen Village Limited	\$149,307	-	-	\$149,307
Forest Bay Homes Ltd.	-	\$3,710,951	\$2,416,558	\$1,294,393
Ruland Properties	-	\$5,614,928	\$5,614,928	-
TOTAL CREDIT OBLIGATIONS	\$8,432,794	\$9,325,879	\$8,031,486	\$9,727,187

DEVELOPMENT CHARGES RESERVE
Statement of Change in Year-End Balances
Balances by Category as at December 31, 2019

SCHEDULE F

	2017	2018	2019	% CHANGE 2017 - 2019
CITY-WIDE SOFT SERVICES				
ADMINISTRATION	(\$11,813,417)	(\$11,032,652)	(\$12,064,685)	
FIRE	\$683,394	\$2,064,279	\$3,055,595	
LIBRARY	(\$3,070,427)	(\$385,372)	\$1,738,982	
PARKLAND	\$34,269,984	\$39,628,611	\$38,239,022	
RECREATION	(\$70,386,944)	(\$59,213,788)	(\$57,764,104)	
PUBLIC WORKS	\$14,260,999	\$15,333,890	\$3,294,676	
PARKING	\$107,961	\$163,273	\$213,083	
WASTE MANAGEMENT	-	\$221,401	\$341,645	
CITY-WIDE SOFT SERVICES	(\$35,948,450)	(\$13,220,358)	(\$22,945,786)	36%
CTIY WIDE HARD SERVICES	\$37,787,651	\$53,416,339	\$60,034,173	59%
AREA SPECIFIC CHARGES	\$7,494,104	\$6,982,936	\$6,474,098	-14%
TOTAL DEVELOPMENT CHARGE RESERVE	\$9,333,305	\$47,178,917	\$43,562,485	367%



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Development Charge Interest Policy

PREPARED BY: Mark Visser, Senior Manager, Financial Strategy & Investments, ext. 4260
Kevin Ross, Manager, Development Finance & Payroll, ext. 2126

REVIEWED BY: Francesco Santaguida, Assistant City Solicitor, ext. 3583

RECOMMENDATION:

1. That the report entitled “Development Charge Interest Policy” be received; and,
2. That the “Development Charge Interest Policy”, attached as Appendix A, be adopted by Council; and further,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not applicable.

PURPOSE:

The purpose of this report is to provide an update on the recent changes introduced by Bill 108, *More Homes, More Choice Act, 2019* (“Bill 108”), and further amended by Bill 138, *Plan to Build Ontario Together Act, 2019* (“Bill 138”), and to establish the rules and practices for charging interest for frozen DC rates and phased payments, as permitted under sections 26.1 and 26.2 of the *Development Charges Act, 1997, as amended*.

BACKGROUND:

Staff provided updates to Council on proposals under Bill 108 in [May 2019](#) and [July 2019](#). The biggest concern raised by staff was the creation of a Community Benefits Charge (“CBC”), which was proposed to take the place of certain soft development charges, parkland dedication, and Section 37. On February 28, 2020 the Province provided a proposed regulatory framework for the CBC, Development Charges Act and, Building Code Act with a 31-day commenting period ending March 30, 2020. A separate report with details on the proposed changes and staff recommendations will be brought to Committee ahead of the commenting deadline.

Bill 138

Bill 138, the *Plan to Build Ontario Together Act, 2019*, was brought forward by the Provincial government to the legislature in November 2019 and given Royal Assent on

December 10, 2019. Among other things, Bill 138 amended the *Development Charges Act, 1997* to reverse some of the changes from Bill 108, through limiting the types of development that would be eligible to pay development charges in annual installments to rental housing, institutional and non-profit housing developments. Office and industrial development are no longer eligible to pay development charges in annual installments.

Finalized Regulations

Development Charges (“DCs”) are the primary source of revenue to fund growth-related infrastructure. Bill 108, which received Royal Assent on June 6, 2019, amended the *Development Charges Act, 1997*, (“DC Act”) and the *Planning Act*, in ways that impact how municipalities determine and collect development charges. The Province has issued portions of finalized regulations pertaining to changes to the DC Act.

The sections of Bill 108 pertaining to the freezing of rates and phased payments for certain types of development came into effect on January 1, 2020. Prior to these changes, development charges were typically calculated and charged at prevailing rates at the time of building permit issuance. A summary of the previous and current process for determining and collecting DCs for a site plan agreement is shown Appendix B.

A) Freezing of Rates

DC rates are now to be frozen at the site plan or zoning bylaw application date. Once an application is approved, building permit issuance must occur within two years to maintain the frozen rate. If the two year period elapses, the prevailing development charge rates in effect at the time the permit is issued will be applied.

Unfortunately, there is no ‘sunset period’ between the application date and building permit issuance for the freezing of rates, as was requested by municipalities. This would have acted as a deterrent to developers submitting applications merely to freeze the rates, but having no intention of building in a timely manner.

B) Phased Payments

In addition, under Bill 108, as amended by Bill 138, institutional and rental housing development can now defer development charge payment to first occupancy and have payments phased in six equal annual installments. In the case of non-profit housing, the development charges are to be made over 21 equal annual installments.

As a result of the feedback from municipalities, the Province removed commercial and industrial buildings from the list of developments that could be eligible for phased payments; which is positive news.

OPTIONS/ DISCUSSION:

The DC Act now allows municipalities to charge interest on frozen and phased development charges. Neither the updated DC Act nor the accompanying regulatory framework prescribes how a municipality should implement this interest charge. The regulatory framework does not prescribe a maximum interest rate that a municipality may charge, and the Province has indicated that it does not intend to prescribe a maximum rate.

The most transparent methodology to allow municipalities to communicate the interest rate to be charged is to formally adopt a DC Interest Policy.

To date, there is little consistency among the few municipalities that have instituted a policy. Some recently approved policies include:

Municipality	Frozen DCs/Phased DCs
Toronto	<p>For frozen DCs: 1.5% per month capped at their scheduled rate increase</p> <p>The rate is only until November 2020, as they are in the midst of a DC Rate Phase-in</p> <p>For Phased DCs:</p> <ul style="list-style-type: none"> • The City's cost of capital if security is provided • The higher of the Canadian Bank Prime rate plus 5% or the market rate for construction financing, if no security is provided
Ottawa	The greater of the Infrastructure Construction Price Index for Ottawa plus 0.5%, which is estimated to be 6.3% (5.8%+0.5%), and the average annual rate at which the City issues debentures to fund development charge projects plus 0.5%.
York Region	<ul style="list-style-type: none"> • 5% interest rate for both frozen and phased DCs • 0% in instances that support broader policy objectives • Many of the lower tier municipalities in York Region are proposing the same
Milton	Prime Rate
Barrie	City's average weighted cost of capital
Guelph	Non-residential Construction Price Index

Markham staff have been participating in working groups with York Region and other York Regional municipalities over the past several months regarding the changes put forth by the Province. These working groups have sought to determine an appropriate interest rate to charge on frozen and phased payments. At the moment, many municipalities are still trying to determine an appropriate interest rate policy.

Staff are cognizant of what the Province is trying to accomplish with the changes to the DC Act. As such, in determining an appropriate interest rate policy, there needs to be a proper balance between providing reasonable and predictable rates to developers and maintaining municipal revenues. If too many municipalities decide to charge an unreasonable interest rate, there is a risk that the Province will mandate a maximum rate through the regulations.

Staff recommend being consistent with York Region and the lower tier municipalities within York Region by charging a 5% interest rate, to be compounded annually. While

5% surpasses the Construction Price Index (“CPI”) increases over the past 10 years, it is less than Markham’s DC increases over that same period. This is partially due to the fact that land values in Markham have increased at a much greater rate than CPI.

Jan 2010 – Jan 2020	Proposed Interest Rate	Markham DCs	Construction Price Index
Average Annual Increase	5.0%	7.1 – 7.4% for singles/ towns/large apartments 9.4% for small apartments	2.6%

Being aligned with York Region’s Interest Policy will create consistency and clarity regarding administration and communication to developers.

As these changes being introduced by Bill 108 are new to all municipalities, the Development Charge Interest Policy may need to be amended from time to time, as more information becomes available. Staff may review of the Interest Policy when the next Development Charges Background Study is undertaken, as well, the Policy gives authority to the Treasurer to make changes to the policy that do not change the intent of the policy.

See Appendix A, *City of Markham Development Charge Interest Policy* for more detailed information.

FINANCIAL CONSIDERATIONS

Since Markham will be collecting DCs later that it would have prior to Bill 108, the City’s DC cashflows will be impacted which will result in increased borrowing for growth-related capital infrastructure projects. Staff believe that charging the 5% annual interest will be sufficient to offset the additional borrowing costs in the short term. The long-term financial impact of frozen rates and phased payments is unknown at this time however, the application of this policy (if approved) should limit any potential erosion in DC revenues.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Instituting an Interest Rate Policy is meant to ensure that the City remains revenue neutral in light of the changes to the *Development Charges Act, 1997* and, is consistent with good fiscal policy.

BUSINESS UNITS CONSULTED AND AFFECTED:

Legal Services has been consulted and their comments have been included in the report.

RECOMMENDED BY:

Joel Lustig
Treasurer


Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix A: Markham's Development Charge Interest Rate Policy

Appendix B: Site Plan Control - Previous and Current Development Charge
Determination and Collection Regime

Appendix A

	<i>Development Charge Interest Policy</i>	
	Policy Category:	
	Policy No.:	Implementing Procedure No.:
Approving Authority: Council		Effective Date: January 1, 2020
Approved or Last Reviewed Date:		Next Review Year: 2025
Area(s) this policy applies to: Financial Strategy & Investments, Financial Services		Owner Department: Financial Strategy & Investments, Financial Services
Related Policy(ies): Development Charge Deferral Policy		

Note: Questions about this policy should be directed to the Owner Department.

1. Purpose Statement

The purpose of this policy is to establish the rules and practices for charging interest, as permitted under sections 26.1 and 26.2 of the *Development Charges Act, 1997*.

2. Applicability and Scope Statement

This Policy will apply to all landowners, developers and builders who submit a site plan and/or zoning amendment application to the City of Markham.


3. Background

In 2019, the Province introduced through Bill 108, *More Homes, More Choice Act, 2019*, and further amended by Bill 138, *Plan to Build Ontario Together Act, 2019*, amendments to the *Development Charges Act, 1997* which established the rules and practices for charging interest, as permitted under sections 26.1 and 26.2 of the *Development Charges Act, 1997*. The legislation and related regulations did not prescribe or set a maximum interest rate to be charged, so each municipality is responsible for setting its own interest rate.

1. Legislative Framework

a) Installment Payments under section 26.1 of the Act

Under subsections 26.1(1), (2) and (3) of the Act, development charges shall be paid in equal annual instalments, beginning at the earlier of first occupancy or occupancy permit under the *Building Code Act, 1992*, for:

	Development Charge Borrowing Policy	
	Policy No.:	Implementing Procedure No.:

- Rental housing development that is not non-profit housing development
- Institutional development
- Non-profit housing development

For rental housing and institutional development, the first payment at occupancy is followed by five instalment payments on the anniversary date for total of six payments and, for non-profit housing development the first payment at occupancy is followed by twenty instalment payments on the anniversary date for a total of twenty-one payments.

b) Interest on Installment Payments under section 26.1 of the Act

Subsection 26.1(7) of the Act allows a municipality to charge interest on the instalments from the date the development charges would have been payable, under section 26 of the Act, to the date the instalment is paid, at a rate not exceeding the prescribed maximum interest rate.

c) Development Charge Freeze under section 26.2 of the Act

Under subsection 26.2(1) of the Act, the total amount of a development charge is determined (under the City's Development Charge Bylaw) on:

- The day an application for an approval of a site plan development under subsection 41 of the *Planning Act* was made, or
- If clause (i) does not apply, the day an application for a zoning amendment to a bylaw passed under section 34 of the *Planning Act* was made.

d) Interest under section 26.2 of the Act

Under subsection 26.2(3) of the Act, a municipality may charge interest on the development charge, at a rate not exceeding the prescribed maximum interest rate, from the date of the application referred to in clause c(i) or c(ii) to the date the development charge is payable.

e) Maximum Interest Rate under sections 26.1 and 26.2

The Act allows a municipality to charge interest on the development charge at a rate not exceeding the prescribed maximum interest rate.

There is no prescribed maximum interest rate under subsections 26.1 and 26.2 of the Act.



Development Charge Borrowing Policy

Policy No.:

Implementing Procedure No.:

4. Definitions

Act: The *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute

Development: means the construction, erection or placing of one or more buildings on land or the making of an addition or alteration to a building that has the effect of increasing the size or usability thereof, and includes redevelopment.

Development Charge(s): Markham's development charges, including City-wide Hard & Soft development charges, and Area Specific Development Charges ("ASDCs").

Total Accrued Amount: Equal to the total of the development charges and interest which has accrued

5. Policy Statements


2. Interest Rate Used

- a) An interest rate of 5% shall be used.
- b) Notwithstanding clause 2(a), at the discretion of the Chief Administrative Officer, a rate less than 5% may be applied for payments under section 26.1, beginning at building permit issuance, for developments that have taken advantage of a City development charge incentive and/or relief, current or future, if the developer secures future payments with a letter of credit, a mortgage or other security satisfactory to the Treasurer on the subject property.

3. Amendment or Revision to Interest Rates:

In the event the interest rate is amended or revised, the new interest rate shall apply to the total accrued amount, prorated from the date of the interest rate amendment or revision to:

- The date the total accrued amount is fully paid, or
- A subsequent amendment or revision of the interest rate

	<i>Development Charge Borrowing Policy</i>	
	Policy No.:	Implementing Procedure No.:

4. Interest Rate Publication and Notification

Upon Council approval, this policy and the interest rates being used shall be made available on the City's website - <https://www.markham.ca/>

5. Compounding and Prorating:

All interest shall be compounded annually and shall accrue from the date of the applicable application until the date the total accrued amount is fully paid. A 365 day calendar year, shall be used for the purposes of prorating.

a) Subsequent Application(s)

If a subsequent application(s) is made for a development:

- The date the subsequent application is made will become the new date under which the total amount of the development charge is determined
- All interest that had accrued prior to the subsequent application shall be deemed to be zero (0)
- Interest will be compounded annually and begin to accrue from the date the subsequent application is made

b) Interest under section 26.1

If a development was one of the eligible types of development for the instalment payments under section 26.1 of the Act, the total accrued amount shall continue to accrue interest from the date of the issuance of a building permit.


During the instalment timeframe, interest shall continue to accrue on the outstanding balance. This shall continue until the date the total accrued amount has been fully paid.

6. Effective Date

Upon approval by Markham Council, this policy shall retroactively take effect as at January 1, 2020 at 12 a.m.

7. Transition

To allow for a transition period, this policy does not apply to any development where:

	<i>Development Charge Borrowing Policy</i>	
	Policy No.:	Implementing Procedure No.:


- a) An application for a site plan (sections 41(4) of the *Planning Act*) or zoning by-law amendment (section 34 of the *Planning Act*) is not required, but the development:
 - Still qualifies for instalment payments under section 26.1 of the Act, and
 - A building permit has been issued for the development prior to July 1, 2020
- b) An application for a site plan under subsection 41(4) of the *Planning Act* is:
 - Made after January 1, 2020, and
 - A building permit has been issued for the development prior to July 1, 2020
- c) An application for a zoning amendment to a by-law passed under section 34 of the *Planning Act* is:
 - Made after January 1, 2020, and
 - A building permit has been issued for the development prior to July 1, 2020

6. Roles and Responsibilities

The Treasurer is delegated the authority to make administrative changes to this Policy that may be required from time to time due to legislative changes or if, in the opinion of the Treasurer, the amendments do not change the intent of the policy.

Financial Services Department

- Administration of this policy, including but not limited to:
 - Assisting landowners, developers, builders and other stakeholders in determining the total amount of development charges that would be determined under the City's by-laws and the applicable interest rate that would apply
 - Ensuring that the total accrued amount is being calculated and charged
 - Collection of development charges, inclusive of interest, when due and payable

	Development Charge Borrowing Policy	
	Policy No.:	Implementing Procedure No.:

Planning and Urban Design Department

- Determine the date that a Site Plan application is made for site plans in accordance with section 41(4) of the *Planning Act*, for the purposes of determining the date that development charge rates are frozen
- Determine the date that an application is received for a zoning by-law amendment (subsequently deemed complete) in accordance with section 34 of the *Planning Act*, for the purposes of determining the date that development charge rates are frozen

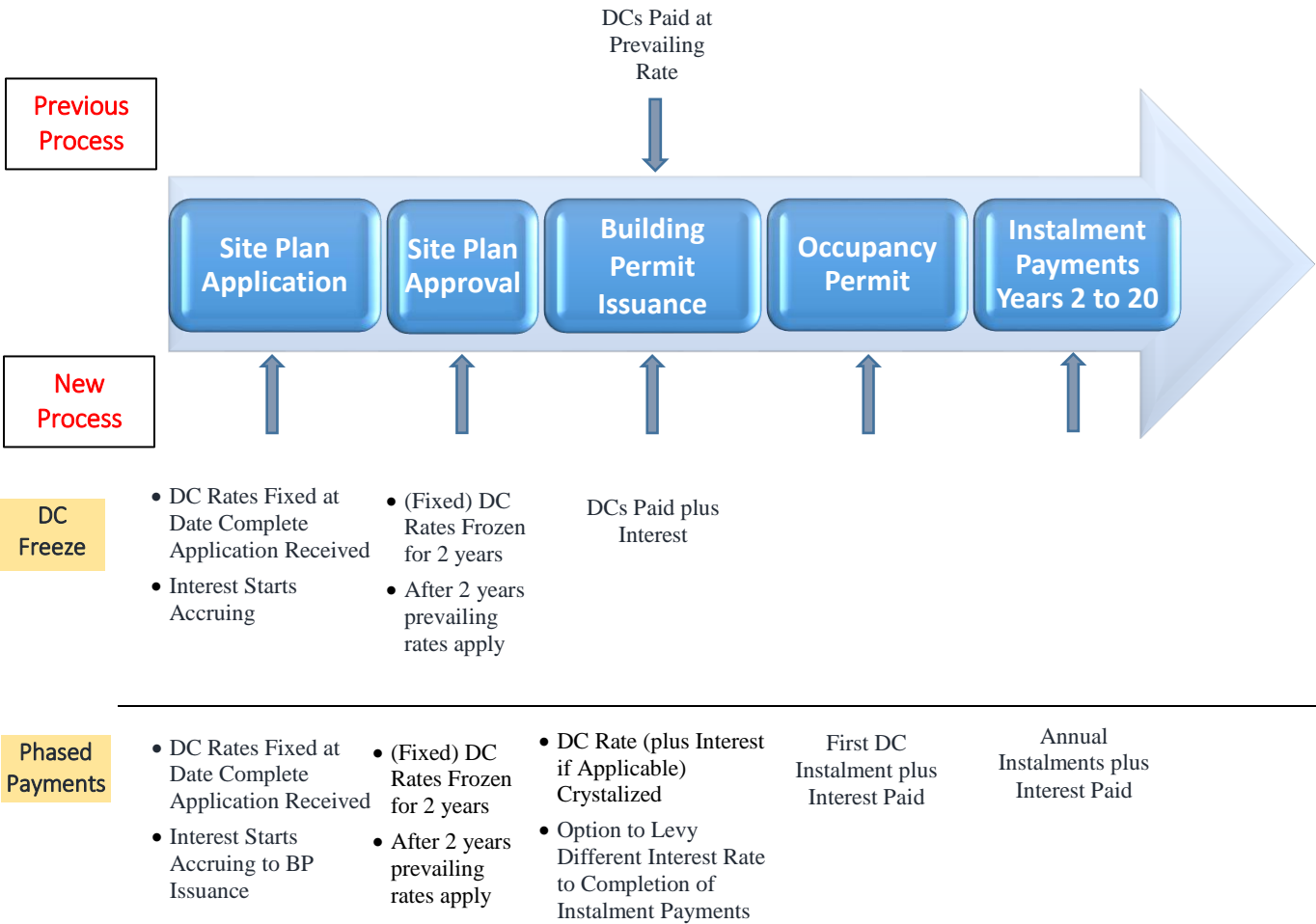
Building Standards Department

- For developments subject to phased payments under section 26.1, provide the Financial Services Department with the date:
 - A permit authorizing occupancy under the *Building Code Act, 1992* is issued
 - A building is first occupied

Appendix B

SITE PLAN CONTROL

PREVIOUS AND CURRENT DEVELOPMENT CHARGE DETERMINATION & COLLECTION REGIME





Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Tender 060-T-20 Thornhill Community Centre Parking Lot
Light Poles Replacement

PREPARED BY: Khwaja Waker, Facility Engineer, Ext. 2636

RECOMMENDATION:

1. That the report entitled “Tender 060-T-20 Thornhill Community Centre Parking Lot Light Poles Replacement” be received; and,
2. That the contract for Tender 060-T-20 Thornhill Community Centre Parking Lot Light Poles Replacement be awarded to the lowest priced bidder, CM Lighting Maintenance Ltd., in the amount of \$151,113.60, inclusive of HST; and,
3. That the estimated cost of \$18,000 (including HST) for temporary light towers starting from January 2020 until completion of project in October 1, 2020 along with the above tender award for a total cost of \$169,113.60 be funded from the Life Cycle Replacement & Capital Reserve; and further,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution

PURPOSE:

The purpose of this report is to obtain approval to replace the existing light poles that are in poor condition at Thornhill Community Centre parking lot at a cost of \$169,113.60 (Incl. of HST) to be funded from the Life Cycle Replacement & Capital Reserve.

BACKGROUND:

On October 31st, 2019, one of 14 light poles collapsed on a parked vehicle near the west entrance of the Thornhill Community Centre parking lot. As a result, the vehicle was damaged. Fortunately, there were no injuries as no one was inside or near the vehicle. At the time of the incident, the weather was extremely windy with high wind gusts. The collapsed pole was estimated to be between 45 to 50 years old. A condition assessment of all 14 light poles was performed in 2017 and the consultant recommended replacement of the majority of the poles in 2022.

After the incident, the collapsed pole was removed along with 2 additional poles as a precaution based on a contractor inspection. Temporary light towers were rented after removing these poles to maintain sufficient lighting levels in the parking lot.

After the pole failure, Staff engaged a consultant to determine the cause(s) of failure, review the condition of the remaining light poles and recommend an action plan. The report from the consultant stipulated that ‘the light pole fell due to a combination of cyclical wind load, low base installation and corrosion to the light pole’.

The consultant recommended immediate replacement of 13 of the 14 poles. The addition of one new light pole was recommended to provide sufficient lighting at the southwest corner of the parking lot. The one pole not being replaced was installed in 2018. These poles will have new LED luminaires to match the 2018 pole.

The consultant also recommended constructing raised concrete bases for the new light poles to limit the metal poles' exposure to de-icing salt, and snowmelt that can lead to premature corrosion.

OPTIONS/ DISCUSSION:

The majority of the poles in this parking lot were scheduled for replacement in 2024 as part of the Asset Life Cycle Program. However, the failure of one pole suggests rapid deterioration of the remaining poles and warrants accelerating the replacement of these poles sooner than 2024.

As reviewed by Staff and the consultant, 13 of 14 light poles will require immediate replacement and one new pole is required to be added to the southwest corner. As a result, a total of 14 new poles are recommended to be installed at this parking lot. These new poles will have concrete bases to minimize the impact of salt and all 14 new poles will be LED and dark sky compliant.

Tender Information (060-T-20)

Bid closed on	March 12, 2020
Number picking up bid document	13
Number responding to bid	10

FINANCIAL CONSIDERATIONS

Recommended bidder	CM Lighting Maintenance Ltd. (lowest priced bidder)	
Less cost of award	\$137,376.00	Bid Price (Incl. of HST)
	<u>\$13,737.60</u>	Contingency (10%)
	\$151,113.60	Total cost of award (Incl. of HST)*

*The amount of \$151,113.60 will be funded from the Life Cycle Replacement and Capital Reserve Fund.

The rental cost for temporary light towers starting from January 2020 until completion of projection October 1, 2020, is \$18,000.00, including HST impact. Total budget request for light poles replacement and temporary light towers is \$169,113.60, inclusive of HST impact.

OPERATING BUDGET AND LIFE CYCLE IMPACT

Staff recommend the total estimated amount of \$169,113.60 (inclusive of HST impact) to be funded from Life Cycle Replacement & Capital Reserve. The Life Cycle Reserve Study planned for the replacement of the original poles in 2024. The Study will be updated upon project completion. The as built drawings will be entered into the corporate GIS database upon completion and acceptance. The incremental operating budget impact would be a cost saving of approximately \$3,600 per year due to the energy efficiency of the LED lights.

ENVIRONMENTAL CONSIDERATIONS

All luminaires will be LED and Dark Sky compliant. The new system is expected to reduce energy consumption by 23,000 kWh per year.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

This project aligns with City's 'Building Markham's Future Together' goal #3 (Safe, Sustainable and Complete Community) through promoting retrofits to our existing infrastructures in order to achieve our Net Zero plan.

BUSINESS UNITS CONSULTED AND AFFECTED:

The comments from Operations, Recreation & Finance have been incorporated into this report.

RECOMMENDED BY:

Graham Seaman, P.Eng
Director of Sustainability &
Asset Management

Trinela Cane,
Commissioner, Corporate Services

ATTACHMENTS:

Not Applicable



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Award of Construction Tender 014-T-20 Bayview Glen North and Laureleaf Road Cast Iron Watermain Replacement

PREPARED BY: Prathapan Kumar, Senior Manager, Environmental Services, Ext. 2989
Flora Chan, Senior Buyer, Ext. 3189

RECOMMENDATION:

1. That the report entitled “Award of Construction Tender 014-T-20 Bayview Glen North and Laureleaf Road Cast Iron Watermain Replacement” be received; and,
2. That the contract for Tender 014-T-20 Bayview Glen North and Laureleaf Road Cast Iron Watermain Replacement be awarded to the lowest priced Bidder, Sam Rabito Construction Ltd. in the amount of \$5,656,644.04, inclusive of HST; and,
3. That a 3% contingency in the amount of \$169,699.32 inclusive of HST, be established to cover any additional construction costs and that authorization to approve expenditures of this contingency amount up to the specified limit be in accordance with the Expenditure Control Policy; and,
4. That the construction award in the amount of \$5,826,343.36 (\$5,656,644.04 + \$169,699.32) be funded from the capital project 053-6150-20257 “CI Watermain Replacement – Construction & CA” with budget available of \$5,447,381.00; and,
5. That the shortfall of \$378,962.36 be funded through Waterworks Stabilization/Capital Reserve; and further,
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not Applicable

PURPOSE:

The purpose of this report is to obtain Council approval to award the contract for the 2020 Cast Iron Watermain Replacement within the Bayview Glen North and Laureleaf Road neighbourhood.

BACKGROUND:

Watermain Replacement:

Watermain break records and assessments indicate that the cast iron pipes structural condition is close to the end of its lifecycle and need replacement at Ladyslipper Court, Multiflora Place, Poinsetta Drive, Wildrose Crescent, Hammock Crescent, Babcombe Drive, Laureleaf Road between Daffodil Ave and Steeles Ave.

A total of 4,067 metres of existing cast iron watermain have been identified for replacement.

Construction Tender

Due to the scope of the project, contractors were prequalified to ensure that they had the necessary qualifications, experience and resources to complete the work in accordance with the City's requirements and within the specified timelines. Prequalification 066-P-17 was issued in accordance with the Purchasing By-law 2017-8.

Pre-Qualification Information (066-P-17)

Prequalification closed on	January 26, 2017
Number of Contractors picking up the Pre-qualification document	34
Number of Contractors responding to the Pre-qualification	16
Number of Contractors Pre-qualified	9

Construction Tender Information (014-T-20)

Bids closed on	March 5, 2020
Number picking up the Bid document	8
Number responding to the Bid	5

Price Summary

Bidder	Bid Price (Incl. of HST)
Sam Rabito Construction Ltd.	\$5,656,644.04*
KAPP Infrastructure Inc.	\$7,247,103.31
Lancorp Construction Co Ltd.	\$7,795,261.25
Dom – Meridian Construction Ltd.	\$7,878,725.26
Robert B. Somerville Co. Limited	\$9,259,583.02

*Staff negotiated with Sam Rabito, the lowest priced bidder, a \$15,500.00 or 0.3% cost reduction from their original bid price (from \$5,672,416.84 to \$5,656,644.04), as allowed under the Purchasing By-Law, while still maintaining the same level of project deliverables.

OPTIONS/ DISCUSSION:Watermain Replacement

The existing cast iron watermain on Ladyslipper Court, Multiflora Place, Poinsetta Drive, Wildrose Crescent, Hammock Crescent, Babcombe Drive, Laureleaf Road between Daffodil Ave and Steeles Ave are close to the end of their life cycle.

The replacement of cast iron watermain is consistent with the City's strategy to upgrade aged and deficient watermain to improve supply capacity and reliability. Replacement of these old cast iron watermain will also offer improved reliability (less risk of breaks) as well as improved water quality and flows for domestic and fire demand. Based on experience, cast iron watermain are susceptible to internal and external corrosion as they age which leads to poor water quality and increased watermain breaks. The new watermain replacement material will be PVC pipe, which has a service life of 90 years and is superior as it is heat resistant, chemical resistant and non-corrosive.

Public Input

A Public Information Committee (PIC) meeting was held on March 12, 2020 to provide an update to the area residents and businesses, as well as to address any potential issues or concerns that the public may have on the proposed construction.

Traffic Management Plan

The objective of the traffic management plan is to limit the traffic within the construction zone (only local traffic will be allowed) and divert through traffic onto adjacent roadways.

Communications Plan

Staff will be providing regular updates to the affected stakeholders as well as providing early notification for any disruptions to driveway access or municipal services. The City's website will also be updated as required to provide up-to-date information on the status of the project.

Project Schedule:

- Mid May 2020 - Commencement of work
- December 18, 2020 - Completion of 80% work to base asphalt
- January to Spring 2021 - Winter Shutdown
- Spring 2021 to Summer 2021 - Complete remaining 20% work, top asphalt, restoration etc.

FINANCIAL CONSIDERATIONS

The following table summarizes the financial considerations for the project:

Budget allocation (CA and Construction)	\$5,729,700.00	053-6150-20257-005 "CI Watermain Replacement – Construction & CA"
Budget available for construction (A)	\$5,447,381.00	
Less: construction cost (B)	\$5,656,644.04	} Awarded to Sam Rabito Construction Ltd. (014-T-20)
Less: contingency (3%) (C)	\$ 169,699.32	
Total cost (D) = (B) + (C)	\$5,826,343.36	
Budget Shortfall (E) = (A) – (D)	(\$ 378,962.36)	

Note: Budget shortfall of \$378,962.36 is due to budget estimate that was based on unit rates for watermain replacement based on City's West Thornhill Flood Control Remediation projects completed over the past 3 years. These projects had a combined watermain, storm and road reconstruction under one bid. Since this contract was tendered as a standalone watermain project, the City did not receive the economies of scale as received in the past 3 years.

Operating Budget and Life Cycle Reserve Impact

The 2020 Waterworks Asset Life Cycle Reserve Study will be updated to reflect the current market rates. There is no incremental impact to the operating budget.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The proposed watermain replacement program is aligned with City's goal to provide better quality services to the public and is consistent with the Building Markham's Future Together strategic priority on the "Environment" as it considers sustainability on the built environment.

BUSINESS UNITS CONSULTED AND AFFECTED:

Finance department has been consulted and their comments have been incorporated.

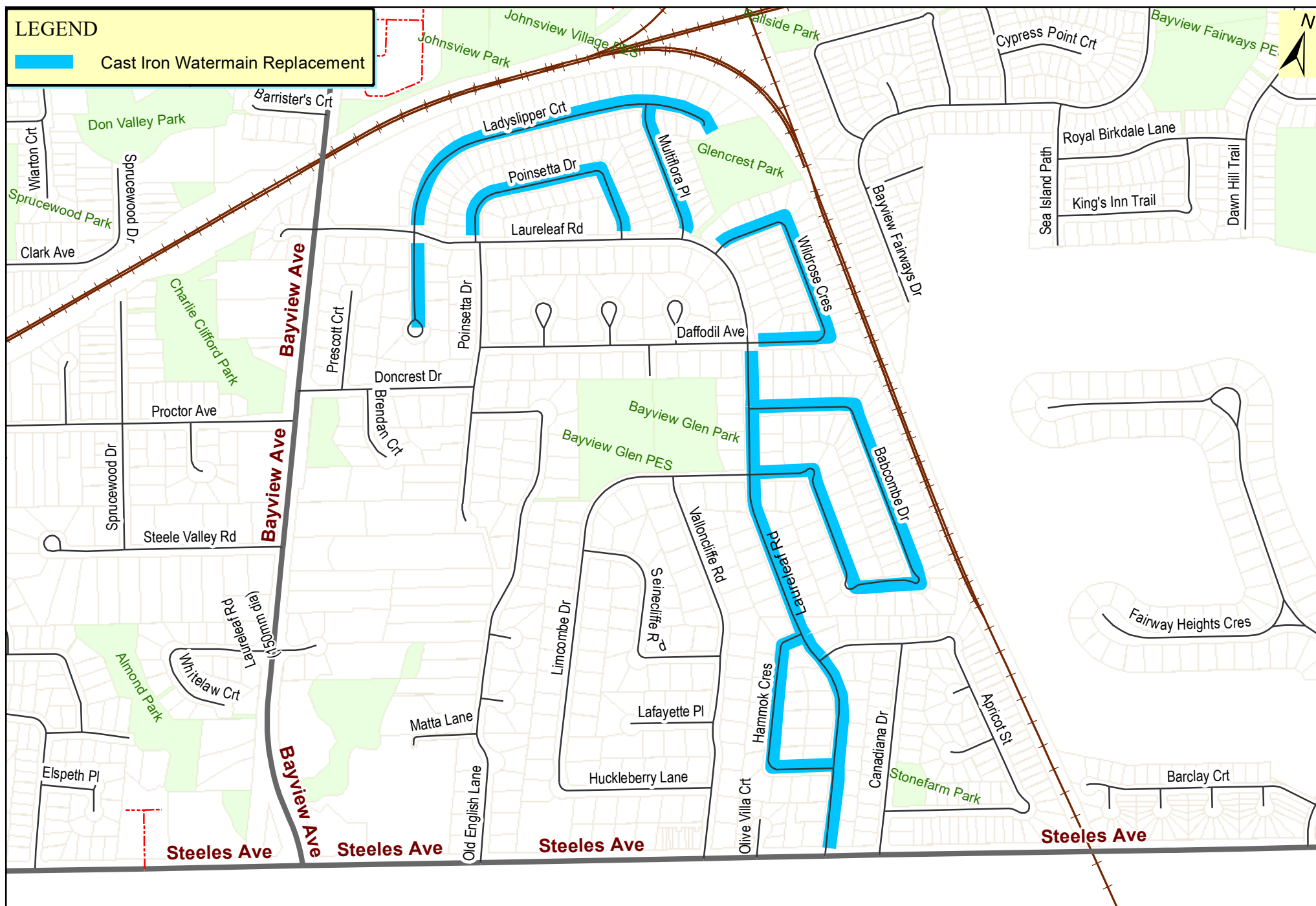
RECOMMENDED BY:

Phoebe Fu
Director of Environmental Services

Brenda Librecz
Commissioner, Community & Fire Services

ATTACHMENTS:

Attachment - Location Map





Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Award of Contract 023-R-20 Plumbing Services for various City of Markham locations on an as required basis

PREPARED BY: Jason Ramsaran, Facility Coordinator ext 3526,
Flora Chan Senior Buyer ext 3189

RECOMMENDATION:

- 1) That the report “Award of Contract #023-R-20 Plumbing Services for various City of Markham locations on an as required basis” be received; and,
- 2) That the contract be awarded to the highest ranked / lowest priced bidder, Saunders Plumbing and Heating Inc. in the estimated annual amount of \$120,000.00 inclusive of HST; and,
- 3) That Staff be authorized to extend the contract for three (3) additional years (2021-2023) in the estimated annual amount of \$120,000 inclusive of HST, subject to supplier performance; and,
- 4) That the contract be funded from various City Departments’ operating budgets on an as-required basis; and,
- 5) That the award amounts in 2021 to 2023 be subject to Council approval of the respective annual operating budgets and that the award amounts be amended to reflect changes to the various departments’ budget accounts as approved by Council during the annual budget process; and further,
- 6) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval to award the contract for plumbing services for various City locations on an as-required basis.

BACKGROUND:

The work is to include all materials, labour and equipment necessary to provide plumbing services to various locations within the City of Markham, including recreation centres, cultural facilities, fire stations, parks, and administrative buildings. This contract is for 24/7 plumbing services on an as-required basis for day-to-day repairs not to exceed a value of \$5,000.00, pre-tax, per repair. For any job in excess of \$5,000.00, pre-tax, the City reserves the right to competitively price the work. The contract also includes priority response time within 1 hour for emergency services.

PROPOSAL INFORMATION:

Bids closed on	February 20, 2020
Number picking up bid documents	13
Number responding to bid	11

EVALUATION RESULTS:

The Bid Evaluation Committee was comprised of staff from Recreation and Sustainability & Asset Management Department, with staff from Procurement acting as the evaluation facilitator.

The evaluation was based on the pre-established evaluation criteria as listed in the Request for Proposal: Price 30%, Experience and Qualification of Company 15%, Experience and Qualification of Personnel 15%, Equipment & Resources 20%, and Quality Control & Project Management 20%, for a total of 100% with resulting scores as below:

Bidders Name	Total Score	Rank
Saunders Plumbing & Heating Inc.	95.0	1

Note: The bid price was based on hourly rates and estimated annual usage, ranges from \$119,992.85 to \$235,818.62.

FINANCIAL CONSIDERATIONS:

Original Budget & Account #	\$120,000.00	Various operating accounts
Budget Available	\$ 80,000.00	Budget allocated for this award (May–Dec)
Cost of award	\$ 80,000.00 \$120,000.00 \$120,000.00 \$120,000.00 \$ 40,000.00 \$480,000.00	2020 (May– Dec) Inclusive of HST * 2021 Inclusive of HST** 2022 Inclusive of HST** 2023 Inclusive of HST** 2024 (Jan–Apr) Inclusive of HST** Total Award
Budget Remaining	\$ 0.00	

*Cost of award is estimated based on prior year actual requirements.

**Subject to Council approval of the annual operating budgets.

Saunders Plumbing & Heating Inc. (Saunders) is the current plumbing service provider at an hourly rate of \$47/hour. The existing plumbing contract has been in place since May 2016 and expires in May 2020, Saunders has maintained the same hourly rate since 2016.

Under this new contract, the hourly rate has increased to \$55/hour (17% increase).

Though this is a significant increase, similar to the old contract, the hourly rate will stay fixed until 2024. Therefore, for the 4 year contract term, the annual increase is 4.25% (17% / 4 years) compared to previous hourly rate or a 2.16% annual increase compared to the 2016 hourly rate over the 8 years (17% / 8 years).

ENVIRONMENTAL CONSIDERATIONS:

All waste will be disposed of at an authorized dump, waste treatment site or recycling facility by the Contractor, and will be disposed of in accordance with applicable by-laws and regulations.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Recreation and Sustainability & Asset Management departments have historically been primary users of this contract and were involved in the RFP evaluation process of this award.

RECOMMENDED BY:

Graham Seaman
Director of Sustainability &
Asset Management

Trinela Cane,
Commissioner, Corporate
Services

ATTACHMENTS:

N/A



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Annual Water Quality Report (January-December 2019)
PREPARED BY: Helena Frantzke, Ext 2449
 Water Quality Coordinator, Environmental Services

RECOMMENDATION:

1. That as the COVID-19 declared emergency suspended General Committee gatherings, Council acknowledge that the report titled “Annual Water Quality Report (January-December 2019)” was delivered to Council through a Monday March 30, 2020 email from Brenda Librecz Commissioner, Community and Fire Services to meet provincial regulation 170/03 (under the Safe Drinking Water Act, 2002); and,
2. That as Council resumes the report titled “Annual Water Quality Report (January-December 2019)” as required by Schedule 22 of Ontario Regulation 170/03, under the *Safe Drinking Water Act, 2002*, enclosed herein be officially received; and,
3. That the Annual 2019 Regulatory Water Quality Report (Attachment “A”), containing information for the Ministry of the Environment, Conservation and Parks (MECP) on water supply and quality as required by Section 11 of Ontario Regulation 170/03, under the *Safe Drinking Water Act, 2002*, be received; and,
4. That Council acknowledge that staff posted the Annual 2019 Detailed Regulatory Water Quality Report on the City’s website and that it has been made available electronically and in hard copy version by February 28, 2020 as per regulations; and further,
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

SPECIAL ANNOUNCEMENT

Due to the COVID-19 declared emergency where normal non-essential activities were affected and larger public gathering were suspended to assure social distancing, the report titled “Annual Water Quality Report (January-December 2019)” originally prepared and scheduled for the March 23, 2020 General Committee did not go as scheduled. To still meet our legislative responsibility under provincial regulation 170/03 (under the Safe Drinking Water Act, 2002) where by the Annual Water Quality report needs to be shared with Members of Council as owners of the drinking water system prior to March 31st, the report was sent to Council through a Monday March 30, 2020 email from Brenda Librecz Commissioner, Community and Fire Services.

As Council is resuming it’s sitting on April 20th, 2020, this report is being officially presented to Council and the public for their mutual record. The content of the report from here on is as it was originally prepared for the March 23, 2020 General Committee meeting.

EXECUTIVE SUMMARY:

As per Provincial Regulation 170/03, under the *Safe Drinking Water Act, 2002*, the City of Markham is mandated to produce the following two reports:

An annual report summarizing water quality information. This report outlines how the City of Markham receives its water, a description of the drinking water system and the water quality results for the period from January 1, 2019 to December 31, 2019. In addition, this report is required to be made available to the public upon request. The annual report has been posted on the Markham website and is available at the Waterworks Department located at 8100 Warden Avenue. The regulatory requirements for such a report are met in this way and a copy of the report has been enclosed as Attachment “A”, for Council reference.

A report prepared for Council is to be submitted by March 31, 2020. This report is to inform Council on any regulatory requirements that have not been met during the period of January 1, 2019 to December 31, 2019. For each requirement not met, Council is to be informed of what corrective actions were taken. In addition, a summary is to be provided of the quantities and flow rates of the water supplied during the same period. This report enclosed herein ensures that Markham has met all regulatory requirements.

Markham’s customers consumed 29,907,848 m³ of water over 365 days in 2019. Representative water quality sampling was undertaken throughout the distribution system and analyzed according to O. Reg. 170/03. A total of thirteen Adverse Water Quality Incidents (AWQIs) were reported to the MECP. There are two ways that an AWQI can arise, either as a result of sampling or from an on-site observation. Of the 7,323 regulatory samples taken in 2019, eight samples (0.10%) did not meet regulatory limits outlined in the Ontario’s Drinking Water Systems Regulation (O. Reg. 170/03). The remaining five AWQIs were reported as on-site observations during watermain break repairs. For all of the adverse incidents, the City of Markham performed the regulatory notifications and corrective actions to rectify the situation.

PURPOSE:

To inform Council, as owners of the drinking water system, on the quality of drinking water provided to the residents of Markham in 2019 through the water distribution system. By doing so, we are meeting the requirements of Schedule 22 of Ontario Regulation 170/03, under the *Safe Drinking Water Act, 2002*.

To provide Council with a summary on the more detailed & technical annual water quality report (included as Attachment “A”). This annual report has been prepared and made available to the public prior to February 28, 2020 via Markham’s website and at the Waterworks Department located at 8100 Warden Avenue. This annual report details the drinking water system, sampling activity, corrective actions and any major monetary expenses incurred in 2019.

BACKGROUND:

In order to meet regulatory requirements and to strengthen customer confidence in the quality of the City of Markham's drinking water supply, Waterworks prepares annual update reports on the status of drinking water quality.

Enclosed, as Attachment "A", is the 2019 Annual Water Quality Report, which is intended to be a standalone document. This detailed, technical and statistical report summarizes the 2019 water distribution system, for: results of lab tests and corrective actions taken, and any major expenses incurred. The Regulation also requires that this report be made available to the public, free of charge, and be posted on the City of Markham's website on or before February 28, 2020.

The 2019 Annual Water Quality Report to Council, contained herein, is intended to inform Council on the performance of the water distribution system over the past year and to provide specific information that meets the Ontario Regulation 170/03 requirements concerning Markham's Drinking Water Distribution System.

2019 Drinking Water System Information

The City of Markham's drinking water system is strictly a distribution system. We do not operate any treatment plants and therefore the rated capacity of our system, as requested by the MECP, is not applicable. The Region of York receives treated water from both the City of Toronto and the Region of Peel, stores and distributes it to various Municipalities including Markham, through trunk watermain from York and Toronto. The City of Markham purchases its water entirely through the Region of York as the wholesaler, and distributes this water to its residents through metered connections

OPTIONS/ DISCUSSION:**Water Supplied During 2019**

The City of Markham customers (including residential, industrial, commercial and institutional) purchased a total of 29, 907,848 m³ of water over 365 days in 2019. This amounts to an average of 2,492,320 m³/ month or 81, 939 m³/day.

In 2019 a total of thirteen (13) Adverse Water Quality Incidents (AWQIs) were reported to the MECP. There were five (5) reported AWQIs due to on-site observations during watermain break repairs and there were eight (8) reported AWQIs, as a result of the 7,323 samples taken, which did not meet the Ontario's Drinking Water Systems Regulation (O. Reg. 170/03).

2019 On-Site Observations

In 2019 there were five (5) on-site observation incidents reported as adverse water quality incidences during five separate watermain break repairs. Waterworks staff immediately notified the MECP & MOH. All watermain breaks was repaired, the system was then flushed until acceptable chlorine residuals were established and a water sample was taken and tested for microbial contamination following the repair of the break.

Watermain breaks are only to be reported to MECP when it has been observed that contaminated water may have been directed to users. These observations often occur when there is a severe watermain break resulting in the collapse of the pipe wall and entry of dirt in the watermain. Further, following every watermain repair, regardless of its severity, Waterworks initiates a procedure to test a water sample for microbial contamination.

2019 Drinking Water Quality Sampling Results

Ontario's Drinking Water Systems Regulation (O.Reg.170/03) requires all drinking water system owners to collect and test a minimum prescribed number of representative water quality samples for its distribution system. It further requires that drinking water system owners prepare an annual report (in MECP format) on the operation and the quality of drinking water within their jurisdictional boundaries. Markham Waterworks Department has complied with this requirement. For the calendar year January 1, 2019 to December 31, 2019; an annual regulatory report was prepared (MECP format) in January 2020 on the Markham Water Distribution System and is enclosed as Attachment "A". This report was posted prior to Feb. 28, 2020 as required by the Regulation.

During the period from January 1, 2019 to December 31, 2019, the total number of water samples collected and tested by Waterworks Operators was 7,323. These samples were tested for the presence of bacteria (*Escheria coli*, Total Coliforms, and Heterotrophic Plate Count), for chemical analysis [Organic parameters, including Trihalomethanes (THM), Haloacetic acids (HAA) and Nitrosodimethylamine (NDMA) and Inorganic parameters including Lead (Pb), Nitrate (NO^3) & Nitrite (NO^2)} and all chlorine residuals as required.

Of the 7,323 regulatory samples collected and tested in 2019, eight samples (0.10%) did not meet regulatory limits outlined in the Ontario's Drinking Water Systems Regulation (O. Reg. 170/03). The table below depicts the total number of AWQIs from all regulatory sampling in 2019.

2019 TOTAL NUMBER OF AWQIs FROM SAMPLING

PARAMETER	# SAMPLES TAKEN (TOTAL 7,323)	REPORTABLE TO MOECC	ADVERSE RESULT (AWQI)
MICROBIOLOGY - Scheduled (Total Coliforms / E. coli)	1,835	Yes	3
MICROBIOLOGY - Scheduled (HPC)	625	Not applicable	Not applicable
MICROBIOLOGY -Unscheduled (Total Coliforms /E. coli /HPC) Watermain Breaks and Adverse Water Quality Incident Resamples	54	Yes	1
CHLORINE	4,669	Yes	4
OTHERS (Organic, Inorganic, Lead, THM, HAA, NO2/NO3, NDMA)	140	Yes	0

1. Adverse Water Quality – Presence of Bacteria

As part of our weekly regular sampling schedule the required number of samples are taken and tested for microbiological parameters. In 2019 as part of our weekly regular scheduled sampling program 1,835 samples were tested for microbiology parameters, of which three (3) tested positive for the presence of total coliforms (one of the samples had a count of total coliforms and two samples had an overgrowth of target bacteria, total coliform). In addition during our unscheduled microbiology sampling one (1) sample detected the presence of total coliforms as part of our resampling during corrective action in response to an AWQI.

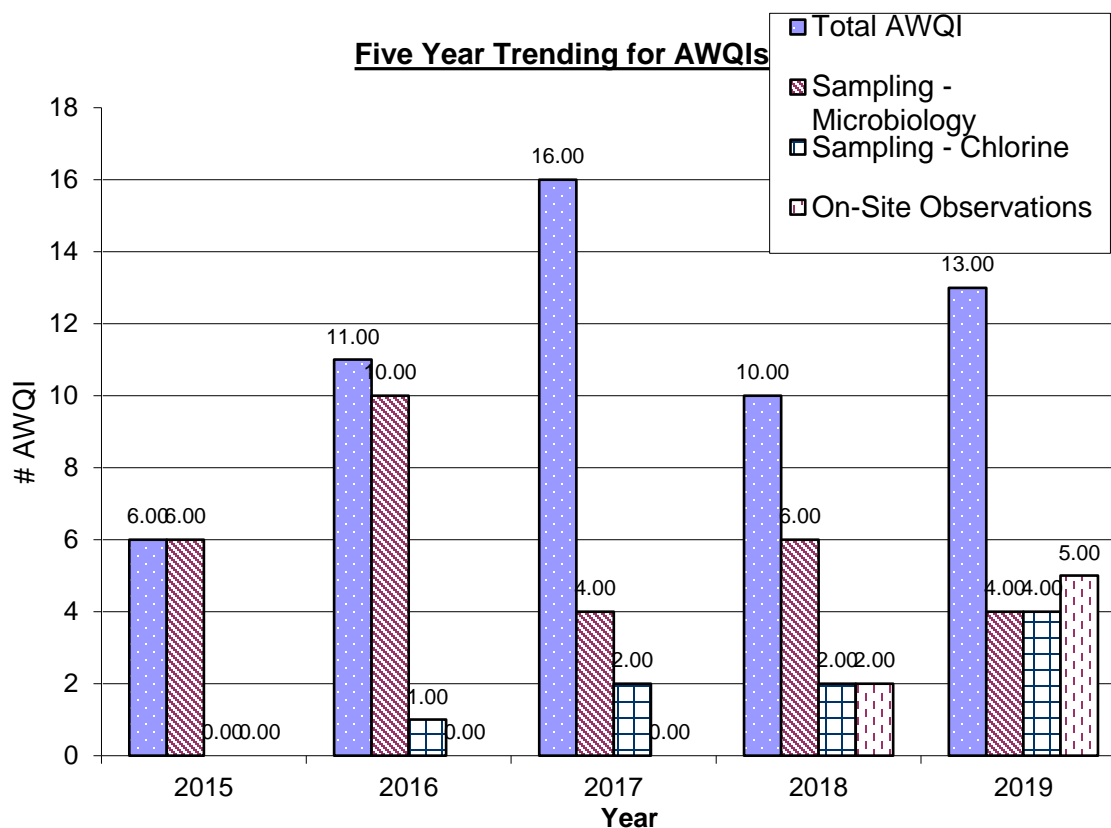
The detection of total coliform in drinking water has had a longstanding history of use as an indicator of drinking water safety. Total coliform bacteria are common in the environment (soil or vegetation) and are generally harmless. Upon being notified by Caduceon Environmental Laboratories that a given sample did not meet the water quality regulations for bacteria, Waterworks staff immediately notified the York Region Medical Officer of Health (MOH) and the MECP Spills Action Centre. Senior staff were informed of all incidents by email. Immediate and proactive corrective actions were followed as per Standard Operating Procedures for responding to an adverse water quality test result. In such incidents the location which failed is resampled along with one location upstream and one location downstream of the initial location some distance away.

2. Adverse Water Quality – Low Chlorine Residual

In 2019 there were four (4) adverse chlorine residual incidents where the chlorine residual dropped below the regulatory requirement of 0.25 mg/L. Waterworks staff immediately notified the MECP & MOH and corrective actions were taken as required to flush the watermain to restore chlorine residual levels were, which occurred within 7 to 20 minutes. All four incidents occurred during flushing at dead end locations.

5 Year Trending of Adverse Water Quality Incidents (AWQIs):

The graph below depicts the breakdown of the total number of adverse water quality incidents for the last 5 years (Total AWQIs and the source of the adverse incidents).



Lead Sampling

The City of Markham has been granted relief from regulatory requirements outlined in Ontario Regulation 170/03 with respect to lead sampling. This includes no lead testing from plumbing servicing of private residences or non-residential buildings and reduced lead testing from distribution locations (20 per year). This reduced sampling has been granted for 2019 and extends until the end of 2021, at which time the MECP will review our program.

Conclusions:

In 2019, the drinking water distributed to the City of Markham residents continued to be of high quality. During the operation of the water distribution system during 2019, there were few adverse water quality incidents, (0.10% of all system samples undertaken) and corrective actions were taken immediately to resolve each incident. The drinking water system is maintained by Waterworks with continual improvements and programs in place to ensure excellent water quality.

FINANCIAL CONSIDERATIONS

Not Applicable

HUMAN RESOURCES CONSIDERATIONS

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

The Annual Water Quality Report (January – December 2019) on the drinking water system meets legislative requirements and is consistent with the City's corporate goals of Infrastructure Management and Quality Community.

BUSINESS UNITS CONSULTED AND AFFECTED:

Not Applicable

The undersigned represent the Top Management of City of Markham's Drinking Water Distribution System, and by signing below the Top Management of the Operating Authority has reviewed the deficiencies, decisions and action items identified in the Management Review, and hereby communicating these results to the Owner.

RECOMMENDED BY:

Phoebe Fu, P. Eng.
Director, Environmental Services

Brenda Librecz
Commissioner, Community and Fire Services

Andy Taylor
CAO, City of Markham

ATTACHMENTS:

Attachment "A" – Annual Water Quality Report (January – December 2019)

The contents of this report include:

1. A description of where the report will be located and made available to the public.
2. A brief description of the drinking water system.
3. A breakdown of major expenses incurred to install, repair or replace required equipment.
4. A summary of adverse water quality reports and corrective actions taken.
5. A summary of water quality testing results for microbiological, inorganic chemical, and organic chemical parameters.

The City of Markham has met the Regulation 170/03 submission dates and requirements of reporting for the annual water quality report.



**The Corporation of the City of Markham
Annual Water Quality Report**

Covering the period from
January 1, 2019 to December 31, 2019

**In compliance with
The Ministry of the Environment, Conservation and Parks (MECP)
Ontario Drinking Water Systems Regulation 170/03**

Dated: March 23, 2020



CITY OF MARKHAM - WATER SAMPLING PROGRAM

January 1 to December 31, 2019

To comply with the Ontario Drinking Water System Regulation, Markham collects and tests water samples throughout its distribution system at a total of 106 locations. The 106 sample locations are strategically selected and evenly distributed to ensure Markham gets the best representation of the water distribution system. The need for additional locations is reviewed annually & in 2019, no additional locations were warranted. Sampling is rotated through the 106 locations and the drinking water is tested for Chlorine residual, Bacteria, Trihalomethanes (THM), Haloacetic Acids (HAA), Nitrites & Nitrates, Lead, Organics & Inorganics in compliance with Ontario Regulation 170/03. The samples are collected by licensed Waterworks operators and analyzed by an accredited and provincially licensed Laboratory.

Waterworks follows rigorous testing and compliance procedures. The City reports any adverse sampling results that occur to the York Region Medical Officer of Health and to the Ministry of Environment, Conservation and Parks (MECP) and immediately undertakes the necessary corrective action. Re-samples are taken following the corrective action(s) and tested until two consecutive samples are within acceptable parameters.

Summary of the sampling for 2019 follows:

Sampling Program:

Total Number of Samples collected and tested in 2019= 7,323

Adverse Test Results:

Total Number of Adverse Water Quality Incidents (AWQI) = 13

Breakdown of Adverse Results:

Total adverse due to Microbiology Exceedances = 4

Total adverse due to low Chlorine Residual = 4

Total adverse due to Observation during Watermain Break = 5

The drinking water distributed to the City of Markham residents in 2019 was safe to drink and met all drinking water requirements. During 2019 the operation of the water distribution system, there were very few adverse sample incidents (less than 0.10% of all system samples undertaken) and when these occurred, they were immediately resolved. The drinking water system is maintained by Waterworks with continual improvements and programs in place to ensure water of the highest quality.



ANNUAL REPORT

Drinking-Water System Number:
Drinking-Water System Name:
Drinking-Water System Owner:
Drinking-Water System Category:
Period being reported:

220004162
 Markham Distribution System
 The Corporation of the City of Markham
 Large Municipal Residential System
 January 1, 2019 to December 31, 2019

Complete if your Category is Large Municipal Residential or Small Municipal Residential

Does your Drinking-Water System serve more than 10,000 people? Yes [x] No []

Is your annual report available to the public at no charge on a web site on the Internet? Yes [x] No []

Location where Summary Report required under O. Reg. 170/03 Schedule 22 will be available for inspection.

- www.markham.ca
- 8100 Warden Ave. – Waterworks Department

Complete for all other Categories.

Number of Designated Facilities served:

Not applicable

Did you provide a copy of your annual report to all Designated Facilities you serve? Yes [] No []

Number of Interested Authorities you report to:

Not applicable

Did you provide a copy of your annual report to all Interested Authorities you report to for each Designated Facility? Yes [] No []

Note: For the following tables below, additional rows or columns may be added or an appendix may be attached to the report

List all Drinking-Water Systems (if any), which receive all of their drinking water from your system:

Drinking Water System Name	Drinking Water System Number
Not applicable	

Did you provide a copy of your annual report to all Drinking-Water System owners that are connected to you and to whom you provide all of its drinking water?

Yes [] No []



Indicate how you notified system users that your annual report is available, and is free of charge.

- ☒ Public access/notice via the web
- ☒ Public access/notice via Government Office
- ☐ Public access/notice via a newspaper
- ☒ Public access/notice via Public Request
- ☐ Public access/notice via a Public Library
- ☐ Public access/notice via other method _____

Describe your Drinking-Water System

The City of Markham's distribution system is an extension of the Toronto and York Region distribution systems. Raw surface water from Lake Ontario is disinfected, treated and tested rigorously by the City of Toronto and Peel Region for microbiological, organic and inorganic parameters prior to reaching the York Region distribution system. Markham is supplied with treated water via feeder mains from Toronto and Peel Region. York Region distribution system acts as a wholesale supplier of water and provides further testing, storage and pressure boosting for the Markham system.

Markham's Distribution System provides treated water to approximately 349,007 residents and is comprised of approximately 1,092 kilometers of various size watermain, 11,239 watermain valves and 8,803 municipal fire hydrants. Markham is a distribution only system, without pumping and storage facilities. Markham's drinking water within the distribution system is tested for standard parameters, in compliance with Ontario Regulation 170/03. The samples are collected by licensed Waterworks operators and analyzed by an accredited and provincially licensed Laboratory.

List all water treatment chemicals used over this reporting period

Not applicable; treatment chemicals are introduced at various sources by the City of Toronto, Peel Region and York Region only.

Were any significant expenses incurred to?

- ☒ Install required equipment
- ☒ Repair required equipment
- ☒ Replace required equipment

Please provide a brief description and a breakdown of monetary expenses incurred

Cathodic Protection of Iron Watermain	= \$259,768
Watermain CIPP Lining (Watermain Rehabilitation)	= \$510,335
Water Meter Replacement/Upgrades	= \$1,086,858
Watermain Replacement	= \$8,454,682
Watermain Replacement Design for 2019	= \$244,402
Curb Box Inspection and Replacement	= \$201,845



Provide details on the notices submitted in accordance with subsection 18(1) of the Safe Drinking-Water Act or section 16-4 of Schedule 16 of O.Reg.170/03 and reported to Spills Action Centre

Incident Date	Parameter	Result	Unit of Measure	Corrective Action	Corrective Action Date
January 02, 2019 (AWQI # 144429)	Combined Chlorine Residual	0.11	mg/L	Flush Mains and Resample	January 02, 2019
January 03, 2019 (AWQI # 144435)	Combined Chlorine Residual	0.17	mg/L	Flush Mains and Resample	January 03, 2019
January 03, 2019 (AWQI # 144436)	Combined Chlorine Residual	0.00	mg/L	Flush Mains and Resample	January 03, 2019
January 14, 2019 (AWQI # 144516)	On-Site Observational Adverse	n/a	n/a	Repair Watermain Break, Flush Mains and Sample	January 14, 2019
January 21, 2019 (AWQI # 144586)	On-Site Observational Adverse	n/a	n/a	Repair Watermain Break, Flush Mains and Sample	January 21, 2019
January 23, 2019 (AWQI # 144613)	On-Site Observational Adverse	n/a	n/a	Repair Watermain Break, Flush Mains and Sample	January 23, 2019
March 11, 2019 (AWQI # 144960)	On-Site Observational Adverse	n/a	n/a	Repair Watermain Break, Flush Mains and Sample	March 11, 2019
March 20, 2019 (AWQI # 145032)	Combined Chlorine Residual	0.18	mg/L	Flush Mains and Resample	March 20, 2019
July 23, 2019 (AWQI # 146688)	Total Coliform	1	cfu/100mL	Flush Mains and Resample	July 23, 2019
July 30, 2019 (AWQI # 146927)	Total Coliform	No Data, Overgrown	cfu/100mL	Flush Mains and Resample	July 30, 2019
July 31, 2019 (AWQI # 147000)	Total Coliform	146	cfu/100mL	Flush Mains and Resample	July 31, 2019
September 10, 2019 (AWQI # 147979)	Total Coliform	No Data Overgrown	cfu/100mL	Flush Mains and Resample	Sept. 10, 2019



October 23, 2019 (AWQI # 148712)	On-Site Observational Adverse	n/a	n/a	Repair Watermain Break, Flush Mains and Sample	October 23, 2019
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Microbiological testing done under the Schedule 10, 11 or 12 of Regulation 170/03, during this reporting period.

	Number of Samples	Range of E.Coli Or Fecal Results (min #)-(max #)	Range of Total Coliform Results (min #)-(max #)	Number of HPC Samples	Range of HPC Results (min #)-(max #)
Raw	N/A				
Treated	N/A				
Distribution	1,835	0-0	0-Presence Of Total Coliforms	625	0-1,420

Operational testing done under Schedule 7, 8 or 9 of Regulation 170/03 during the period covered by this Annual Report.

	Number of Grab Samples	Range of Results (min #)-(max #)
Turbidity		
Chlorine	8,760 (Chlorine Analyzer) 4,669 (Grab)	Combined: 0.00mg/L – 1.93 mg/L
Fluoride (If the DWS provides fluoridation)	*Next sampling is in January, 2020	

NOTE: For continuous monitors use 8760

*NOTE: Record the unit of measure if it is **not** milligrams per litre.*

Summary of additional testing and sampling carried out in accordance with the requirement of an approval, order or other legal instrument.

Date of legal instrument issued	Parameter	Date Sampled	Result	Unit of Measure
N/A				

Summary of Inorganic parameters tested during this reporting period or the most recent sample results

Parameter	Sample Date	Result Value	Unit of Measure	Exceedance
Antimony	April 30, 2019	0.0001	mg/L	No
Arsenic	April 30, 2019	0.0007	mg/L	No



Barium	April 30, 2019	0.021	mg/L	No
Boron	April 30, 2019	0.023	mg/L	No
Cadmium	April 30, 2019	<0.000015	mg/L	No
Chromium	April 30, 2019	<0.002	mg/L	No
*Lead	See Summary Below			
Mercury	April 30, 2019	<0.00002	ug/L	No
Selenium	April 30, 2019	<0.001	mg/L	No
Sodium	N/A			
Uranium	April 30, 2019	<0.00033	mg/L	No
Fluoride	N/A			
Nitrite	November 26, 2019	<0.01	mg/L	No
Nitrate	November 26, 2019	0.30	mg/L	No

*Summary of Lead testing under Schedule 15.1 during this reporting period (applicable to the following drinking water systems; large municipal residential systems, small municipal residential systems, and non-municipal year-round residential systems)

Location Type	Number of Samples	Range of Lead Results (min#) – (max #)	Number of Exceedances
Plumbing	0	n/a	n/a
Distribution	20	<0.00002 mg/L – 0.00230 mg/L	0

The City of Markham was granted relief from regulatory requirements contained in Schedule 15.1 of O. Reg. 170/03. This includes no lead testing from plumbing servicing of private residences, no lead testing from plumbing servicing non-residential buildings and reduced lead testing from distribution locations (10 per period). This reduced sampling was granted for the two periods of sampling in 2019, December 15, 2018 to April 15, 2019 and June 15, 2019 to October 15, 2019.

Summary of Organic parameters sampled during this reporting period or the most recent sample results

Parameter	Sample Date	Result Value	Unit of Measure	Exceedance
Alachlor	April 30, 2019	<0.3	ug/L	No
Atrazine + N-dealkylated metabolites	April 30, 2019	<0.5	ug/L	No
Azinphos-methyl	April 30, 2019	<0.1	ug/L	No
Benzene	April 30, 2019	<0.5	ug/L	No
Benzo(a)pyrene	April 30, 2019	<0.005	ug/L	No
Bromoxynil	April 30, 2019	<0.5	ug/L	No
Carbaryl	April 30, 2019	<3.0	ug/L	No
Carbofuran	April 30, 2019	<1.0	ug/L	No
Carbon Tetrachloride	April 30, 2019	<0.2	ug/L	No
Chlorpyrifos	April 30, 2019	<0.5	ug/L	No
Diazinon	April 30, 2019	<1.0	ug/L	No
Dicamba	April 30, 2019	<10.0	ug/L	No
1,2-Dichlorobenzene	April 30, 2019	<0.5	ug/L	No
1,4-Dichlorobenzene	April 30, 2019	<0.5	ug/L	No
1,2-Dichloroethane	April 30, 2019	<0.5	ug/L	No



1,1-Dichloroethylene (vinylidene chloride or 1,1-dichloroethene)	April 30, 2019	<0.5	ug/L	No
Dichloromethane	April 30, 2019	<5.0	ug/L	No
2-4 Dichlorophenol	April 30, 2019	<0.1	ug/L	No
2,4-Dichlorophenoxy acetic acid (2,4-D)	April 30, 2019	<10.0	ug/L	No
Diclofop-methyl	April 30, 2019	<0.9	ug/L	No
Dimethoate	April 30, 2019	<1.0	ug/L	No
Diquat	April 30, 2019	<5.0	ug/L	No
Diuron	April 30, 2019	<5.0	ug/L	No
Glyphosate	April 30, 2019	<25	ug/L	No
Haloacetic Acids (HAA)	Running Annual Average of Quarterly Results	< 5.3	ug/L	No
Malathion	April 30, 2019	<5.0	ug/L	No
Metolachlor	April 30, 2019	<3.0	ug/L	No
Metribuzin	April 30, 2019	<3.0	ug/L	No
Monochlorobenzene	April 30, 2019	<0.5	ug/L	No
Nitrosodimethylamine (NDMA)	Running Annual Average of Quarterly Results	0.001	ug/L	No
Paraquat	April 30, 2019	<1.0	ug/L	No
Pentachlorophenol	April 30, 2019	<0.1	ug/L	No
Phorate	April 30, 2019	<0.3	ug/L	No
Picloram	April 30, 2019	<20.0	ug/L	No
Polychlorinated Biphenyls(PCB)	April 30, 2019	<0.05	ug/L	No
Prometryne	April 30, 2019	<0.1	ug/L	No
Simazine	April 30, 2019	<0.5	ug/L	No
THM (NOTE: show latest annual average)	Running Annual Average of Quarterly Results	14.08	ug/L	No
Terbufos	April 30, 2019	<0.4	ug/L	No
Tetrachloroethylene(perchloroethylene)	April 30, 2019	<0.5	ug/L	No
2,3,4,6-Tetrachlorophenol	April 30, 2019	<0.1	ug/L	No
Triallate	April 30, 2019	<10.0	ug/L	No
Trichloroethylene	April 30, 2019	<0.5	ug/L	No
2,4,6-Trichlorophenol	April 30, 2019	<0.1	ug/L	No
Trifluralin	April 30, 2019	<0.5	ug/L	No
Vinyl Chloride	April 30, 2019	<0.2	ug/L	No
MCPA	April 30, 2019	<10.0	ug/L	No

List any Inorganic or Organic parameter(s) that exceeded half the standard prescribed in Schedule 2 of Ontario Drinking Water Quality Standards.

Parameter	Result Value	Unit of Measure	Date of Sample
NONE			



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: York Region District School Board – Flato Markham Theatre Shared Facility Agreement

PREPARED BY: Renée England, Sr. Manager, Sustainability and Asset Management, ext. 2674

RECOMMENDATION:

1. That the report entitled, “York Region District School Board – Flato Markham Theatre Shared Facility Agreement” be received; and,
2. That the Mayor and Clerk be authorized to execute an agreement, including any amendments to the agreement, between the City and York Region District School Board (“**YRDSB**”) for the shared use, operation, maintenance and repair of portions of the Unionville High School site, the Flato Markham Theatre and the Markham Civic Centre site, provided the form of such agreement is satisfactory to the Commissioner of Corporate Services and the City Solicitor; and,
3. That Staff be authorized to increase the Operating Budget by \$44,000 to reimburse YRDSB for utility costs based on metered heating and cooling usage at the Theatre; and further,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council approval for the execution of an agreement between the City and YRSDB for the shared use, operation, maintenance and repair of portions of the Unionville High School site, the Flato Markham Theatre and the Markham Civic Centre site.

BACKGROUND:

The Flato Markham Theatre and Unionville High School were constructed at the same time in 1985. Both buildings and surrounding property were constructed as a campus, see Attachment No. 2 for property ownership. The City of Markham owns and operates the Markham Flato Theatre. When the buildings were constructed, the original intent was for the theatre and school site to be connected through a joint heating and cooling system. The heating and cooling equipment was sized to heat and cool both the theatre and the school. The boiler, chillers and associated equipment are located in the school’s mechanical room. Similarly, a stage was not constructed in the school as the intent of the parties at the time was for the school to have use of the theatre.

Despite attempts to finalize an agreement for the shared use, operation and maintenance of the school and theatre in 1984 and in the late 90s, an agreement between YRDSB and the City was never finalized.

Notwithstanding the lack of an agreement, the theatre and the school have continued to share usage of the heating and cooling system, with the cost of utilities being borne by YRDSB. In exchange, the City has been providing grounds maintenance over a portion of the school property. The school has also enjoyed access to the theatre at agreed-upon times.

YRDSB approached Staff in 2015 to negotiate a shared use agreement because the heating equipment in the school was nearing end of life. In 2010 the school's existing cooling equipment was removed and Markham District Energy ("MDE") cooling energy service was installed. Additional pipes for heating from MDE were installed at the time to make conversion to district heating energy service easier when the school's boiler was due for replacement. The boiler is due for replacement in the summer of 2020.

OPTIONS/ DISCUSSION:

Staff recommend that the City and YRDSB enter into a shared use agreement for the shared facility, repair and maintenance arrangements for Unionville High School site, the Flato Markham Theatre and the Markham Civic Centre site. A written agreement would clarify the roles and responsibilities of each party and would assist in long term planning.

The proposed agreement will address the following matters:

- Responsibility for certain grounds keeping on the school site (excluding sports fields which are covered under the Annual Sport Field Agreement)
- Shared access to certain driveways that serve both the school and Civic Centre
- Repair, maintenance and replacement of the heating and cooling system that services both the theatre and school
- Responsibility for heating and cooling costs for the theatre and the school ("Utilities")
- Usage of the theatre by YRDSB
- Usage of classrooms in the school by the Flato Markham Theatre

Both parties will pay for their share of the annual billed utility costs for both heating and cooling based on usage recorded by their respective building meters. The grounds keeping work carried out by the City for the YRDSB will be credited against the City's overall utility billing.

The parties would each be responsible for paying the capital costs of replacing the heating and cooling system that services both the school and theatre on a proportionate share basis.

YRDSB is planning to replace the heating system that services both the theatre and the school in 2020. The City's proportionate share of the cost, based on floor area is 36%.

The main terms of the agreement are set out in a Memorandum agreed to by Staff at the YRDSB and the City, a copy of which is attached as Attachment No. 1. These terms may be amended and refined during the drafting and finalization of the agreement.

FINANCIAL CONSIDERATIONS

Capital Budget

The City's proportionate share of 36% for the replacement of the heating system (which heats both the Unionville High School and the Markham Theatre) is \$252,000. This amount was approved through the 2019 Capital Budget process.

In recognition of the cooling capital improvement by the YRDSB, which the City did not contribute to, the City will provide the following; access to the Theatre with full support at the base educational fee with a credit of \$5000/year to a maximum of \$60,000 total for the first 12 years from the signing of the Shared Use Agreement. This will be absorbed through the Theatre's Operating Budget.

Operational Budget

The proposed agreement will include a requirement for the City to reimburse YRDSB for utility costs based on metered heating and cooling usage at the Flato Markham Theatre. Additional operating costs are estimated at \$44,000 per year and will be addressed through the 2021 Operating Budget process.

Annual Utility Costs for Theatre (based on 2018 metered readings)	\$70,000	Paid by YRDSB
Less; Annual Grounds Keeping Costs for UHS	\$32,500	Value of Services by City
Operating Budget Shortfall	\$44,000	City to Reimburse YRDSB

HUMAN RESOURCES CONSIDERATIONS

Not applicable as no staffing impacts is anticipated for this project.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Supports the BMFT Safe and Sustainable priority, the Greenprint, Markham's Community Sustainability Plan and Municipal Energy Plan goal of Net Zero Energy Emissions by 2050. Heating and cooling energy supplied by Markham District Energy is lower in carbon emissions than the current case and MDE energy supply is more resilient to extreme weather.

BUSINESS UNITS CONSULTED AND AFFECTED:

The comments from the Legal Department, Finance and Culture, Recreation and Operations have been incorporated into this report.

RECOMMENDED BY:

Graham Seaman, P.Eng.

Director of Sustainability & Asset Management

Trinela Cane

Commissioner, Corporate Services

ATTACHMENTS:

Attachment No. 1 – YRDSB-City Memorandum

Attachment No. 2 – Property Boundaries



MEMORANDUM

To: Dawn Adams – Planning & Property Development Services
 Jerry Stoangi – Senior Manager, Plant Services
 Gilbert Luk – Planning & Property Development Services

From: **Graham Seaman, Director of Sustainability & Asset Management**

Copy To: Arvin Prasad, Commissioner, Development Services
 Brenda Librecz, Commissioner, Community and Fire Services
 Trinela Cane, Commissioner, Corporate Services

Date: December 16, 2019

Subject: FLATO Markham Theatre & Unionville High School (UHS) Proposed Shared Use Agreement - Summary of Key Terms and Conditions

This memorandum is being exchanged between staff at the York Region District School Board (the “**YRDSB**”) and staff at The Corporation of the City of Markham (the “**City**”) with a view of determining whether the City and YRDSB have sufficient common ground to commence negotiations of either a formal, binding shared use agreement (“**Shared Use Agreement**”) for the shared use, maintenance, repair and replacement of certain facilities located at Unionville High School and grounds owned by YRDSB (“**UHS**”) and the Flato Markham Theatre (the “**Theatre**”) owned by the City.

This memorandum is not binding upon the parties. Without limiting the generality of the foregoing, this memorandum does not bind either party to enter into the Shared Use Agreement. This memorandum only describes the principal terms and conditions of the Shared Use Agreement recommended by staff at both YRDSB and the City, subject at all times to obtaining approval to enter into the Shared Use Agreement by both Council of the City of Markham and the Board of YRDSB and the full execution of a definitive and legally binding Shared Use Agreement.

1. General terms

- a. Recognition of how the site including the Theatre and UHS was originally constructed to be considered as a campus with shared use of the grounds and facilities.
 - UHS and the Theatre were constructed with shared services;
 - UHS provides heating and cooling supply to the Theater.
 - UHS was built without a stage with the understanding that UHS would be able to use the Theatre facilities under mutually agreed upon terms
- b. Both parties will continue to foster a cooperative relationship with each other in the operation, maintenance and repair of certain shared facilities at UHS and the Theatre. This cooperative relationship has been in effect in practice since the two facilities were open even though there has not been an executed agreement
- c. The maintenance and use of the sportsfields at UHS are excluded from this Shared Facilities Agreement as they are covered under separate agreement.



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- d. A Management Committee is to be established (3 representatives per party) and shall meet regularly on the operation, maintenance and repair of shared facilities at UHS and the Theatre. Disputes will be resolved by escalating matters to senior staff of both parties. The City's representatives include staff from the Theatre, Sustainability and Asset Management, and Operations departments. The Board's representatives include; Planning & Property Development Services and Plant Services. More details are provided in the Shared Use Agreement.
 - e. The cost sharing arrangement between the two parties for shared facilities at the Theatre and UHS will be reviewed every 5 years to ensure it remains equitable in the spirit of the agreement. The Shared Use Agreement will address insurance, liability and indemnity.
 - f. The term of the Shared Use Agreement will be 28 years commencing the date it is executed. The term will approximately coincide with the length of the proposed heating supply agreement between YRDSB and Markham District Energy (MDE), which will have a term of 30 years. The term of the Shared Use Agreement will be 2 years shorter than the term of the heating supply agreement between YRDSB and MDE in anticipation of negotiations and planning prior to the expiry of the heating supply agreement between YRDSB and MDE. Cooling supply is already provided by MDE. The Shared Use Agreement is contingent on the execution of agreement between YRDSB and MDE for the installation of heating for UHS and the Theatre.
2. Maintenance of Grounds
 - a. The City, at YRDSB's cost, will maintain landscaping on UHS property excluding the sportsfields, but including flowerbeds, and trees, and will provide grass cutting consistent with the City's current standards.
 - b. The City, at YRDSB's cost, will provide snow clearing to UHS parking and shared driveways consistent with snow clearing at the Civic Centre. UHS will be responsible for snow clearing of their walkways. The attached maps shows the shared driveways.
 - c. The City will maintain the streetlights on the shared driveways shown on the attached maps themselves.
 - d. All capital repairs and replacements are the responsibility of the individual parties within the boundaries of their own property, except for the shared heating and cooling system (see Section 3).
 - e. YRDSB will illuminate the rear parking lot behind the Theatre from dusk until 2am.
 - f. The cost of maintenance for landscaping by the City for UHS property will be increased by CPI (Toronto CPI All-Items) annually from December to December.
 - g. Two YRDSB concrete bunkers on the YRDSB property adjacent to the Theatre loading dock will be moved to a mutually agreed upon location.
 3. Theatre Heating and Cooling
 - a. YRDSB will pay for heating and cooling UHS and the City will pay for heating and cooling the Theatre. Both parties will pay for their share of the annual billed amount based on usage recorded by the respective buildings meters for:
 - Heating - Natural Gas (m3 equivalent) from MDE or by conventional heating means
 - Cooling - Electricity (kWh equivalent) from MDE
 - Respective buildings meters will be calibrated regularly by an independent party based on industry best practices.
 - b. YRDSB will invoice the City at the end of each year for energy used minus the cost of landscaping and snow clearing (based on the costs in the attached spreadsheet). The costs between January and December each year will be set out on an invoice to be delivered in Q1 of the following year.



Sustainability & Asset Management Department

- c. Future capital repairs and replacement cost for the shared heating and cooling system will be shared by the City and the YRDSB based on the gross floor area (36% City and 64% Board).
 - d. At this time, the heating system is due for upgrade. The City will pay its share of the cost of the upgrade to MDE (based on the above) up to a maximum of \$252,000, which was approved by City Council through the 2019 budget process.
4. Theatre Usage by UHS
 - a. UHS may use Theatre facilities under mutually agreed upon terms set out in this section.
 - b. UHS is to have access to the Rehearsal Hall at no cost when available and with reasonable notice.
 - c. UHS will have access to the main theatre (with house lights only) at no cost when available and with reasonable notice during week days only to maximum 30 occurrences (uses) per year.
 - d. YRDSB will pay for actual costs of any technical support provided by the Theatre that are over and above house lights.
 - e. Additionally, UHS is to have access to the main theatre with full support (technician, house manager, usher) to maximum of 30 occurrences per year, and pay the base educational fee, (per Theatre fee schedule) and the support cost at City's straight cost with no mark up (estimated at \$40,000/year)
 - In recognition of the cooling capital improvement by the YRDSB, the City will provide for the first 12 years from signing of the Shared Use Agreement that paid bookings are to be credited by \$5,000 per year, to the maximum of \$60,000 total.*
5. Use of UHS by the City
 - a. City (Theatre) is to have access to the two Drama Rooms, Dance Studio and Small Gymnasium during the March Break week and summer break (8 weeks per year) free of charge when available.
 - b. UHS will confirm for the City the booking of the Drama Rooms, the Studio and the small Gymnasium for the March break week by June 30th of the previous year
 - c. UHS will confirm for the City booking of the rooms and gymnasium for the summer break by September 30th of the previous year.

The proposed next steps are summarized below:

1. Staff at YRDSB and the City confirm their agreement with the terms of this memorandum and agree to recommend them to their respective Council and Board for approval
2. Staff at the City and YRDSB to seek approval to enter into the Shared Use Agreement on the above noted terms from their respective Council and Boards.
3. Draft and Finalize Agreement – Both parties engage solicitors to draft and finalize the agreement.
4. Both parties to execute Shared Use Agreement.
5. YRDSB to execute heating supply agreement with MDE and initiate conversion of heating system to MDE.
6. Establish Management Committee – Identify staff to form the Management Committee. Management Committee to prepare terms of reference and continue regular communication between two parties.

*Additional Background:



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Recognition of the capital contribution: YRDSB solely funded the capital cost of the cooling system when it was converted to MDE at \$885K. The City did not contribute to the improvement. Based on the cost sharing formula in Section 3, City would have been responsible for 36% of the cost (\$319K City's share). The City did not pay this amount as there was no agreement in place.

A separate set of energy meters (heating and cooling) was installed by YRDSB for the Theatre in 2017 at the City's cost of \$24,825.42

Attachment: Site map and UHS & Theatre Cost Analysis (Excel)

DRAFT



Theatre Parking

YRDSB-Theatre Shared Driveway

YRDSB Parking

City-Theatre Shared Driveway

YRDSB Landscaped Areas



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: City of Markham Comments on Bill 108 Proposed Regulatory Matters – Community Benefits Authority, Development Charges Act and Building Code Act

PREPARED BY: Planning and Urban Design Department
Financial Strategy and Investment
Legal Services
Contact: Kevin Ross, Manager, Development Finance & Payroll, ext. 2126

RECOMMENDATION:

- 1) That the report entitled, “*City of Markham Comments on Bill 108 Proposed Regulatory Matters – Community Benefits Authority, Development Charges Act and Building Code Act*”, dated April 20, 2020, be received; and,
- 2) That this report, including the recommendations from the City of Markham on Bill 108 Proposed Regulatory Matters, be forwarded to the Minister of Municipal Affairs and Housing and to the Regional Municipality of York; and,
- 3) That the City of Markham supports the following:
 - a) The proposal for the regulation under the *Development Charges Act, 1997*;
 - b) The community benefits proposed to be included within the community benefits charge regulation;
 - c) The proposal for a public notice to be provided prior to the enactment of a community benefits by-law;
 - d) The proposed application of an interest rate on refunds in the event of a successful appeal to a community benefits by-law; and,
 - e) The proposal to add the community benefits charge authority to the applicable law list under the Building Code; and,
- 4) That the City of Markham request that the Province:
 - a) Provide municipalities with wide latitude to determine what community facilities can be supported through community benefits charges;
 - b) Amend the Community Benefits Charge legislation to allow a municipality to require the conveyance of parkland in lieu of payment of a community benefits charge;
 - c) Implement an escalating Community Benefits Charge collection limit tied to density to allow municipalities to be able to provide a minimum of 0.8 hectares of parkland per 1,000 residents, and that the maximum limit of the Community Benefits Charge eligible to be collected be set at 50% of the value of the fully developed land;
 - d) Given the ongoing emergency situation and scale of work required to implement a Community Benefits Charge regime, increase the timeline for implementation of a Community Benefits Charge by-law be the later of, (1) two years from the date the

-
- community benefits regulation comes into effect or, (2) the expiration of the current Development Charge by-laws;
 - e) Allow municipalities to fully recover the capital cost of Development Charges without the requirement of preparing a background study until the development charge by-law is next updated; and,
 - f) Allow municipalities to utilize the community benefits charge by-law and the parkland dedication provisions of the *Planning Act* for specific types of developments, i.e. allow the municipality to specify the types of development that would be subject to a CBC vs. parkland dedication provisions; and further,
- 5) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

On February 28, 2020, the Province released a regulatory proposal for the Community Benefits Charge which outlines additional matters and changes and seeks input to inform the further development of the Community Benefits Charge authority and regulation under the *Planning Act*. There is a 52-day consultation period to elicit feedback, closing on April 20, 2020.

The proposed regulatory changes return the soft services such as library, park development and recreational services to development charges from the initially proposed Community Benefits Charge authority. The 10% discount on growth-related soft services is also being removed under the proposal to allow for the full recovery of capital costs.

Under the proposal, the Community Benefits Charge will fund infrastructure for community services such as land for parks, affordable housing and childcare facilities that are required to support growth. These proposed amendments are in addition to the mechanism that allows a Community Benefits Charge by-law to be appealed to the Local Planning Appeal Tribunal, which received Royal Assent on December 10, 2019.

Additional proposals by the Province include:

- a) *Limit on amount of Community Benefits Charge payable* – Amount payable cannot exceed the prescribed percentage of land value as follows:
 - a) Single-Tier Municipalities: 15%
 - b) Lower-Tier Municipalities: 10%
 - c) Upper-Tier Municipalities: 5%
- b) *Required content of the Community Benefits Charge strategy* – Identifies the items to be funded through the charge, as well as others items such as the requirement for a parks plan, the current parks service level and the capital costs associated with the increased need for a particular community service;
- c) *Transition timeline* - Municipalities to transition to the Community Benefits Charge authority one-year after the date the proposed Community Benefits Charge comes into effect;

-
- d) *Requirement for a Community Benefits Charge by-law notice* – Similar to notice requirements for a development charges by-law;
 - e) *Interest rate for Community Benefits Charge refund* – Bank of Canada rate to be applied for refunds due after successful appeal of the by-law. This is similar to the manner in which development charge by-law appeals are handled; and
 - f) *Building Code Amendment* – Addition of Community Benefits Charge authority to list of applicable law items.

Of particular importance, is the fact that if the City has a Community Benefits Charge by-law in place, it cannot apply the basic parkland dedication provisions of the *Planning Act*.

This report explores each of these proposals and makes recommendations to the Province. It is recommended that this report be forwarded to the Ministry of Municipal Affairs and Housing as the City of Markham's comments on Bill 108, *More Homes, More Choice Act, 2019*, prior to the April 20, 2020 commenting deadline.

PURPOSE:

This report provides staff comments and recommendations in response to the Province's proposed regulatory framework for the Community Benefits Authority, *Development Charges Act, 1997* and *Building Code Act, 1992*.

BACKGROUND:

On May 2, 2019 the Province released the More Homes, More Choice: Ontario Housing Supply Action Plan (the "Housing Supply Action Plan") and introduced Bill 108, the *More Homes, More Choice Act, 2019* ("Bill 108") with the aim of making it faster and easier for municipalities, non-profits and the private sector to build housing. Staff provided updates to Council in [May 2019](#) and [July 2019](#) outlining the impacts to Markham and providing recommendations to the Province on the proposals under the Housing Supply Action Plan. The City's main concern was the proposal to change the current Section 37 and Parkland regimes to a new Community Benefits Charge ("CBC"). The initial proposal provided by the Province was proposed to take the place of certain soft service development charges, parkland dedication and Section 37. The proposal to cap the amount of the CBC that may be collected was also a concern for the City along with other Ontario municipalities.

The City provided feedback to the initial regulatory CBC proposal, which was posted on the Environmental Registry of Ontario on June 21, 2019 (ERO 019-0183) with comments required by August 21, 2019. The staff report to a Special Council meeting (Items 4.1 and 4.2) on [July 26, 2019](#) included the City's comments and recommendations on the initial CBC regulatory proposals.

On November 6, 2019, amendments to the CBC provisions under the *Planning Act* were introduced through the *Plan to Build Ontario Together Act, 2019*. The Bill received Royal Assent on December 10, 2019. The amendments include new transition provisions for

alternative parkland dedication and a mechanism to allow the development industry to appeal a municipality's CBC by-law to the Local Planning Appeal Tribunal ("LPAT"). The CBC authority has not been proclaimed and is not in effect at this time.

On February 28, 2020 the Province released a second regulatory proposal for the CBC (ERO 019-1406) which outlines some of the implementation details and changes to the initial June 21, 2019 proposal and seeks public input to inform the further development of the CBC authority and regulation under the *Planning Act*. There is a 52-day consultation period to elicit feedback which closes on April 20, 2020.

Development Charges Act ("DCA") Regulatory Proposal

The most significant change in this proposal is that many of the soft services that were to be transferred from the DCA to the new CBC regime are now proposed to remain under the DCA funding framework. These services include:

- a) Public Libraries (including library resources)
- b) Long-Term Care
- c) Park Development (but not parkland acquisition)
- d) Recreation (including community centres and arenas)
- e) Public Health

Another significant change is that the growth-related capital costs for these services will now be completely recoverable through development charges as the 10% discount under the previous legislation will no longer apply.

These proposed changes to the regulation are positive for municipalities as the DCA regime is preferred (as opposed to the CBC) to recover growth-related capital related cost.

CBC Regulatory Proposal

Bill 108 proposes that CBCs can be utilized to fund the development-related costs of services that would benefit the community that are ineligible for funding under the DCA. The Province has identified what services will be included within a CBC funding framework. They include:

- a) Parkland Acquisition
- b) Parking and By-law Enforcement
- c) Supporting Affordable Housing and Shelters
- d) Childcare

It is currently unclear if this will be a complete list of eligible community benefits, or if municipalities will have a broad authority to apply the monies collected to a variety of community benefits. Under the proposal, services that are excluded from the CBC will be similar to those under the DCA and include municipal administration buildings, tourism facilities, landfill sites and services, facilities for treatment of waste and hospitals.

For *any* particular development, the amount of CBCs payable cannot exceed a prescribed percentage of land value determined on the day before a building permit is issued. The following percentage caps have been proposed by the Province:

1. Single-Tier Municipalities: 15%
2. Lower-Tier Municipalities: 10%
3. Upper-Tier Municipalities: 5%

It is important to note that if a municipality chooses to utilize the CBC, then it cannot apply the amended parkland dedication and cash-in-lieu of parkland provisions under the *Planning Act*, and vice-versa. Bill 108 changed the parkland and cash-in-lieu provisions to remove the alternative parkland rate for dedication (1 ha per 300 units) and cash-in-lieu (1 ha per 500 units) for high density residential developments, while the 2% of land area for commercial/industrial uses, and 5% for all other uses (including residential) remains the same. The usage of these tools (i.e. parkland dedication and/or cash-in-lieu vs. the new CBC) are mutually exclusive.

OPTIONS/ DISCUSSION:

The changes made by Bill 108 will mean that municipalities will have two primary funding streams to pay for the increased need for service due to new development – development charges and community benefits.

To implement the new CBC authority, the Province is seeking feedback on the following regulatory matters under the *Planning Act*, the *DCA* and the *Building Code Act*:

1. Required content of a CBC strategy;
2. Services eligible to be funded through development charges;
3. Percentage of land value for determining a maximum CBC;
4. Timeline to transition to the new CBC regime;
5. CBC by-law notice;
6. Minimum interest rate for CBC refunds where a by-law has been successfully appealed;
and
7. Building code applicable law.

1. *Required Content of a Community Benefits Charge Strategy*

Before passing a CBC by-law, a municipality must prepare a CBC strategy. The strategy must identify the items that a municipality intends to fund through CBCs. It must also comply with any mandatory requirements of the strategy that may be prescribed in the regulation. In preparing a CBC strategy, a municipality must consult, but has the flexibility to determine their consultation approach.

Provincial Proposal

To provide greater clarity about the components of a CBC strategy, the Province has proposed that a municipality would need to include the following content in their strategy:

-
1. The anticipated type, amount and location of development or redevelopment that would be subject to a CBC;
 2. The anticipated increase in the need for a specific community service (for example, the acquisition of land for parks, affordable housing, child care, etc.) resulting from new development or redevelopment;
 3. A parks plan that examines the need for parkland in the municipality;
 4. The amount of parkland per person currently being provided in the municipality, and if this is planned to increase, decrease or stay the same;
 5. The capital costs associated with the increased need for a specific community service resulting from new development or redevelopment;
 6. The excess capacity that exists in those specific services (for example, the extra capacity that exists in a service that is not currently being used);
 7. Whether the increased provision of those specific services would also serve existing residents (for example, existing residents may also benefit from new child care facilities that are needed as a result of new development or redevelopment); and
 8. Any capital grants, subsidies or contributions from other levels of government or other sources like donations that are anticipated to be made to support those specific services.

Comments

While the proposed regulations offer further details on what could be included in a CBC, and what can still be collected through a development charge, there are some key points that require clarification before staff can fully assess the potential implications related to the development of a CBC Strategy.

It is clear that the acquisition of cash-in-lieu of parkland must be included in the CBC, and reference is made to the inclusion of affordable housing in the CBC Strategy.

Amendments to the *Planning Act* under the Bill 108 limited the application of inclusionary zoning to Major Transit Station Area (“MTSA”), and a CBC cannot be collected where inclusionary zoning is applied. Staff are unclear if it is the intent of the regulation to have municipalities complete a review and assessment of all affordable housing options, and consider the need for inclusionary zoning instead of applying a CBC.

Staff are not clear whether the list of eligible services that the Province has indicated could be included in a CBC is a comprehensive list. Staff are reviewing various services that may be eligible to be included in a future CBC or development charge by-law (e.g. parking enforcement).

The City is reviewing MTSA's and developing an affordable housing strategy. Further, the City is in the early stages of developing a Parks Plan to review and assess parkland needs and priorities that could be used to inform the CBC Strategy.

Recommendation:

It is recommended that the Province provide municipalities with wide latitude to determine what community facilities can be supported through CBCs.

At present, the City does not collect development charges to fund affordable housing, or to fund Parking Enforcement. A decision of Council is not required at this time to determine if CBC funds will go to either of these services, however through the CBC strategy, these issues may need to be addressed.

2. *Services Eligible to be funded through Development Charges*

The DCA provides authority for municipalities to impose development charges to pay for the increased capital costs of specific services that are needed as a result of new growth.

The services that are eligible to be funded through development charges are listed under subsection 2(4) of the DCA. The list includes a provision for other services that may be prescribed in regulation. The *Planning Act* stipulates that services funded by development charges may not be funded by CBCs.

When proclaimed, Bill 108 will make waste diversion and ambulance services fully recoverable through development charges.

The government is proposing to prescribe additional services to be funded through changes to the regulations under the DCA.

Provincial Proposal

It is proposed that the following services would be identified in regulation under subsection 2(4) of the DCA:

1. Public libraries, including library materials for circulation, reference or information purposes;
2. Long-term care;
3. Parks development, such as playgrounds, splash pads, equipment and other park amenities (but not the acquisition of land for parks);
4. Public health; and
5. Recreation, such as community recreation centres and arenas.

Development charges may be imposed to fully recover the capital costs related to the provision of these proposed services due to new growth. These proposed services would be ineligible to be funded through CBCs.

Comments

The CBC as proposed in May 2019 was to recover the cost of certain soft services, parkland dedication and Section 37. In the City's comments to the Province in May 2019 regarding the initial Bill 108 proposal, Markham recommended that the soft services be included as a part of the CBC, be fully recoverable, and not subject to a cap. Further, in the comments and recommendations to the Province in August 2019, the City recommended that the soft services remain in development charges to recover the capital cost of services resulting from growth.

This current proposal by the Province has addressed those comments and proposes to return soft services, such as library services, parkland development and recreation services, to the DCA. This proposal is supported by staff.

The proposed elimination of the 10% discount on these services to allow for the recovery of 100% of capital cost is also supported by staff. In the City's 2017 DC Background Study, the 10% discount represented \$30.5M in growth-related capital cost that was ineligible for development charge recovery. These funds would need to be recovered through other revenue sources, including the City's existing tax base. Given that Markham has already conducted its background study to determine the total value of the growth related capital works to the expiry of the current by-law in December 2022, staff further seek that the Province allow for the additional 10% to be collected on a go-forward basis without having to amend the City's development charges by-law.

Recommendations:

That the City of Markham support the Province's proposal for the development charge regulation.

That the Province allow municipalities to fully recover the capital cost of development charges without the requirement of preparing a background study until the development charge by-law is next updated.

3. Percentage of Land Value for Determining a Maximum Community Benefits Charge

The CBC authority proposes to include a mechanism to determine the maximum CBC payable for any particular development. The CBC payable cannot exceed the amount determined by applying a prescribed percentage to the value of the land under development.

Provincial Proposal

The proposed percentages of land value that would be prescribed in regulation under the *Planning Act* would be structured as follows:

- a) single-tier municipalities: 15%
- b) lower-tier municipalities: 10%
- c) upper-tier municipalities: 5%

In any particular case, the CBC levied by a municipality could not exceed the amount determined by applying the applicable proposed percentage to the value of the land that is subject to development. The land value would be calculated as of the valuation date, which is the day before the building permit is issued in respect of the development or redevelopment.

The CBCs levied by municipalities would support the growth- related capital costs of acquiring land for parks, and other community benefits required because of development,

such as child care facilities, affordable housing, social services, parking and by-law enforcement. There would need to be a connection between the CBC levied and the increased need for community services associated with new development.

Different percentages are being proposed for single, upper and lower-tier municipalities to reflect the varying service delivery requirements of each tier of municipality to service new growth with community amenities. This percentage structure ensures that the combined percentage for upper and lower-tier municipalities would be equal to the percentage for single tier municipalities.

Comments

Staff would like to acknowledge some positive aspects of the draft regulations, particularly as they relate to development charges. Firstly, keeping the traditional development charges services such as park development, recreation, and library services within the development charge framework, as opposed to within a CBC regime, is a positive change. Secondly, the elimination of the mandatory 10% reduction for these services will be beneficial. While it still may not allow municipalities to fully recover the growth-related capital costs for these services (as municipalities can still only collect based on a 10-year historic service level, as opposed to a forward looking approach based on planned service levels), it assists in reducing the gap.

However, with respect to the CBC, capping the charge at 10% of the developed land value will have a significant negative financial impact to Markham, and other municipalities that have high-density development.

The Province's intention with Bill 108 and the implementation of a CBC regime was to help create complete communities, while attempting to allow municipalities to remain revenue neutral. By implementing a CBC capped at 10% of land value (for lower tier municipalities), neither of these goals will be achieved.

The existing parkland dedication formulas result in the City acquiring, as a result of new development, approximately 1.0 hectare per 1,000 people, either in the form of land, or cash-in-lieu as an average across the City. The rate may differ in areas of the City. Markham's Official Plan targets approximately 1.2 hectares of parkland for every 1,000 people.

Staff have prepared a simplified analysis to measure the impacts on Markham based on the following assumptions (these assumptions are only for the purposes of this analysis):

- A. The City collects parkland from low-density developments and cash-in-lieu from high density developments;
- B. All CBC collections will be directed towards the acquisition of parkland; and
- C. The City will opt into the CBC regime and charge the full 10% of land value. (If the City chooses to not have a CBC by-law, the City can only collect up to 5% of the land as parkland – this would result in even greater shortfalls than indicated in the following analysis).

Impacts on Low Density Residential Development

The City's current parkland dedication practice for low density residential development is to collect either 5% of land area, or 1 hectare per 300 units, whichever is greater. For most developments, the 1 hectare per 300 units is the greater number.

The implementation of a 10% CBC would generally make Markham neutral in terms of amount of the land conveyed to the City for parks, or revenue in the form of cash-in-lieu for single/semi-detached developments, but results in a reduction in revenues/ parkland for townhouse developments.

As noted above, the 10% CBC would not guarantee that the City would be able to purchase the desired parkland parcel within a subdivision. If the City opts to collect parkland instead of a CBC, the amount is capped at 5%, which would further exacerbate the shortfall.

Assumptions	Single/Semi	Towns	
PPUs	3.8	2.9	
Units per Ha	30	50	
People per Ha	114	145	
<u>Current Methodology</u>	1 Ha./300 units	1 Ha./300 units	
Parkland Dedication (Ha)	0.10	0.17	
Ha per 1,000 people	0.88	1.15	AVG= 1.0
<u>New Methodology (CBC)</u>	10% land value	10% land value	
Parkland Equivalent (Ha)	0.10	0.10	
Ha per 1,000 people	0.88	0.69	AVG = 0.8
Percentage Reduction	0%	40%	

Table 1: Impact of CBC implementation on amount and rates of parkland for low-density residential development.

Impacts on High Density Residential Development

To simplify the analysis, it is assumed that all parkland requirements for high density residential development are satisfied through cash-in-lieu, at a rate of 1 hectare for every 500 units.

For high density residential development, the problem is magnified as the 10% cap does not address a core principle of planning for parks in a municipality: that people, not land, drive the need for parks. In past reports, staff used examples of 14-storey and 40-storey residential buildings to illustrate the potential impacts. Using those same examples, a 14-storey condo could have approximately 350 units, or house approximately 700 people per hectare and a 40-storey condo could have 1,000 units, or house approximately 2,000 people per hectare. A 10% cap on the value of land essentially means that for every 1 hectare of development, the City receives cash to acquire approximately 0.1 hectare of parkland, regardless of how many people reside in that development. At this rate for high density

developments, 1 hectare of parkland would have to service approximately 7,000-20,000 people in the surrounding area. This represents a much lower level of service than permitted in low density developments. This does not meet the principle of allowing municipalities the ability to create complete communities, and risks creating “have” and “have not” communities with respect to access to parks and other community facilities.

Assumptions	14-storey Condo	40-storey Condo
PPUs	2.0	2.0
Units per Ha	350	1,000
People per Ha	700	2,000
<u>Current Methodology</u>	1 Ha./500 units	1 Ha./500 units
Parkland Equivalent CIL (Ha)	0.70	2.00
Ha per 1,000 people	1.00	1.00
<u>New Methodology (CBC)</u>	10% land value	10% land value
Parkland Equivalent (Ha)	0.10	0.10
Ha per 1,000 people	0.14	0.05
Percentage Reduction	86%	95%

Table 2: Impact of CBC implementation on amount and rates of parkland for high-density development.

Financial Impact

The growth forecast, as detailed in Markham’s Development Charges Background Study that was approved in 2017, assumed the following average growth per unit type from 2017-2026:

Singles/Semis: 855

Townhouses: 718

Apartments: 1,076

For the purpose of this analysis, it is assumed that Markham will take the 10% CBC charge for all developments. The analysis also assumes that condo buildings built during this time will be approximately 25-30 floors.

	Singles	Towns	Apt/Condo Units
Average volume per year	855	718	1076
Additional DC Collections per Unit (approx.)	\$1,583	\$1,211	\$823
Elimination of Section 37 cash equivalent per Unit	(\$1,400)	(\$1,100)	(\$2,600)
Change in Parkland/Cash-in-lieu Per Unit	\$0	(13,333)	(\$80,857)
Total Change in Revenue/Unit	\$183	(\$13,223)	(\$82,635)

Total Annual Impact per building type	\$156,495	(\$9,493,803)	(\$88,914,754)
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Total Annual Impact	(\$98,252,062)
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Table 3: Annual financial impact of implementation of CBC regime.

Based on this analysis, it is clear that the CBC's 10% land value cap does not leave Markham (and likely other municipalities) in a revenue neutral position after the implementation of CBCs, especially with respect to high density residential development.

The proposed CBC regime and 10% cap will result in reduced parkland service levels, especially in high density areas, and greatly reduce municipal revenues. While the Province has not advanced the implementation of the Bill 108 changes in the timeframe it had initially indicated, we have not received any further indication that it is seeking to revisit those changes.

As a result of these significant impacts, it is recommended that the Province re-evaluate the 10% cap with respect to high density development, ideally to allow for the municipality to obtain the same amount of parkland per 1,000 residents that low density developments are permitted. For Markham, it would be the equivalent of 0.80 hectares per 1,000 residents, based on our development forecasts.

In order to accomplish this same level of service of 0.80 hectares of parkland per 1,000 residents within high-density areas, the CBC cap would have to increase as densities increase. For example, a 14-storey condo building would require a CBC equal to 56% of the land value in order to allow for 0.8 ha of parkland per 1,000 people. Meanwhile, a 40-storey condo building would require a CBC equal to 160% of the land value in order to achieve the same service level. Staff believe these percentages may not be feasible, and as a result recommend a maximum percentage limit of 50%, which would greatly assist in meeting Markham's goals, while having an unfortunate, but more manageable impact on the provision of complete communities.

This would still not result in revenue neutrality for Markham, however it is an approach that would allow residents of our high density residential communities enjoy the same level of service as those that reside in low density developments.

	14-storey Condo	40-storey Condo
Units per Ha	350	1,000
Land Value/Ha	\$25,000,000	\$60,000,000
1) Current CIL (@ 1 Ha per 500 units)	\$17,500,000	\$120,000,000
2) CBC (10% cap)	\$2,500,000	\$6,000,000
3) CBC (to achieve 0.8 Ha of parkland per 1,000 people)	\$14,000,000 (CBC @ 56%)	\$96,000,000 (CBC @ 160%)
4) CBC (to achieve 0.8 Ha of parkland per 1,000 people) – capped at 50%	\$12,500,000	\$30,000,000

Table 4: Analysis of cash collected under different cash-in-lieu and CBC scenarios for high-density residential development.

If the Province implemented an escalating CBC for high density residential development to allow for 0.8 hectares of parkland per 1,000 people, with a cap of 50% of land value, the impact to Markham would be reduced from \$98 million to \$72 million.

Recommendation:

That the Province implement an escalating CBC collection limit tied to density to allow municipalities to be able to provide a minimum of 0.8 hectares of parkland per 1,000 residents, and that the maximum limit of the Community Benefits Charge eligible to be collected be set at 50% of land value.

Application of CBCs to Different Types of Development

It is also unclear whether a CBC by-law could specify that CBCs be collected for certain types of development (e.g. high rise residential development) and parkland dedication be provided for other types of development (e.g. low density residential development). As the details of the CBC regime are not yet known, it may be beneficial to apply the CBC selectively to specific types of development.

Recommendation:

That municipalities be permitted utilize the community benefits charge by-law and the parkland dedication provisions of the Planning Act for specific types of developments, i.e. allow the municipality to specify the types of development that would be subject to a CBC vs. parkland dedication provisions.

Mandatory Conveyance of Parkland at Election of Municipality

As has been previously noted in the previous staff reports related to Bill 108, if the municipality chooses to collect CBCs, it is not permitted to require a landowner to convey parkland to the municipality. If CBCs are collected, the municipality and the landowner may make arrangements for the municipality to purchase the land in lieu of payment of CBCs. Conversely, as a result of Bill 108, a municipality may require 5% of the land area

of the application to be conveyed as parkland, but will not be able to collect CBCs. The two options are mutually exclusive.

The requirement to convey parkland to the municipality has been a powerful tool that the City has used to ensure that new and evolving communities have sufficient park and recreation space to meet its needs, and to mitigate the effects of urbanization.

Recommendation:

That the Province amend the legislation related to the Community Benefits Charge to allow a municipality to require the conveyance of parkland in lieu of payment of the Community Benefits Charge.

4. Timeline to Transition to the New Community Benefits Charge Regime

The date by which a municipality must transition to the CBC authority (should it wish to do so) would be prescribed in regulations under the DCA. The prescribed date would be the deadline for establishing a CBC strategy and by-law in order to charge for the capital costs of services funded through CBCs.

The CBC by-law would set out the charge payable in any particular instance, any municipal exemptions, and other details. Should a municipality fail to, or decide not to, pass a community benefit charge by-law, then the current Section 37 provisions will no longer be applicable, and the municipality may only require the conveyance of 5% of the land area, or the payment of a cash in lieu for the area.

Provincial Proposal

It is proposed that the specified date for municipalities to transition to the CBCs regime would be one year after the date the proposed CBC regulation comes into effect.

This transition period would allow municipalities to prepare CBC strategies and pass by-laws if they choose to implement a CBC regime.

Comments

The City will require time to assess the benefits of instituting a CBC by-law as it will eliminate the City's ability to use the parkland dedication requirements under the *Planning Act*. In order to allow for this analysis to be undertaken, the City would like the timeline for implementation of a CBC by-law to be at least 2 years from the date the community benefits comes into effect or the expiration of the current development charge by-laws, whichever comes first.

While components of the CBC strategy and by-law requirements are already underway (e.g. an updated Parks Plan for Markham), any work completed to date will need to be updated with further analysis required to analyze the need related to other community benefits. Given the relatively few number of consultants who are able to undertake this type of work, and the number of municipalities that will be seeking to undertake this work,

staff believe it will be a challenge to implement a CBC by-law within a year of the regulation coming into force. Further, the ongoing COVID-19 emergency, and the resulting suspension of various commercial, legal and government services, adds to the challenges that municipalities face in implementing a CBC regime within the next 12 months.

Recommendation:

That given the ongoing emergency situation and scale of work required to implement a CBC regime, the timeline for implementation of a CBC by-law be the later of (1) two (2) years from the date the community benefits comes into effect or, (2) the expiration of the current development charges by-laws.

5. *Community Benefits Charge By-Law Notice*

The *Plan to Build Ontario Together Act, 2019* amended the Bill 108 changes to establish a mechanism by which a municipality's CBC by-law could be appealed to LPAT. A municipality will be required to provide notice to the public when it passes a CBC by-law. To implement the by-law appeal mechanism, requirements associated with how to provide public notice will be prescribed in regulation.

Provincial Proposal

To implement the appeal mechanism, it is proposed that upon passage of a CBC by-law, a municipality would be required to comply with the following notice provisions. These provisions are similar to the notice provisions under the DCA regarding the passage of a development charges by-law:

1. Notice would be required to be given through newspaper or to every land owner in the area covered by the by-law through personal service, fax, mail or email;
2. Notice would also be required to be provided by personal service, fax, mail or email to those individuals who specifically request notice, the clerk of the lower or upper-tier municipality (if and as applicable), and the secretary of every school board having jurisdiction in the area covered by the by-law;. And
3. In order to facilitate public awareness of the passage of a CBC by-law, notice would include the following:
 - a) A statement that the council of the municipality has passed a CBC by-law;
 - b) A statement setting out when the by-law was passed;
 - c) A statement that any person or public body may appeal the by-law to the Local Planning Appeal Tribunal by filing with the clerk of the municipality a notice of appeal setting out the objection to the by-law and the reasons supporting the objection;
 - d) A statement setting out the last day for appealing the by-law;
 - e) An explanation of the charges imposed by the by-law;
 - f) A description of the lands to which the by-law applies, a key map showing the lands to which the by-law applies, or an explanation why no description or key map is provided; and
 - g) An explanation of where and when persons may examine a copy of the by-law.

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4. The date on which notice would be deemed to have been given would be:
- a) the newspaper publishing date if the notice is published by a newspaper
 - b) the date the fax is sent, if the notice is faxed
 - c) the date the email is sent, if the notice is emailed
 - d) the date the notice is mailed, if the notice is sent by mail

Comments

In the comments forwarded to the Province in May 2019, the City requested that an appeal mechanism be introduced for the determination of a CBC by-law. The notice provisions align with the City's comments, and are supportable.

The City consults with the development industry during the preparation of Development Charges Background Studies where discussions include policies, capital costs and project timing. The consultation group is also advised of the timing of when a by-law is proposed to be enacted. With the benefit of this type of consultative practice, which will likely be followed for a CBC by-law, the proposal for a public notice to be done before the City enacts a CBC by-law is acceptable.

Recommendation:

That the proposal for a public notice to be provided prior to the enactment of a community benefits by-law be supported.

6. Minimum Interest Rate for CBC Refunds Where a By-Law Has Been Successfully Appealed

The mechanism to appeal a CBC by-law includes a requirement for municipalities to provide full or partial refunds in the event of a successful appeal. The interest rate paid on amounts refunded must not be less than the prescribed minimum interest rate.

Provincial Proposal

It is proposed that the minimum interest rate a municipality would be required to pay on amounts refunded after successful appeals would be the Bank of Canada rate on the date the by-law comes into force. Alternatively, if the municipality's by-law so provides, the minimum interest rate would be the Bank of Canada rate updated on the first business day of every January, April, July and October.

This proposal aligns with the prescribed minimum interest rate for refunds of development charges after successful appeals under the DCA.

Comments

The City is currently required to pay interest on refunds in the event of a successful appeal to a development charge by-law. The proposal for refunds on successful appeals to a CBC by-law to attract the Bank of Canada rate, as well as the methodology on the timing of the interest calculation, is currently utilized for development charges and is therefore supported by the City.

Recommendation:

That the City supports the application of interest on refunds in the event of a successful appeal to a community benefits by-law.

7. *Building Code Applicable Law*

The Building Code is a regulation under the *Building Code Act, 1992*. The Building Code sets out minimum administrative and technical requirements for the construction, renovation, demolition and change of use of buildings. It also establishes a list of applicable law that must be satisfied in order to receive a building permit. Municipalities enforce the Building Code and, through Chief Building Official, are responsible for issuing building permits for the construction, renovation, demolition or change of use of buildings.

Provincial Proposal

It is proposed that the Building Code be amended to add the CBC authority to the list of items under Division A - Article 1.4.1.3 Definition of Applicable Law. This amendment would establish a mechanism for ensuring the payment of CBCs prior to the issuance of a building permit.

Comments

Inclusion of the CBC as an applicable law under the Building Code would be consistent with the inclusion of the conveyance of parkland and development charges as applicable law. The proposal for CBCs to be collected in a similar manner will provide a defined timeline for collection and allow for the new regime to be integrated into the current development charge administration process. This ensures that construction cannot proceed until the CBC payment is made, and that the funds may be utilized as the need for those community services arises.

Under the DCA, a municipality has the authority to defer payment of development charges however, there does not appear to be a mechanism to defer a CBC, so those fees would need to be paid in full prior to the issuance of a building permit.

Recommendation:

That the City supports the proposal to add the CBC authority to the applicable law list under the Building Code.

NEXT STEPS:

It is recommended that this report be forwarded to the Ministry of Municipal Affairs and Housing as the City of Markham's comments on Bill 108, prior to the April 20, 2020 commenting deadline.

The Province is expected to review comments from municipalities and utilize them to inform the final version of the regulations.

FINANCIAL CONSIDERATIONS

The proposed elimination of the 10% discount on soft services will enable the City to recover the full capital cost of services required as a result of growth. The amount that can be recovered by the City on the next Development Charge Background Study update is not known at this time however, the 10% discount on services from the 2017 study totaled \$30.5M.

The proposal to cap the CBC at 10% of developed land value will have a significant negative financial impact to Markham, and other municipalities that have high density residential development. While low density residential development is also impacted, the major impact to Markham is high density residential development which comprises approximately 41% of anticipated growth to 2031. The proposed 10% cap will have a negative annual financial impact of up to \$98M on the City, with high-rise residential development accounting for \$89M of this amount. One of the most significant negative impacts of this cap relates to the City's ability to fund and acquire parkland, which is a necessary component to achieving complete communities.

The City has proposed a cap of 50% of developed land value for high rise residential development which will reduce the annual financial impact by \$26M.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

The comments in this report support the City's efforts to enable a strong economy, manage growth, protect the natural environment, and ensure growth related services are fully funded, which are the key elements of the Engaged, Diverse and Thriving City; Safe and Sustainable Community; and Stewardship of Money and Resources strategic priorities.

BUSINESS UNITS CONSULTED AND AFFECTED:

Comments from the Planning & Urban Design, Building, Finance, and Legal Departments are included in this report.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

Biju Karumanchery
Director, Planning and Urban Design

Arvin Prasad
Commissioner, Development Services

Claudia Storto
City Solicitor and Director of Human Resources

ATTACHMENTS:

None.

City of Markham Comments on Bill 108 Proposed Regulatory Matters – Community Benefits Authority, Development Charges Act and Building Code Act

April 20, 2020

General Committee



Agenda

1. Summary

2. Feedback

1. Required content of a community benefits charge strategy
2. Services eligible to be funded through development charges
3. Percentage of land value for determining a maximum community benefits charge
4. Timeline to transition to the new community benefits charge regime
5. Community benefits charge by-law notice
6. Minimum interest rate for community benefits charge refunds where a by-law has been successfully appealed
7. Building code applicable law

3. Recommendations

1. Summary

- The Province released on February 28, 2020 a regulatory proposal for the Community Benefits Charge (“CBC”), which outlines a framework to implement CBCs and seeks input for the further development of the CBC regime under the *Planning Act*.
- Initially, the Province provided a 31-day consultation period to elicit public feedback, which has since been extended to April 20, 2020.

1. Summary

Key Aspects:

- **Soft services** (library, park development and recreational services) will **remain within the Development Charges Act with the mandatory 10% discount removed**
- *Required content of the CBC strategy* – Identifies benefits to be funded, requires study of current service levels and future needs for benefits.
- *Transition timeline* - one-year after the proposed CBC comes into effect.
- *Requirement for a CBC by-law notice* – Similar to development charges.
- *Interest rate for CBC refund* – Bank of Canada rate for refunds due after successful appeal of the by-law. Similar to development charges.
- *Building Code Amendment* – Addition of CBC authority to list of applicable law items.

1. Summary

Key Aspects:

- **CBC Cap** – Amount of CBC payable cannot exceed the prescribed percentage of land value as follows:
 - Single-Tier Municipalities: 15%
 - **Lower-Tier Municipalities: 10%**
 - Upper-Tier Municipalities: 5%
- CBC can fund Parkland Acquisition, Parking and By-law Enforcement, Social/Subsidized Housing and Shelters, Childcare, other community amenities previously funded under s.37.
- **If the City has a CBC by-law in place, it cannot apply the basic parkland dedication provisions of the *Planning Act*.**

2. Feedback

To implement the new CBC authority, the Province is seeking feedback on the following regulatory matters under the *Planning Act*, the *Development Charges Act* and the *Building Code Act*:

1. Required content of a community benefits charge strategy
2. Services eligible to be funded through development charges
3. Percentage of land value for determining a maximum community benefits charge
4. Timeline to transition to the new community benefits charge regime
5. Community benefits charge by-law notice
6. Minimum interest rate for community benefits charge refunds where a by-law has been successfully appealed
7. Building code applicable law

2.1. Required Content of a CBC Strategy

A municipality would need to prepare a CBC strategy similar to a DC background study, including historic service levels, and capital programs.

Services that have been identified to be funded include parkland acquisition, parking and by-law enforcement, childcare, affordable housing and shelters (it is currently unclear if this is a complete list or if municipalities will have greater flexibility).

Recommendation

That the Province provide municipalities with wide latitude to determine what community facilities can be supported through CBCs

2.2. Services Eligible to be Funded Through DCs

Recreation, library, and park development remain within the DC regime.

The 10% mandatory reduction for these services has also been removed – it is unclear if municipalities can take advantage of this without having to undertake a new DC Background Study.

Recommendation

That the City of Markham support the Province's proposal for the development charge regulation.

That the Province allow municipalities to fully recover the capital cost of development charges without the requirement of preparing a background study until the development charge by-law is next updated.

2.3. % of Land Value for Determining a Maximum CBC

CBC Cap – Amount payable cannot exceed the prescribed percentage of land value as follows:

Single-Tier Municipalities: 15%

Lower-Tier Municipalities: 10%

Upper-Tier Municipalities: 5%

The CBC regime and remaining parkland dedication regime are mutually exclusive: if a CBC by-law applies to the land subject to development, then the City cannot require the dedication of parkland. Conversely, if the City requires parkland to be conveyed (at the 2% rate for commercial/industrial, 5% for everything else), the City cannot collect CBCs.

2.3. % of Land Value for Determining a Maximum CBC

Background

Current Practice:

- **Land Dedication** – the greater of:
 - 5% of land area
 - 1 ha. per 300 unitsTo a maximum of:
 - 1.2 ha per 1,000 residents (Markham OP)
- Any under-dedication would be topped up with cash-in-lieu at a rate of 1 ha. per 500 units.

2.3. % of Land Value for Determining a Maximum CBC

Assumptions Used in Analysis

- The City currently collects **parkland** from **low-density developments** (1 ha. Per 300 units) and **cash-in-lieu** from **high density developments** (1 ha. Per 500 units).
- All CBC collections will be directed towards the **acquisition of parkland**
- The City will **opt into the CBC regime** and charge the full 10% of land value. (If the City chooses to not have a CBC by-law, the City can only collect up to 5% of the land as parkland – this would result in even greater shortfalls than what is indicated in the following analysis).

2.3. % of Land Value for Determining a Maximum CBC

Impact – Low Density

<u>Assumptions:</u>	<u>Single/Semi</u>	<u>Towns</u>
PPUs	3.8	2.9
Units per Ha	30	50
People per Ha	114	145
<u>Current Methodology</u>	1 Ha./300 units	1 Ha./300 units
Parkland Dedication (Ha)	0.10	0.17
Ha per 1,000 people	0.88	1.15
<u>New Methodology (CBC)</u>	10% land value	10% land value
Parkland Equivalent (Ha)	0.10	0.10
Ha per 1,000 people	0.88	0.69

Avg =
1.0 Ha/1,000 people

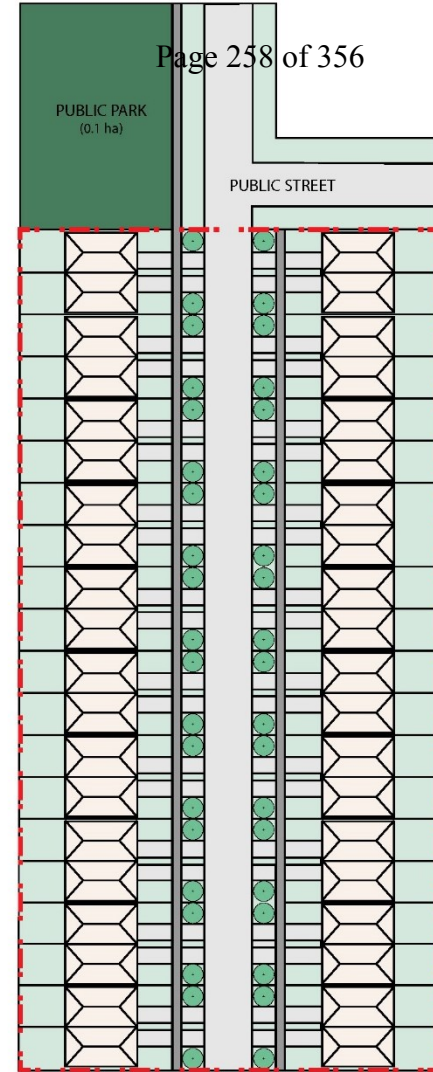
Avg =
0.8 Ha/1,000 people

Municipalities can only receive 10% CBC OR 5% land now. If City opts to receive land, “New Methodology” service levels would be reduced by 50%.

Parkland Comparison: Semi-detached



- PUBLIC PARK (CBC)
(CURRENT PLANNING ACT)
- PUBLIC STREET
- DEVELOPMENT BLOCK (1.0 ha)



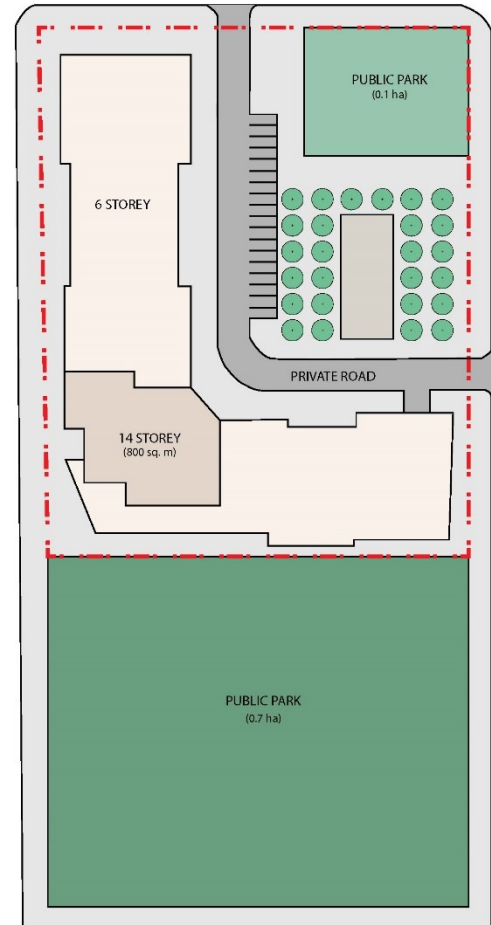
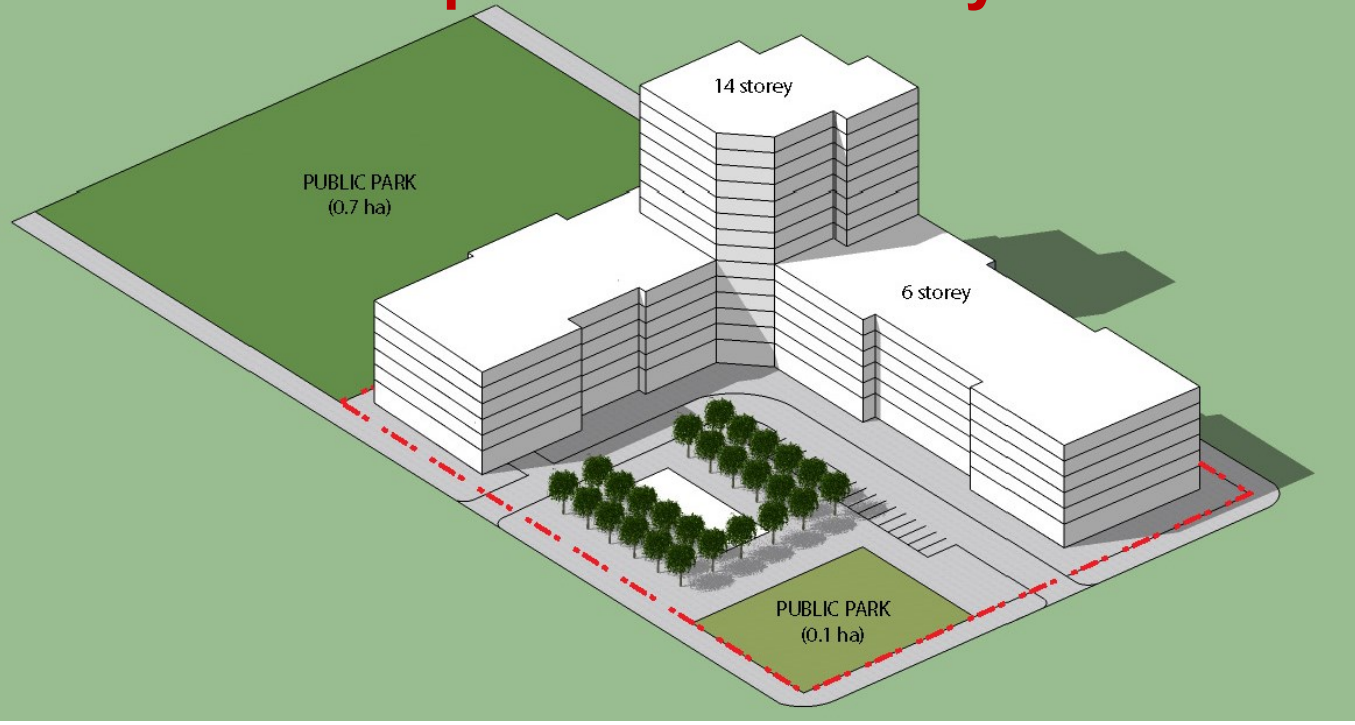
2.3. % of Land Value for Determining a Maximum CBC

Impact – High Density

Assumptions:	<u>14-storey Condo</u>	<u>40-storey Condo</u>
PPUs	2.0	2.0
Units per Ha	350	1,000
People per Ha	700	2,000
<u>Current Methodology</u>	1 Ha./500 units	1 Ha./500 units
Parkland Equivalent CiL (Ha)	0.70	2.00
Ha per 1,000 people	1.00	1.00
<u>New Methodology (CBC)</u>	10% land value	10% land value
Parkland Equivalent (Ha)	0.10	0.10
Ha per 1,000 people	0.14	0.05

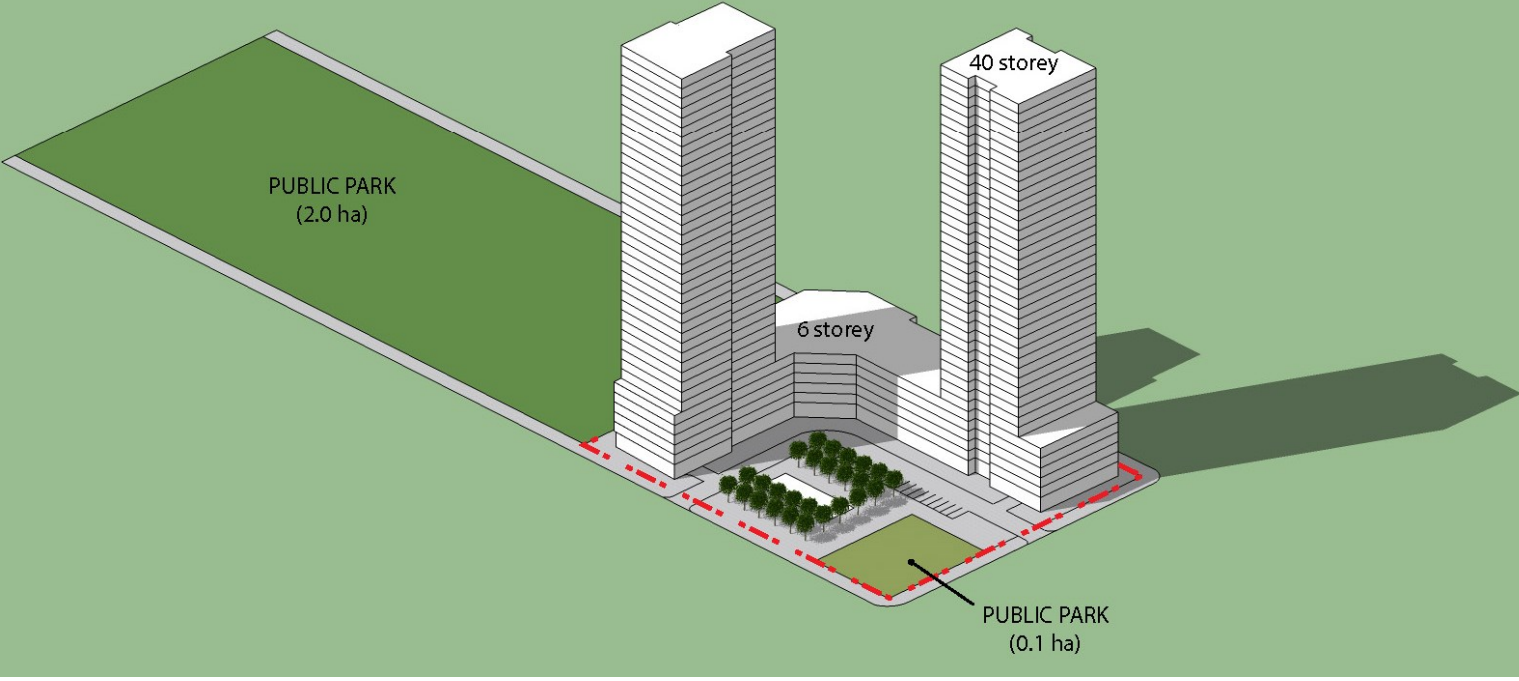
Service levels dramatically decrease (86-95% reduction) since people, not land, drive the need for parkland





Parkland Comparison: 14 Storey Condo

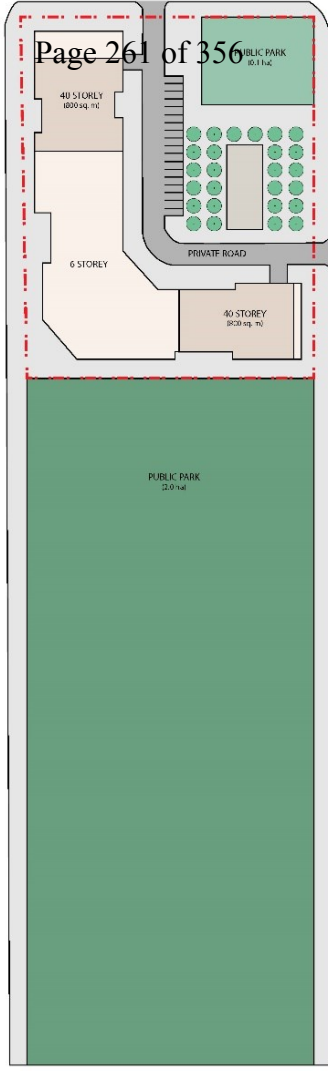


- PUBLIC PARK (CBC)
- PUBLIC PARK (CURRENT PLANNING ACT)
- PRIVATE ROAD
- DEVELOPMENT BLOCK (1.0 ha)

Parkland Comparison: 40 Storey Condo



-  PUBLIC PARK (CBC)
-  PUBLIC PARK (CURRENT PLANNING ACT)
-  PRIVATE ROAD
-  DEVELOPMENT BLOCK (1.0 ha)



2.3. % of Land Value for Determining a Maximum CBC

Financial Analysis

The City's growth forecast used for Markham's 2017 Development Charges Background Study assumed the following average growth per unit type from 2017-2026:

- Singles/Semis: 855
- Townhouses: 718
- Apartments: 1,076

For the purpose of this analysis, it is assumed that Markham will take the 10% CBC charge for all developments. The analysis also assumes that condo buildings built during this time will be of the 25-30 storey variety

2.3. % of Land Value for Determining a Maximum CBC

Financial Analysis:

Annual Impact:

	Singles	Towns	Apt/Condo Units
Average volume per year	855	718	1076
Additional DC Collections per Unit	\$1,583	\$1,211	\$823
Elimination of Section 37 per Unit	(\$1,400)	(\$1,100)	(\$2,600)
Change in Parkland/Cash-in-lieu Per Unit	\$0	(13,333)	(\$80,857)
Total Change in Revenue/Unit	\$183	(\$13,223)	(\$82,635)
Total Annual Impact per building type	\$156,495	(\$9,493,803)	(\$88,914,754)
Total Annual Impact			(\$98,252,062)

This represents an approx. 65% decrease in forecasted revenue for parkland acquisition

2.3. % of Land Value for Determining a Maximum CBC

The preferred approach is that the Province revert to the existing provisions in the *Planning Act*, but this is highly unlikely.

CBC methodology should allow for residents in high density areas to have a reasonable amount of parkland within walking distance, at a similar level to low density developments under the CBC regime (approx. 0.8 hectares per 1,000 residents).

A CBC cap of 50% would improve the City's ability to provide parkland at a rate of 0.8ha per 1000 residents, as well as provide cost certainty to developers.

Recommendation

That the Province implement an escalating CBC collection limit tied to density to allow municipalities to be able to provide 0.8 hectares of parkland per 1,000 residents, and that the maximum limit of the Community Benefits Charge eligible to be collected be set at 50% of land value.

2.3. % of Land Value for Determining a Maximum CBC

Examples:

	14-story Condo	40-story Condo
Units per Ha	350	1,000
Land Value/Ha	\$25,000,000	\$60,000,000
1) Current CiL (@ 1 Ha per 500 units)	\$17,500,000	\$120,000,000
2) CBC (10% cap)	\$2,500,000	\$6,000,000
3) CBC (to achieve 0.8 Ha of parkland per 1,000 people)	\$14,000,000 (CBC @ 56%)	\$96,000,000 (CBC @ 160%)
4) CBC (to achieve 0.8 Ha of parkland per 1,000 people) – capped at 50%	\$12,500,000	\$30,000,000

This would reduce the estimated negative annual impact to Markham from \$98 million to \$72 million.

2.4. Timeline to Transition to the New CBC Regime

It is proposed that the specified date for municipalities to transition to the CBC regime would be one year after the date the proposed CBC regulation comes into effect.

Constraints:

- 1) few number of consultants that can assist in this type of work; and
- 2) COVID-19 emergency (suspension of various commercial, legal and government services).

Recommendation

That given the ongoing emergency situation and scale of work required to implement a CBC regime, the timeline for implementation of a CBC by-law be the later of

- (1) two (2) years from the date the community benefits comes into effect or,**
- (2) the expiration of the current development charges by-laws.**

2.5. CBC By-Law Notice

A municipality would be required to provide notice to the public when it passes a community benefits charge by-law. To implement the by-law appeal mechanism, requirements associated with how to provide public notice would be prescribed in regulation.

Proposed consultation process is similar to DC Background Study process.

Recommendation

That the proposal for a public notice to be provided prior to the enactment of a community benefits by-law be supported.

2.6. Minimum Interest Rate for CBC Refunds

It is proposed that the minimum interest rate a municipality would be required to pay on amounts refunded after successful appeals would be the Bank of Canada interest rate on the date the by-law comes into force.

This proposal aligns with the prescribed minimum interest rate for refunds of development charges after successful appeals under the *Development Charges Act, 1997*.

Recommendation

That the City supports the application of interest on refunds in the event of a successful appeal to a community benefits by-law.

2.7. Building Code Applicable Law

It is proposed that the Building Code be amended to add the community benefits charge authority to the list of items under Division A - Article 1.4.1.3 Definition of Applicable Law.

This ensures that construction cannot proceed until the CBC payment is made, and that the funds may be utilized as the need for those community services arises.

Recommendation

That the City supports the proposal to add the community benefits charge authority to the applicable law list under the Building Code.

3. Recommendations

- 1) That the report entitled, “*City of Markham Comments on Bill 108 Proposed Regulatory Matters – Community Benefits Authority, Development Charges Act and Building Code Act*”, dated April 20, 2020, be received;
- 2) That this report, including the recommendations from the City of Markham on Bill 108 Proposed Regulatory Matters, be forwarded to the Minister of Municipal Affairs and Housing and to the Regional Municipality of York;

3. Recommendations

3) That the City of Markham supports the following:

- a) The proposal for the regulation under the *Development Charges Act, 1997*;
- b) The community benefits proposed to be included within the community benefits charge regulation;
- c) The proposal for a public notice to be provided prior to the enactment of a community benefits by-law;
- d) The proposed application of an interest rate on refunds in the event of a successful appeal to a community benefits by-law; and,
- e) The proposal to add the community benefits charge authority to the applicable law list under the Building Code.

3. Recommendations

- 4) That the City of Markham request that the Province:
- a) Provide municipalities with wide latitude to determine what community facilities can be supported through community benefits charges;
 - b) Amend the Community Benefits Charge legislation to allow a municipality to require the conveyance of parkland in lieu of payment of a community benefits charge;
 - c) Implement an escalating Community Benefits Charge collection limit tied to density to allow municipalities to be able to provide a minimum of 0.8 hectares of parkland per 1,000 residents, and that the maximum limit of the Community Benefits Charge eligible to be collected be set at 50% of land the value of the fully developed land; and

3. Recommendations

- 4) That the City of Markham request that the Province:
 - d) Given the ongoing emergency situation and scale of work required to implement a Community Benefits Charge regime, increase the timeline for implementation of a Community Benefits Charge by-law be the later of, (1) two years from the date the community benefits regulation comes into effect or, (2) the expiration of the current Development Charge by-laws;
 - e) Allow municipalities to fully recover the capital cost of Development Charges without the requirement of preparing a background study until the development charge by-law is next updated; and further
 - f) Allow municipalities to utilize the community benefits charge by-law and the parkland dedication provisions of the Planning Act for specific types of developments, i.e. allow the municipality to specify the types of development that would be subject to a CBC vs. parkland dedication provisions.
- 5) That Staff be authorized and directed to do all things necessary to give effect to this resolution.



COVID-19 – Financial Impact Update

General Committee
April 20, 2020



Agenda

1. Province of Ontario & York Region Relief Measures
2. Pre-Authorized Tax Payments (PTPs) Status – April & May
3. Financial Pressures
4. Capital Budget Review
5. By-law Amendments
6. Recommendations & Next Steps



1. Province of Ontario Relief Measures

- The Province of Ontario economic statement identified the deferral of the June and September 2020 remittances from municipalities by 90 days

	June 30	September 30	December 15	December 30
Original remittance dates	A	B	C	
Revised remittance dates		A	C	B



1. York Region Relief Measures

- At the April 2nd York Region Council meeting, the Region approved recommendation #1 below and requested more information and options on recommendation #2:
 - 1) Retaining the 2020 water and wastewater rates at their 2019 levels and that staff report back on the financial implications of this
 - 2) The waiving of interest on any portion of tax levy instalments not remitted to the Region as a result of a local municipality's Coronavirus (COVID-19) tax relief program for a period up to 90 days
- There are 2 options on the Region's April 16th Committee of the Whole meeting was the first being recommended:
 - a) Council approve waiving interest on any portion of property tax instalments, for the 2020 taxation year, not remitted to the Region as a direct result of a local municipality's Coronavirus (COVID-19) tax relief program, for a period of 90 days
 - b) Waiving of interest on any portion of tax levy instalments not remitted to the Region as a direct result of a local municipality's COVID-19 tax relief program until December 31, 2020.



2. Pre-Authorized Tax Payments (PTPs)

April PTP instalment (to be updated at April 20th GC meeting)

- April was the 3rd instalment for those on the 6 and 11 month instalment plans
- 96.8% has been collected

May PTP instalment (to be updated at April 20th GC meeting)

- May will be the 4th instalment only for those on the 11 month instalment plan
- Expected tax revenue \$13.21M, revised to \$12.96M or 98.9% based on cancellations from the PTP program



3. Financial Pressures

Cash Flow and Operating Budget

- **Cash flow** is the total amount of money being transferred into (eg. property taxes, user fees, parking fines) and out (eg. Salaries, winter maintenance, waste collection, utilities, insurance) of a business
- **Budget** is an estimate of income and expenditure for a set period of time

Revenue sources

- Property Taxes: significant impact on cash flows, not significant impact on the budget as the revenue is still recognized
- Major revenues such as user fees and service charges, parking fines: more of a budget impact as the revenue is permanently lost, less impact on cash flows as the primary source of cash inflows are property taxes



3. Financial Pressures

Cash Flow

- Cash flow model has been developed to run different scenarios, including length of quarantine period, and residents and businesses' willingness to pay taxes
- Assuming an 80% tax collection rate, City would be in a \$100M negative cash position at year end. For every further 10% reduction in taxes collected in 2020, year end cash balances would be decreased by a further \$40-45M
- This will provide direction as to when the City will need to sell investments or borrow. Currently staff are working on facilitating temporary borrowing with our financial institution to protect Markham against cash flow issues



3. Financial Pressures

Operating Budget

- Lost net revenues will result in budget shortfalls in 2020 and potentially 2021
- Estimated at approximately \$4M deficit per month during quarantine period
- Once quarantine ends, there will be continued impact on revenues from protective behavior
 - Recreation 2020 budgets may not be achieved (eg. 10% reduction, approximately \$250k/month)
- Looking at strategies to minimize budget impacts:
 - a) Further assistance from other levels of government
 - b) Potential staggered facility opening strategies (Recreation, Libraries, Culture)
 - c) Focus on core services
 - d) Reduce non-essential capital programs
 - e) Utilizing reserves
- The eventual solution will be a combination of items
- Staff will need to develop a multi-year strategy to recover from the impacts of COVID (non-tax revenues will require time to get back to 2020 budget levels; strategy required to replenish reserves)



4. Capital Budget Review

- “Following advice from Ontario’s Chief Medical Officer of Health, on April 3, 2020, Ontario updated the list of essential businesses that can remain open. The restrictions are aimed at further reducing contact between people and stopping the spread of COVID-19.” – Province of Ontario
- Based on the Premier’s recommendation, staff have begun a review of capital projects following the below order or review:
 - 1) Essential vs. non-essential
 - 2) For non-essential:
 - a) Determine if project is on target or delayed
 - b) Can you project be closed, budget reduced, or deferred?
 - c) Where the project may be in the Procurement process (to market, closed not awarded, bid in development, bid not in development, awarded contract)
- Any project adjustments from the analysis will be brought forward in the status of capital update to General Committee in June



5. By-law Amendments

As a result of the financial relief measures approved by Council on March 27th, staff will be bringing forward the following 4 by-law amendments to Council on April 28th:

- Water Rate By-law Amendment
- Municipal Accommodation Tax By-law Amendment
- Stormwater By-law Amendment
- User Fee By-law Amendment



4. Recommendations & Next Steps

1. That the presentation entitled COVID-19 – Financial Impact Update be received; and,
2. That the by-law amendments on the April 20th General Committee agenda be considered at the April 28th Council meeting; and,
3. That the City Treasurer report back to General Committee in May providing a financial forecast based on various scenarios; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Destination Markham Corporation Update / Annual General Meeting (AGM) Matters

PREPARED BY: Christina Kakaflikas, Director, Economic Growth,
Culture & Entrepreneurship
Shane Manson, Senior Manager, Revenue & Property Tax
Lisa Riegel, Assistant City Solicitor

RECOMMENDATION:

1. That the report “Destination Markham Corporation Update / Annual General Meeting Matters” be received; and,
2. That the Mayor and City Clerk be authorized to execute an Agreement between the City of Markham and Destination Markham Corporation, substantially in the form attached to the report as “Attachment 1”, subject to the form and content of the agreement being satisfactory to the Chief Administrative Officer and the City Solicitor; and,
3. That Destination Markham Corporation By-Law No. 1, substantially in the form attached to the report as “Attachment 2”, be approved; and,
4. That the following eight (8) individuals be appointed to the Board of Directors of Destination Markham Corporation, to serve as independent Directors for a term of four (4) years: Ms. Aarti Patel, Mr. Chuck Thibeault, Mr. David Miller, Mr. Herman Grad, Mr. Hiren Prabhakar, Ms. Kate Seaver, Mr. Shafik Jiwani, and Ms. Susan Mandryk; and,
5. That the following four (4) members of Council be appointed to the Board of Directors of Destination Markham Corporation, to serve as non-independent Directors for the term of Council: Mayor Frank Scarpitti, Councillor Andrew Keyes, Councillor Amanda Collucci, and Councillor Khalid Usman; and,
6. That KPMG be approved as the auditor for Destination Markham Corporation; and,
7. That the Mayor and City Clerk be authorized to execute operational agreements of mutual interest, as required, between the City of Markham and Destination Markham Corporation, subject to the form and content of such agreements being satisfactory to the Chief Administrative Officer and the City Solicitor; and further,
8. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide information and recommendations related to the next phase of the implementation of the new “Destination Markham Corporation”

(DMC), and to obtain Council approval of the following: the Agreement between the City of Markham and DMC; DMC corporate By-Law No. 1; the appointment of Directors to the DMC Board of Directors; and the approval of the auditor for DMC. Approval of the foregoing will provide the governance, strategic and operational foundation necessary to allow DMC to conduct the activities and affairs of the corporation in accordance with its mandate and objectives, and applicable laws and regulations.

BACKGROUND:

In April, 2017 the Province of Ontario passed legislation that provided lower or single tier municipalities in Ontario with the authority to levy a transient accommodations tax (referred to in this report as a Municipal Accommodation Tax “MAT”). The legislation prescribed that at least fifty per cent (50%) of the MAT revenue be allocated to a non-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality.

In April, 2018, Council approved the implementation of a 4% Municipal Accommodation Tax on all Markham hotels effective January 1, 2019, and requested that Staff report back with a business case for the purpose of creating a non-profit, Municipal Services Corporation (MSC) to operate as the City of Markham’s tourism and destination management organization. In September, 2018, Council approved the business case and authorized Staff to complete the incorporation (with the City Solicitor, Treasurer, and the Director of Economic Growth, Culture & Entrepreneurship being appointed as the initial Directors of the corporation). The incorporation was completed in December 2018. On June 12, 2019, Council approved “Destination Markham Corporation” (“DMC”) as the legal name of the corporation.

Following a recruitment process conducted by Staff and a Nominating Committee of Council, on December 10, 2019, Council:

- approved a DMC Board of Director composition of twelve (12) Directors, comprised of eight (8) individuals to serve as independent Directors, and four (4) members of Council to serve as non-independent Directors;
- endorsed the appointment of the following eight (8) individuals to serve as independent Directors; Ms. Aarti Patel, Mr. Chuck Thibeault, Mr. David Miller, Mr. Herman Grad, Mr. Hiren Prabhakar, Ms. Kate Seaver, Mr. Shafik Jiwani, and Ms. Susan Mandryk; and
- endorsed the appointment of the following four (4) members of Council to serve as the non-independent Directors; Mayor Scarpitti, Councillor Keyes, Councillor Collucci, and Councillor Usman (which appointments were also confirmed by Council on Feb. 25, 2020).

OPTIONS/ DISCUSSION:

The next phase in the establishment of the City’s DMO is to establish the governance, strategic and operations foundation necessary to allow DMC to conduct the activities and

affairs of the corporation in accordance with its mandate and objectives, and applicable laws and regulations.

Legislative Framework

As a non-profit corporation, DMC is subject to the legislative requirements of the *Corporations Act* (Ontario) and the [*Not-for-Profit Corporations Act, 2010 \(Ontario\)* upon its provisions coming into force. As a Municipal Services Corporation](#), DMC is also subject to the legislative requirements of the *Municipal Act, 2001* (Ontario) and *Ontario Regulation 599/06* (Municipal Services Corporations).

Governance Framework

In addition the legislative framework applicable to DMC, Staff recommend that the following be established to govern the relationship between the City of Markham and DMC, and to govern the activities and affairs of DMC (in accordance with the legislative framework).

Agreement between the City of Markham and DMC

Attached to this report as “Attachment 1” is the proposed Agreement between the City of Markham and DMC, which sets out the framework governing the relationship between the City of Markham and DMC including: the objectives and guiding principles of DMC, the City’s assistance to DMC, financial matters, and requirements for public accountability and reporting.

The Agreement has been approved by the initial Directors of DMC (the City Solicitor, Treasurer, and the Director of Economic Growth, Culture & Entrepreneurship), and requires Council approval on behalf of the City of Markham.

DMC By-Law No.1

Attached to this report as “Attachment 2” is the proposed corporate by-law (By-law No. 1) of DMC, a by-law relating generally to the conduct of the activities and affairs of DMC, which sets out the following:

- role of the City of Markham as the sole Voting Member of DMC
- roles and responsibilities of Directors and Officers of the Corporation
- Committees and Advisors
- procedural matters related to Member and Director meetings
- accounting, audit and record-keeping
- other matters

By-Law No.1 has been approved by the initial Directors of DMC (the City Solicitor, Treasurer, and the Director of Economic Growth, Culture & Entrepreneurship), and requires Council approval on behalf of the City (as the sole Voting Member of DMC).

The City is the sole Voting Member of DMC (similar to the relationship between a sole voting shareholder of a “for-profit” corporation). As the sole Voting Member of DMC, the City (through Council) is required to provide approval of certain Annual General Meeting (AGM) matters relating to DMC, including the approval of by-laws passed by the Directors, the appointment of Directors, and the appointment of an auditor.

Board of Director Appointments

As previously stated, as the sole Voting Member of DMC, the City (through Council) is required to provide approval of certain Annual General Meeting (AGM) matters relating to DMC, including the appointment of Directors.

Once the governance framework is approved, Staff recommend that Council acting on behalf of the City (as the sole Voting Member of DMC) formally appoint the Directors endorsed by Council on December 10, 2019 and Feb. 25, 2020 to the DMC Board of Directors.

Auditor Appointment

As previously stated, as the sole Voting Member of DMC, the City (through Council) is required to provide approval of certain Annual General Meeting (AGM) matters relating to DMC, including the appointment of an auditor. Staff recommend that Council acting on behalf of the City (as the sole Voting Member of DMC) formally appoint the City’s auditor (KPMG) as the auditor of DMC.

FINANCIAL CONSIDERATIONS

None.

HUMAN RESOURCES CONSIDERATIONS

None

ALIGNMENT WITH STRATEGIC PRIORITIES:

Engaged, Diverse, and Thriving City
Stewardship of Money and Resources

BUSINESS UNITS CONSULTED AND AFFECTED:

Economic Growth, Culture & Entrepreneurship

Finance Department
Legal Services Department

RECOMMENDED BY:

Claudia Storto
City Solicitor

Christina Kakaflikas
Director of Economic Growth,
Culture & Entrepreneurship

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

Arvin Prasad
Commissioner, Development Services

ATTACHMENTS:

Attachment 1 – Agreement between the City of Markham and Destination Markham Corporation
Attachment 2 – Destination Markham Corporation By-Law No. 1

THIS AGREEMENT made as of the _____ day of _____, 2020
(the "Effective Date")

B E T W E E N:

THE CORPORATION OF THE CITY OF MARKHAM
(the "City")

- and -

DESTINATION MARKHAM CORPORATION
("DMC")

WHEREAS the City has implemented a 4% municipal accommodation tax ("MAT") in accordance with the *Municipal Act, 2001* and *Ontario Regulation 435/17 (Transient Accommodation Tax)*;

AND WHEREAS DMC is a municipal services corporation incorporated pursuant to the *Municipal Act, 2001* and *Ontario Regulation 599/06 (Municipal Services Corporations)* to be the Destination Management entity in Markham responsible and accountable for managing 50% of the revenue generated from the MAT;

AND WHEREAS the City and DMC seek to work towards developing and promoting Markham as a leading destination for tourism, leisure, sport and business travel;

AND WHEREAS the City and DMC seek to establish a framework governing certain aspects of their relationship in addition to the legal framework mandated by the *Municipal Act, 2001* and *Ontario Regulation 599/06 (Municipal Services Corporations)*;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein and subject to the terms and conditions hereinafter set out, the parties hereto hereby agree as follows:

1.0 DEFINITIONS

1.1 In this Agreement,

- (a) **"Agreement"** means this Agreement and all schedules attached hereto;
- (b) **"By-law No. 1"** means the corporate by-law of DMC attached hereto as SCHEDULE "A";
- (c) **"City"** means The Corporation of the City of Markham;
- (d) **"Council"** means the Mayor and members of Council of the City;
- (e) **"Council Resolution"** means a resolution of Council reached pursuant to the City's Procedural By-law;
- (f) **"Destination Management"** means the coordination of elements involved in the development and promotion of a tourism destination, including but not limited to marketing, promotion, strategic planning, experience and product development, tourism investment attraction, and workforce capacity initiatives;

- (g) “**DMC**” means Destination Markham Corporation;
- (h) “**DMC Board**” means the Board of Directors of DMC elected by the City as the sole Voting Member of DMC (as that term is defined in By-Law No.1);
- (i) “**MAT**” means the Municipal Accommodation Tax implemented by the City pursuant to *Ontario Regulation 435/17 (Transient Accommodation Tax)*.

2.0 **OBJECTIVES AND PRINCIPLES**

Key Tourism Objectives

- 2.1 The key tourism objectives of DMC will be to develop, market and promote Markham as a remarkable destination for visitors, including tourists, sport and festival attendees, meeting and conference delegates, and business travelers. In collaboration with the hotel industry, festival-event-conference-travel planners, attraction operators, cultural institutions, sports tourism promoters, entertainment and recreation providers, restaurants and related service businesses, and the City, DMC will research, develop and implement a targeted Destination Management strategy to grow and enhance Markham’s tourism economy.

Guiding Principles

- 2.2 DMC shall be guided by the following guiding principles:
- (a) DMC will take a leadership role in promoting and marketing Markham as a leading destination for tourism, leisure and business travel with an emphasis on promoting overnight stays.
 - (b) DMC will take a leadership role in promoting developments and investments that increase and enhance Markham’s attractiveness as a tourism destination and as an economic sector generating employment and taxable assessment.
 - (c) DMC will be a supportive partner to the Markham Board of Trade, the Region of York tourism organizations, and other business, government and not for profit organizations in delivering programming that attracts greater spending and investments in Markham. In so doing, DMC will ensure that its work is complementary to work done by others.
 - (d) DMC will develop relationships with tourism stakeholders and other levels of government.
 - (e) DMC will develop and implement Destination Management strategies and activities that reflect Markham’s unique character, its cultural and built heritage, natural features, diverse ethnic communities, social and cultural traditions, recreational and sports assets, and business development opportunities.
 - (f) DMC will seek to leverage the transit and infrastructure investments made by the City, York Region and the Province of Ontario to build exciting tourism offerings and a sense of place in key areas such as Downtown Markham, local village cores, and other strategic areas.
 - (g) DMC will undertake its work based on an informed and objective decision-making process that is accountable and transparent, resulting in city-wide

benefits.

3.0 DESTINATION MARKHAM CORPORATION (DMC)

DMC Compliance with Applicable Law

- 3.1 DMC acknowledges that as a legal entity it is subject to the laws of Ontario and Canada.
- 3.2 DMC shall comply with all applicable law, including but not limited to:
- (a) the *Corporations Act* and regulations thereunder;
 - (b) the *Not-for-Profit Corporations Act, 2010* and regulations thereunder, upon its provisions coming into force;
 - (c) the *Municipal Act, 2001* and regulations thereunder; and
 - (d) employment legislation and regulations thereunder.

DMC Corporate Governance Framework; DMC Organization and Operations

- 3.3 The City may establish a corporate governance framework for decision-making, strategic planning, budget and business plans, and corporate policies for DMC.
- 3.4 DMC shall operate and govern itself in accordance with By-Law No. 1 (attached hereto as Schedule “A”). By-Law No. 1 may only be amended or revoked in whole or in part with the approval of the City as the sole Voting Member of DMC (as that term is defined in By-Law No.1).
- 3.5 DMC shall develop corporate policies and procedures for approval by the City, or shall adopt the City’s corporate policies and procedures, within twelve (12) months of the Effective Date.
- 3.6 Section 21(2) of *Ontario Regulation 599/06 (Municipal Services Corporations)* provides that DMC shall be deemed to be a local board for the purposes of subsection 270(2) of the *Municipal Act, 2001*, which requires DMC to adopt and maintain policies with respect to the following matters:
- (a) sale and other disposition of land;
 - (b) hiring of employees; and
 - (c) procurement of goods and services.
- 3.7 Any reference in this by-law to a decision, determination or election made or vote exercised or action taken by the City shall reflect the consensus of Council as memorialized in a Council Resolution.

4.0 DESTINATION MANAGEMENT STRATEGY AND BUSINESS PLAN

- 4.1 The DMC Board shall develop a business and strategic plan and annual operating budget, within twelve (12) months of the Effective Date, for approval by the City.

5.0 CITY ASSISTANCE TO DMC

Financial Assistance

- 5.1 Subject to Council approval, the City may provide financial assistance to DMC as permitted by the *Municipal Act, 2001* and the regulations thereunder.

Headquarters and Other Resources

- 5.2 The initial headquarters of DMC shall be at the City of Markham Civic Centre located at 101 Town Centre Blvd, Markham, Ontario, with respect to which the City may assist DMC with

office space, information technology, utilities, meeting rooms, and use of equipment such as photo-copiers at or below fair market value to minimize administration expenses, and to maximize strategy and program expenditures of DMC.

Human Resources

- 5.3** Pursuant to *Ontario Regulation 599/06 (Municipal Services Corporations)*, the City may provide DMC with the services of employees of or persons under contract with the City at or below fair market value.

Financial and Procurement Services

- 5.4** The City may provide financial and procurement services to DMC at or below fair market value.

Statement of Value

- 5.5** The City Treasurer shall prepare a statement of the value of any grant to DMC, or an estimate of the fair market value of any assistance provided at less than fair market value to DMC.

6.0 FINANCIAL MATTERS

DMC Bank Account

- 6.1** The City Treasurer shall open a corporate bank account(s) for DMC and facilitate all payment transactions and deposits. The DMC Treasurer shall sign-off on invoices to be paid and/or request the City Treasurer to produce cheques, payments or deposits, and such other financial transactions as required and as directed by the DMC Board.
- 6.2** The DMC Treasurer and Secretary, and/or such other persons identified by the DMC Board from time to time, shall be signing officers of DMC with respect to banking or financial matters.

DMC Budget

- 6.3** The creation and management of an annual operating budget will be the responsibility of the DMC Board for provision to the City, and will be subject to the City's approval.
- 6.4** As part of the City's annual budget approval process, DMC shall prepare and submit an annual budget for the next fiscal year to the City Treasurer by no later than March 31st of the budget year, for consideration and approval by the City (with or without modifications).
- 6.5** Once approved by Council, the annual budget of DMC may only be revised with the approval of the City.

Audits

- 6.6** The external auditor for the City shall be the external auditor for DMC (at DMC's sole cost and expense), and shall have all of the rights and powers of an auditor provided under the *Municipal Act, 2001*.
- 6.7** DMC shall be subject to audit by the City (or its authorized representatives / consultants) as required by the City for any purpose including to ensure that amounts paid to DMC by the City are used for the exclusive purpose of Destination Management.

DMC Business Plans

- 6.8** The creation and management of business plans will be the responsibility of the DMC Board.
- 6.9** As part of the City's annual budget approval process, the DMC Board will provide the City, by no later than March 31st of each year, with a multi-year businessplan (3-5 year time frame).
- 6.10** Each business plan will include thefollowing:
- (a) the strategic objectives, priorities and business objectives;
 - (b) revenue and expenditures anticipated in the coming year;
 - (c) performance metrics for monitoring progress and accomplishments;
 - (d) an operating budget for DMC for the next financial year.

DMC Revenue

- 6.11** DMC will be funded from the proceeds of the MAT approved by Council commencing on January 1, 2019. The amount of revenues to be shared shall be determined in accordance with *Ontario Regulation 435/17 (Transient Accommodation Tax)* and shall be authorized by the City Treasurer (and remitted to DMC on a quarterly basis).
- 6.12** Subject to Council approval and compliance with all applicable law, DMC may also generate revenue from the following sources:
- (a) corporate sponsorship;
 - (b) donations;
 - (c) project-based or general marketing relationships with other organizations;
 - (d) government grants and loans;
 - (e) revenue generating projects;
 - (f) investment income;
 - (g) joint ventures or partnerships; and
 - (h) other means or sources.

DMC Debt

- 6.13** DMC shall not incur indebtedness without the City's approval.
- 6.14** DMC shall not spend funds unless said expenditures are included in the annual operating budget approved by the City.

Fiscal Year of DMC

- 6.15** The fiscal year of DMC shall terminate on the 31st day of December in each year.

Dissolution of DMC

- 6.16** In the event of the dissolution of DMC:
- (a) the City shall manage the wind-down process pursuant to applicable laws, regulations, and contracts, and the City shall assume the outstanding debt/liabilities and assets of DMC; and
 - (b) after payment of all debts and liabilities, its remaining property shall be distributed and disposed of to the City, as a municipal government and DMC's sole Voting Member (as that term is defined in By-law No. 1).

Certain Assistance Prohibited

- 6.17** Without exception, DMC shall not have the power to assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose, as per Section 106 of the *Municipal Act, 2001*.

General Power to Make Grants

- 6.18** DMC shall have the general power to make grants to any person, group or body, including a fund, subject to any limitations imposed by the City from time to time and subject to Section 107 of the *Municipal Act, 2001*.

Financial Authority of DMC Board

- 6.19** The DMC Board shall not make any grants, purchase any goods, expend any funds or enter into any agreement or contract on behalf of DMC which is of a value of \$50,000.00 or greater without the prior written approval of the City. No grant, contract, expenditure of funds or purchase of goods shall be divided into one or more grants, contracts or purchases so as to avoid the requirements of this Section 6.19. Where a series of grants, contracts or purchases which pertain to the same subject matter with the same person in any twelve (12) month period combine to equal the limits set out herein, the series of grants, contracts or purchases shall be deemed to be a single grant, contract or purchase for the purposes of this Agreement.

Signing Authority

- 6.20** The DMC Chair, Treasurer and the Secretary, and/or such other persons approved by the DMC Board from time to time, shall be signing officers of DMC. All invoices, payments or related matters must be approved and authorized as follows;
- a) All invoices less than \$5,000 must be authorized by the DMC Treasurer;
 - b) All invoices greater than \$5,000 must be authorized by both the DMC Treasurer and any Director with signing authority.

7.0 INTELLECTUAL PROPERTY (IP) ASSETS

- 7.1** Subject to Section 7.2, trademarks, copyrights and other IP rights related to DMC shall be registered with the Canadian Intellectual Property Office (CIPO) pursuant to the *Trade- marks Act, 1985*, *Copyright Act, 1985* and other applicable legislation.
- 7.2** The City may register and own official marks related to DMC and consent to the use of these marks by DMC through a licensing agreement or other similar document.

8.0 PUBLIC ACCOUNTABILITY AND REPORTING***DMC Reporting to City***

- 8.1** DMC shall submit to the City an annual report including:
- (a) results of operations including information regarding major business development activities and accomplishments; and
 - (b) audited financial statements prepared in a form acceptable to the City Treasurer.
- 8.2** DMC shall report to Council through the General Committee, or such other committee as directed by Council.
- 8.3** DMC shall make available all corporate finance related documents, information, and electronic

files to the City Treasurer or his other designate.

Third Parties

- 8.4 DMC shall not indicate to third parties that it represents the interest, positions, resolutions or perspectives of Council or the City, unless expressly authorized in writing by the City to do so.
- 8.5 This Agreement does not create a partnership or joint venture between the City and DMC.
- 8.6 In the event DMC seeks to formally communicate with any level of government or regulatory body with respect to a matter that may impact the City, DMC shall provide the City with advance notice of such communication.
- 8.7 DMC shall identify proposed financial partners in its annual report and budget proposal to the City.

9.0 TERM AND TERMINATION

- 9.1 This Agreement is effective as of the Effective Date.
- 9.2 This Agreement shall be in effect until such time as:
 - (a) DMC has been dissolved; or
 - (b) the City terminates this Agreement; or
 - (c) the parties mutually agree in writing to terminate this Agreement.
- 9.3 The City, at its discretion and acting reasonably, may upon one-hundred and eighty (180) days' notice terminate this Agreement by Council Resolution and written notice to the Chair of the DMC Board. Where the City terminates the Agreement under this clause, the City shall work with DMC to ensure that financial commitments made by DMC pursuant to the annual budget approved by the City are properly addressed.
- 9.4 The City may terminate this Agreement by Council Resolution, upon providing notice to DMC of a material breach by DMC of the obligations, terms or conditions of this Agreement, and upon allowing DMC 30 days (or such reasonable time in relation to the type of breach) to remedy the breach.
- 9.5 If DMC breaches the terms of this Agreement, or if it is otherwise terminated, upon written request from the City Treasurer, any unspent monies (including without limitation, any monies in DMC's bank account) from the City shall be immediately due and payable in full to the City, and other City assets shall be returned to the City.

10.0 GENERAL PROVISIONS

- 10.1 The laws of the Province of Ontario shall govern the validity and interpretation of this Agreement.
- 10.2 In the event any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions of the Agreement will not be affected and shall continue in full force and effect.
- 10.3 DMC shall not assign this Agreement in whole or in part without the express written consent of the City.
- 10.4 Any schedules to this Agreement shall have the same force and effect as if the information

contained therein was in the body of the Agreement.

Amendments

- 10.5** This Agreement shall not be varied, altered, amended or supplemented except as agreed upon by the parties in writing.
- 10.6** No waiver of a breach by a party under this Agreement shall constitute an amendment or consent to or waiver of any other different or subsequent breach.

Notice

- 10.7** Any notice, invoice or other communication required or permitted to be given by this Agreement shall be in writing and shall be effectively given if (i) delivered personally; or (ii) sent by prepaid courier services; or (iii) sent by facsimile or other similar means of electronic communication to the Chair of the DMC Board in the case of notice to DMC, or to the City Clerk in the case of notice to the City.
- 10.8** For the purpose of notification, contact particulars are:

The Corporation of the City of Markham
101 Town Centre Blvd.
Markham, ON
L3R 9W3
Attention: City Clerk

Destination Markham Corporation
The Corporation of the City of Markham
101 Town Centre Blvd.
Markham, ON
L3R 9W3
Attention: Chair of DMC Board

Insurance and Indemnification

- 10.9** DMC shall purchase and maintain in force, at its own expense (including the payment of all deductibles) and for the Term of this Agreement, the following policies of insurance underwritten by insurers licensed to conduct business in the Province of Ontario:
- (a) Commercial General Liability Insurance (satisfactory to the City). The policy shall include coverage for Bodily Injury, Property Damage with a minimum amount of \$5,000,000.00 for each occurrence, and include:
 - (i) an endorsement certifying that the City is included as an additional insured;
 - (ii) a cross liability clause endorsement; and
 - (iii) Non-owned automobile coverage including contractual non-owned coverage.
 - (b) DMC shall obtain directors and officers liability insurance for all Directors and officers, including City Council Directors, with a minimum amount of \$5,000,000.00 for each occurrence.
 - (c) DMC shall obtain a comprehensive Crime Insurance for all staff, Directors and officers of DMC, including employee dishonesty/fidelity coverage, broad form loss of money (inside and outside premises), money order & counterfeit paper currency, depositors forgery, professional fees and audit expenses, and computer fraud or funds transfer fraud coverages, with limits of no less than \$2,000,000.00 per occurrence.

10.10 DMC shall indemnify any person on the DMC Board or who is an officer of DMC, from and against:

- (a) all costs, charges and expenses whatsoever which such person may sustain or incur in or about any action, suit or proceeding which is brought, commenced or prosecuted against such person, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by such person, in or about the good faith execution of the duties of office;
- (b) all other costs, charges and expenses which such person may sustain or incur in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by such person's own willful neglect or default or conduct outside the course and scope of his or her duties as a Director or officer of DMC.

10.11 DMC hereby further indemnifies the City and Council against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the City in respect of any civil, criminal or administrative action or proceeding to which the City is made a party by reason of this Agreement.

Dispute Resolution

10.12 If there is any difference of opinion with respect to the interpretation, application, administration, alleged breach, requirements, procedures, rights or responsibilities with respect to this Agreement, the parties shall use their best efforts to resolve, mediate and settle the same through consultation and negotiation in good faith prior to commencing legal action. Where the parties consent to do so, they may elect to engage in formal arbitration.

Municipal Conflict of Interest Act

10.13 Directors and officers of DMC are deemed to be members for the purposes of the *Municipal Conflict of Interest Act*. DMC is deemed to be a local board for certain limited purposes, including the purposes of the *Municipal Conflict of Interest Act*.

Municipal Freedom of Information and Protection of Privacy Act

10.14 Furthermore, DMC is deemed to be an institution for the purposes of the *Municipal Freedom of Information and Protection of Privacy Act*.

Territorial Operation of DMC

10.15 Pursuant to Section 16 of *Ontario Regulation 599/06 (Municipal Services Corporations)*, the City agrees that DMC may operate within the boundaries of the City of Markham.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

DESTINATION MARKHAM CORPORATION

Name: Joel Lustig
Position: President / Director

Name: Claudia Storto
Position: Secretary / Director

Name: Christina Kakaflikas
Position: Director

THE CORPORATION OF THE CITY OF MARKHAM

Frank Scarpitti, Mayor

Kimberley Kitteringham, City Clerk

SCHEDULE "A"
BY-LAW NO.1

BY-LAW NO. 1

being a by-law relating generally to the conduct of the
activities and affairs of **Destination Markham Corporation**

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of **Destination Markham Corporation** (hereinafter called "DMC") that:

APPLICABLE LAW

1. The activities and affairs of DMC shall conform with all applicable law, including but not limited to the *Corporations Act* (Ontario), the *Not-for-Profit Corporations Act* (Ontario) upon its provisions coming into force, the *Municipal Act* (Ontario) and *Ontario Regulation 599/06* (Municipal Services Corporations).

INTERPRETATION

2. **Defined Terms.** The following terms shall have the meanings set out after them:

- (a) **“Board of Directors”** or **“Board”** means the Board of Directors of DMC;
- (b) **“City”** means The Corporation of the City of Markham;
- (c) **“Council”** means the Mayor and members of Council of the City;
- (d) **“Council Resolution”** means a resolution of Council reached pursuant to the City’s Procedural By-law;
- (e) **“Director”** means an individual occupying the position of Director on the Board of Directors of DMC;
- (f) **“Members”** means the Voting Members and Non-Voting Members of DMC, as described in Section 5; and
- (g) **“Voting Member”** means the City, as the sole Voting Member of DMC.

OFFICE

3. The head / registered office of DMC shall be in Markham, Ontario, and at such place therein as the Board of Directors may from time to time determine.

SEAL

4. DMC may have a corporate seal in the form approved from time to time by the Board of Directors. If a corporate seal is approved by the Board of Directors, the Secretary of DMC shall be the custodian of the corporate seal.

MEMBERS OF DMC

5. **Members.** There shall be the following classes of Members of DMC:
- (a) **Voting Member.** The City shall be the sole Voting Member of DMC. The Voting Member shall be entitled to notice of, to attend, and to vote at the annual or any special general Members' meeting.
 - (b) **Non-Voting Members:** The Non-Voting Members of DMC shall be the applicants for the incorporation of DMC. The membership of each Non-Voting Member shall terminate upon passage of this by-law by the initial Board of Directors and its confirmation and approval by the Voting Member.
6. **Voting Member's Decisions and Actions.** Any reference in this by-law to a decision, determination or election made or vote exercised or action taken by the Voting Member shall reflect the decision of Council as memorialized in a Council Resolution.

MEMBERS' MEETINGS

7. **Meetings.** The annual or any special general Members' meeting shall be held on a day and at a place within Ontario fixed by the Board of Directors.
8. **Signed Resolutions and By-Laws in Lieu of Members' Meetings.** Any resolution signed by the Voting Member is as valid and effective as if passed at a Members' meeting duly called, constituted and held for that purpose. Any by-law passed at any time may, in lieu of confirmation at a general meeting, be confirmed in writing by the Voting Member.
9. **Agenda.** At every annual Members' meeting, in addition to any other business that may be transacted, the report of the Board of Directors, the financial statements and the report of the auditor shall be presented. The Voting Member may consider and transact any business either special or general without any notice thereof at any Members' meeting. The Voting Member shall have the power to call at any time a special general Members' meeting.
10. **Notice.** Notice of any annual or special Members' meeting shall be given to the Voting Member and to the auditor of DMC in the manner specified in the corporate statute governing DMC. Notice of any meeting where special business will be transacted must contain sufficient information to permit the Voting Member to form a reasoned judgment on the decision to be taken.
11. **Error or Omission in Notice.** No error or omission in giving notice of any annual or general Members' meeting, or any adjourned meeting, shall invalidate such meeting or make void

any proceedings taken thereat, and the Voting Member may at any time waive notice of such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat.

12. **Adjournment.** Any Members' meetings may be adjourned to any time and from time to time, and such business may be transacted at such adjourned meeting as might have been transacted at the original meeting from which such adjournment took place. No notice shall be required of any such adjournment. Such adjournment may be made notwithstanding that no quorum is present.

13. **Quorum and Voting.** A quorum for the transaction of business at any Members' meeting shall consist of the Voting Member. At all Members' meetings, every question shall be decided by the vote of the Voting Member.

DIRECTORS

14. **Duties.** The activities and affairs of DMC shall be managed by the Board of Directors. The Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by DMC that are not by this by-law or by statute expressly directed or required to be done in some other manner.

15. **Number.** The Board of Directors shall consist of twelve (12) Directors, comprised of eight (8) individuals to serve as independent Directors, and four (4) members of Council to serve as non-independent Directors.

16. **Election.** The Directors shall be elected by the Voting Member.

17. **Term of Office.** The Mayor and members of Council shall be elected for the term of Council. Directors (other than the Mayor and members of Council) shall be elected for a term of office of four (4) years, provided that such Directors shall continue in office until their successors are elected. Directors shall be eligible for re-election.

Directors (other than the Mayor and members of Council) may be elected (and retire) in rotation, but in that case no Director shall be elected for a term of more than five (5) years and at least three (3) Directors shall retire from office in each year.

18. **Quorum.** A majority of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. Notwithstanding vacancies in the Board of Directors, the remaining Directors may exercise all the powers of the Board of Directors so long as a quorum of the Board of Directors remains in office.

19. **Qualification.** A person may, with his or her consent in writing, be a Director of DMC even though the person is not a member of DMC. The office of a Director shall be vacated immediately:

- (a) if the Director resigns office by written notice to DMC, which resignation shall be effective at the time it is received by DMC or at the time specified in the resignation, whichever is later;

- (b) if the Director dies or becomes bankrupt;
 - (c) if the Director is found to be incapable of managing property by a court or under Ontario law; or
 - (d) if the Voting Member removes the Director before the expiration of the Director's term of office.
20. **Resignation.** A Director may resign the office of Director by notice in writing to DMC.
21. **Vacancies.** Any vacancy occurring on the Board of Directors may be filled for the remainder of the term of office of such Director by the Voting Member.
22. **Removal of Directors.** The Voting Member may remove any Director before the expiration of the term of office, and may fill the vacancy of a position of Director caused by any reason for the remainder of such term.
23. **Meetings of Directors.** The Board of Directors may appoint a day or days in any month or months for regular meetings of the Board of Directors, at a place or hour to be named by the Board of Directors. There shall be at least four (4) Board of Directors meetings annually. In addition to scheduled meetings of the Board of Directors, the Chair of the Board or any two (2) Directors may at any time call a special meeting of the Board of Directors in order to address a matter of an urgent nature. Notice of such meeting shall be delivered, conveyed by telephone or transmitted by e-mail to each Director not less than twenty-four (24) hours before the meeting is to take place, or shall be mailed to each Director not less than forty-eight (48) hours before the meeting is to take place. No error or omission in giving such notice for a meeting of Directors shall invalidate such meeting or invalidate or make void any proceedings taken or had at such meeting and any Director may at any time waive notice of any such meeting and any Director may ratify and approve of any or all proceedings taken or had thereat.
- The City's Chief Administrative Officer, Commissioner, Development Services, and Director, Economic Growth, Culture & Entrepreneurship (and/or their designates) shall be entitled to receive all notices of meetings of the Board of Directors, and shall be entitled to attend (all or a portion of) a meeting of the Board of Directors at the invitation of the Chair of the Board, but shall not be entitled to vote thereat.
24. **Signed By-Laws and Resolutions in Lieu of Meeting of the Board of Directors.** Any by-law or resolution signed by all the Directors is as valid and effective as if passed at a meeting of the Board of Directors duly called, constituted and held for that purpose.
25. **Voting.** Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes. In case of any equality of votes, the Chair of the meeting shall not have a second or casting vote. All votes at any such meeting shall be taken by ballot if so demanded by any Director present, but, if no demand be made, the vote shall be taken in the usual way, by assent or dissent. A declaration by the Chair of the meeting that a resolution has been carried and an entry to that effect in the minutes shall be proof of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

26. **Remuneration of Directors.** The Directors of DMC shall serve without remuneration, and no Director shall directly or indirectly receive any profit from the position as such; provided that a Director may be paid reasonable expenses incurred in the performance of the duties as a Director.

27. **Indemnity of Directors and Officers.** Subject to the provisions of the corporate statute governing DMC, every Director or officer of DMC and the heirs, executors and administrators and, estate and effects, respectively of such Director or officer shall from time to time and at all times, be indemnified and saved harmless out of the funds of DMC from and against:

- (a) all costs, charges and expenses whatsoever which such Director or officer may sustain or incur in or about any action, suit or proceeding which is brought, commenced or prosecuted against such person, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by such person, in or about the execution of the duties of office;
- (b) all other costs, charges and expenses which such person may sustain or incur in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by such person's own wilful neglect or default.

28. **Protection of Directors and Officers.**

- (a) No Director or officer of DMC shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to DMC through the insufficiency or deficiency of title to any property acquired by order of the Board of Directors for or on behalf of DMC or for the insufficiency or deficiency of any security in or upon which any of the moneys of DMC shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or DMC with whom any moneys, securities or effects of DMC shall be deposited, or for any loss, conversion, misapplication or misappropriation of or damage resulting from any dealings with any moneys, securities or other assets belonging to DMC or for any loss occasioned by any error of judgment or oversight on such person's part or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of the office or in relation thereto unless the same shall happen by or through such person's own wilful neglect or default or conduct outside the course and scope of his or her duties as a Director or officer of DMC.
- (b) The Directors may rely upon the accuracy of any statement or report prepared by DMC's auditor, and shall not be responsible or held liable for any loss or damage resulting from any actions based upon such statement or report.

29. **Business Plans and Budgets.** Subject to Section 46 (Governance Framework) and any agreement with the Voting Member, the creation and management of business plans and an annual operating budget will be the responsibility of the Board of Directors for provision to and approval by the Voting Member.

30. **Policies and Procedures.** Subject to Section 46 (Governance Framework) and any agreement with the Voting Member, the Board of Directors shall prepare corporate policies and procedures or adopt the Voting Member's policies and procedures.

COMMITTEES AND ADVISORS

31. **Committees.** The Board of Directors may appoint such committees as it, from time to time, considers advisable.

32. No committee shall have the power to act for or on behalf of DMC or otherwise commit or bind DMC to any course of action. Committees shall only have the power to make recommendations to the Board of Directors, or to the Voting Member, as the Board may, from time to time, direct. Members of committees need not be members of the Board of Directors. The chair of each committee shall submit to the Board of Directors such reports as the Board may, from time to time, request, but, in any event, each chair shall submit an annual report to the Board of Directors. at such time as the Board may, from time to time, determine.

33. **Advisors.** The Board of Directors may from time to time retain advisors to serve DMC, with such duties and for such terms, as the Board deems advisable.

OFFICERS

34. **Appointment.** The Board of Directors shall annually, or more often as may be required, elect from among themselves a Chair of the Board (who shall be the President for the purposes of the *Corporations Act*), a Secretary, and a Treasurer. The Board of Directors may appoint such other officers as the Board may from time to time determine.

35. **Vacancy.** A vacancy occurring from time to time in these offices may be filled by the Board of Directors. One person may hold more than one office except that of the Chair of the Board and Secretary, and any person who holds both the office of Secretary and Treasurer, may be known as the Secretary-Treasurer.

36. **Chair of the Board.** The Chair of the Board shall, when present, preside at all meetings of the Board of Directors. The Chair of the Board and the Secretary (or other officer appointed by the Board of Directors for the purpose), shall sign all by-laws. The Chair of the Board shall perform such other duties as may from time to time be determined by the Board. During the absence or inability of the Chair of the Board, the Chair of the Board's powers and duties may be exercised by the Vice-Chair of the Board (if applicable), or such other Director as the Board may from time to time appoint for the purpose.

37. **Secretary.** The Secretary shall give or cause to be given all meeting notices required to be given to Members, Directors and the auditor, shall attend all meetings of the Board of Directors and all Members' meetings, and shall enter or cause to be entered in books kept for that purpose minutes of all proceedings at such meetings, shall be the custodian of all books, papers, records, documents and other instruments belonging to DMC, and shall perform such other duties as may from time to time be prescribed by the Board of Directors.

38. **Treasurer.** Subject to any agreement with the Voting Member, the Treasurer shall keep full and accurate accounts of all receipts and disbursements of DMC in proper books of account and shall deposit all moneys or other valuable effects in the name and to the credit of DMC in such bank or banks as may from time to time be designated by the Board of Directors, shall disburse the funds of DMC under the direction of the Board of Directors, and shall render to the Board of Directors at the regular meetings thereof whenever required an account of all of transactions as Treasurer, and of the financial position of DMC and shall also perform such other duties as may from time to time be determine by the Board.

39. **Other Officers.** The duties of all other officers shall be such as the terms of their appointment call for, or the Board requires of them. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.

40. **Variation of Duties.** The Board, may from time to time, vary, add to or limit the powers and duties of any officer or officers.

41. **Term of Office.** The term of office of each officer shall be such as the terms of their appointment provide, provided that the Board may remove any officer and elect or appoint a successor to serve for the remainder of the term.

42. **Remuneration.** Officers shall serve without remuneration and officers shall not directly or indirectly receive any profit from their positions as such; provided that officers may be reimbursed for reasonable expenses incurred by them in the performance of their duties.

CONFLICTS OF INTEREST – DIRECTORS, OFFICERS AND ADVISORS

43. **Municipal Conflict of Interest Act.** The Directors and officers of DMC shall be deemed to be “members” for the purposes of the *Municipal Conflict of Interest Act* (Ontario), or any successor or replacement legislation.

44. **Conflicts of Interest.**

- (a) A Director, officer or advisor who has a real or perceived direct or indirect interest in a contract, act, transaction, or proposal with DMC, whether direct or indirect, shall disclose their interest to the Board of Directors in accordance with the provisions of the corporate statute governing DMC.
- (b) Where a Director has disclosed a conflict of interest with DMC the Director shall not debate or vote on the matter that is the subject of the conflict.
- (c) Where an officer or advisor has disclosed a conflict of interest with DMC the officer or advisor shall not advise on the matter that is the subject of the conflict.
- (d) Subject to compliance with the law, and subject to compliance with the conflict of interest provisions in this by-law, no contract or arrangement entered into by or on behalf of DMC in which a Director is directly or indirectly interested shall be

voided or voidable, and no Director shall be liable to account to DMC or its Members or creditors for any profit realized from any contract or arrangement by reason of any fiduciary relationship.

- (e) Where a Director has failed to comply with the conflict of interest provisions of this by-law and where a contract or arrangement has been entered into with DMC, the contract may be deemed to be voided or voidable and the Director may be liable to account to DMC or its Members or creditors for any profit realized from the contract or arrangement by reason of a fiduciary relationship.
- (f) The Board of Directors in its discretion may submit any contract, act, transaction, or proposal with DMC for approval or ratification by the Voting Member and, subject to the provisions of the corporate statute governing DMC, any such contract, act, transaction, or proposal that shall be approved or ratified or confirmed by the Voting Member shall be valid and binding upon DMC.
- (g) A Director, officer or advisor of DMC who has a real or perceived direct or indirect interest in a contract, act, transaction or proposal with the City shall disclose this to the Board of Directors. When any City employee or any individual appointed by the City who is carrying out his or her duties with respect to City business or with respect to DMC in the capacity as a Director or officer of DMC, such City employee or individual appointed by the City shall not be deemed to have a conflict of interest.
- (h) Where a Director, officer or advisor has disclosed a conflict of interest with the City the person shall not debate, vote or advise DMC on the matter, nor shall the Director, officer or advisor lobby, advise or make recommendations to Council on the matter that is the subject of the conflict.

AUDITOR AND AUDITS

45. **Auditor.** The Auditor for the City (or designate) shall be the auditor for DMC, and shall have all of the rights and powers of an auditor provided under the *Municipal Act* (Ontario).

GOVERNANCE FRAMEWORK

46. **Governance Framework.** The Voting Member may establish a corporate governance framework for decision-making, strategic planning, budget and business plans, and corporate policies for DMC.

EXECUTION OF DOCUMENTS

47. **Execution.** Subject to Section 46 (Governance Framework) or any agreement with the Voting Member, the Board of Directors shall establish a policy regarding authority to sign, in the name and on behalf of DMC, all instruments in writing, and any instruments in writing so signed shall be binding upon DMC without any further authorization or formality.

BORROWING

48. **Borrowing.** Subject to the limitations (if any) set out in the corporate statute governing DMC, this by-law, or any agreement with the Voting Member, and only with the approval of the Voting Member, the Board of Directors may:

- (a) borrow money on the credit of DMC;
- (b) issue, sell or pledge securities of DMC; or
- (c) charge, mortgage, hypothecate or pledge all or any of the real or personal property of DMC including book debts, rights, powers, franchises and undertakings, to secure any securities or any money borrowed or other debt or any other obligation or liability of DMC.

BANKING

49. **Accounts.** Subject to any agreement with the Voting Member, the City Treasurer shall open a corporate bank account(s) for DMC and facilitate all payment transactions and deposits. The Treasurer of DMC shall sign-off on invoices to be paid and/or request the City Treasurer to produce cheques, payments or deposits, and such other financial transactions as required and as directed by the DMC Board of Directors.

50. **Signing Authority.** The Chair, the Treasurer and the Secretary, and/or such other persons approved by the Board of Directors from time to time, shall be signing officers of DMC with respect to banking matters.

BOOKS AND RECORDS

51. **Books and Records.** The Directors shall see that all necessary books and records of DMC, required by this by-law any applicable law, are regularly and properly kept.

FISCAL YEAR

52. **Fiscal Year.** The fiscal year of DMC shall terminate on the 31st day of December in each year.

DISSOLUTION

53. **Dissolution.** Upon the dissolution of DMC, after the payment of all the debts and liabilities of DMC, its remaining property shall be distributed and disposed of to the City, as a municipal government and the Voting Member.

ENACTED this _____ day of _____, 2020.

Chair of the Board of Directors

Secretary



Report to: Development Services Committee

Meeting Date: April 21, 2020

SUBJECT: **Recommendation Report**
 Demolition of Non-Heritage Portions of a Property
 Designated under Part IV of the Ontario Heritage Act
 10225 Kennedy Road
 Robinson Glen Secondary Plan Area, Ward 6

PREPARED BY: George Duncan, CAHP, Senior Heritage Planner, ext. 2296

REVIEWED BY: Regan Hutcheson, MCIP, RPP, CAHP
 Manager of Heritage Planning, ext. 2080

RECOMMENDATION:

- 1) That the report titled “Recommendation Report, Demolition of Non-Heritage Portions of a Property Designated Under Part IV of the Ontario Heritage Act, 10225 Kennedy Road, Robinson Glen Secondary Plan Area, Ward 6, File No. 19 102709 DP”, dated April 21, 2020, be received;
- 2) That Council endorse the demolition of the non-heritage portions of the dwelling known as the Homer Wilson Farmhouse;
- 3) That the non-heritage portions of the building be carefully removed with manual demolition of selected areas adjoining the heritage building, to ensure no accidental damage by machine operation occurs;
- 4) That a plan or description of how any openings (windows and doors) in the heritage building are to be secured once the non-heritage portions of the building have been removed be provided by the applicant, prior to the issuance of the demolition permit, to the satisfaction of the Manager of Heritage Planning;
- 5) That any issues with openings, roofing, rain gutters/downspouts, soffits and fascia be addressed to ensure that the heritage building remains in stable condition until its future restoration occurs;
- 6) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To recommend that Council support the application for demolition of the non-heritage portions of the vacant dwelling at 10225 Kennedy Road known as the Homer Wilson Farmhouse, within the Robinson Glen Secondary Plan Area, to address property standards issues.

BACKGROUND:**The Homer Wilson Farmhouse is a designated cultural heritage resource**

The subject property, owned by Fieldgate Developments, is located within the Robinson Glen Secondary Plan area of the North Markham Planning District. The property is designated under Part IV of the Ontario Heritage Act, By-law 2008-22. The Homer Wilson Farmhouse, c.1900, is one of three protected cultural heritage features at 10225 Kennedy Road, which also includes the Pingle Farm Cemetery and the J. P. Carr Cottage (Figure 2).

The property is vacant pending future development

The Homer Wilson Farmhouse is currently in a vacant state, awaiting its incorporation into future development, in accordance with the Markham Official Plan 2014 and Secondary Plan policies.

A demolition permit application has been submitted for the removal of non-heritage portions of the Homer Wilson Farmhouse

In 2019, By-law Enforcement staff conducted a series of inspections on properties where vacant heritage buildings are located. This action was initiated after Council passed amendments to the Property Standards By-Law and Keep Markham Beautiful By-Law with special provisions regarding the treatment of heritage buildings. The subject property was inspected and it was found that the frame additions to the rear wing of the heritage building were in very poor condition.

The property owner advised staff that due to the deteriorated condition of the additions, and their non-heritage status, their intention is to remove them rather than repair them. They have applied for a demolition permit for the removal of selected portions of the vacant dwelling (illustrated in Figure 3).

OPTIONS/ DISCUSSION:**The Ontario Heritage Act requires Council to consider all demolition applications for designated properties**

Although the portions of the building intended to be demolished are not considered to possess cultural heritage value, as a property designated under Part IV of the Ontario Heritage Act, according to Section 34 (1) of the Act, an owner is required to obtain a permit from the municipality to:

1. alter any part of the property other than the interior
2. erect, demolish or remove any building or structure on the property or permit the erection, demolition or removal.

The Act allows a municipality to delegate its power to grant permits for the alteration of an individually-designated property to an employee or official of the municipality. Council has approved such a by-law delegating its power for the approval of alterations to the Manager of Heritage Planning. However, the City's Legal staff, has determined that the delegation authority does not include applications for demolition or removal. Therefore, all applications for demolition of designated buildings or parts of buildings, whether of cultural heritage value or not, must be considered by Council.

Staff has no objection to the proposed demolition of the non-heritage portions of the Homer Wilson Farmhouse

Staff supports the proposed removal of the non-heritage portions of the vacant Homer Wilson Farmhouse in response to property standards issues. No parts of the building proposed to be demolished are included in the Statement of Significance.

Heritage Markham reviewed the application at its meeting of March 11, 2020

The Heritage Markham Committee reviewed the application for partial demolition at its meeting of March 11, 2020 and had no objection to the removal of the non-heritage portions of the Homer Wilson Farmhouse, subject to conditions relating to the method of removal, securing of any opening exposed after removal, and repairs to the heritage building to ensure it is kept in a stabilized state pending future restoration. These conditions have been incorporated into the recommendations in this Staff Report.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

None

HUMAN RESOURCES CONSIDERATIONS

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

The demolition request was reviewed by Heritage Markham, Council's advisory committee on heritage matters.

RECOMMENDED BY:

Biju Karumanchery, M.C.I.P., R.P.P.
Director, Planning & Urban Design

Arvin Prasad, MPA, RPP, MCIP
Commissioner, Development Services

ATTACHMENTS:

Figure 1: Applicant & Location Map

Figure 2: Building Photograph

Figure 3: Diagram Showing Portions of the Building to be Removed

FILE PATH: Q:\Development\Heritage\PROPERTY\KENNEDY\10225\DSC March 30 2020.doc

FIGURE 1**APPLICANT NAME & LOCATION MAP**

APPLICANT/OWNERS: Fieldgate Developments

LOCATION MAP

FIGURE 2
BUILDING PHOTOGRAPH



J. P. Carr Cottage (left), Homer Wilson Farmhouse (centre)
Additions to be Removed (right – white siding)

FIGURE 3**Portions of Building to be Removed/Demolished**



Celebrate Markham Action Plan

April 21, 2020



Background

- Certain event/program organizers have contacted the City for information about the City's position with respect to Celebrate Markham, specifically regarding:
 - The possibility of financial relief for organizers who have had to cancel events due to the COVID-19 disruption and who have incurred unrecoverable/non-deferrable expenses
 - The implications of altering a proposed project that was supposed to occur in-person to a virtual format
- Decisions about funding approvals/allocations to organizations for the April 1, 2020 to March 31, 2021 funding year have not yet been made – progress on this report to Council was put on hold when the disruption and a Provincial emergency was declared



Background continued

- At this point in time, there is insufficient data for staff to finalize a recommendation about financial relief without any tangible details on impact/exposure
- The recommended action plan requires that staff gather more information directly from event/project organizers and applicants before making recommendations to Council
- A report with final recommendations will then be drafted and submitted for Council consideration at the next possible DSC meeting



Recommended Actions

1. Staff will proactively send an update/inquiry email communication to all eligible applicants asking them to indicate the status of their proposed project among the following three possibilities:
 - a) **Cancelled** – For organizations that have had to cancel events due to COVID-19 and as a result have incurred unrecoverable/non-deferrable expenses ("sunk costs"), we would like to understand the details of those expenses, so we may begin to explore possible options.
 - b) **Postponed** – Applications can be processed as normal but recommend that any in-person projects be postponed beyond June 30, 2020. Closer to that date, proposals will be reassessed to determine if public health directives have changed.
 - Note: Any planned postponement beyond March 31, 2021 will be given consideration as part of the next Celebrate Markham funding cycle (a new application form will not be required).



Recommended Actions

1. Continued:
 - c) **Switch to virtual delivery** – Staff will request a revised budget, workplan, estimated impact (# of participants and economic impact to the community) and the proposed virtual platform.
 - Note: switching to a virtual option for a proposed project may result in a change to the amount of funding an organization would otherwise be eligible for, depending on the revised budget, workplan and estimated impact (and to remain consistent with established Celebrate Markham guidelines).
2. For applicants under the Seniors Clubs category – we recommend that those applications be processed as normal, since funding of projects in that category are for year-round programming.



Recommended Actions

3. Only those organizations who would have otherwise been eligible to be considered for the current funding cycle (April 1, 2020 to March 31, 2021) will be contacted. Ineligible applications will not be contacted.
4. Organizations should be given two weeks to respond, otherwise their application will be processed as originally received. Staff will follow-up by email and phone after 1-week for organizations who have not responded
5. In order to process information in a timely manner, additional staff from other departments will need to be re-deployed to assist.
6. Staff will analyze submitted information within 1-2 weeks after receipt from organizers and formulate final recommendations for Council
7. Final Recommendations will be provided in a report to Council, pending the information received from this recommended plan of action. This report will be targeted for presentation by early-mid June, 2020



Report to: Council Meeting

Meeting Date: April 28, 2020

SUBJECT: Whistle Cessation (Packages 1, 2 and 3) – Project and Financial Update (Wards 3, 4, 5 & 8)

PREPARED BY: Alain Cachola, Senior Manager, Infrastructure and Capital Projects, Ext. 2711

RECOMMENDATION:

1. That the Staff report entitled “Whistle Cessation (Packages 1, 2 and 3) – Project and Financial Update (Wards 3, 4, 5 & 8)”, be received; and
2. That Purchase Order PD 18118 issued to Grascan Construction Ltd., for the construction of Whistle Cessation Package 2 be increased by \$877,259.88, inclusive of HST, to cover the project overrun and delay claims for the project; and
3. That Purchase Order PD 18210 issued to Grascan Construction Ltd., for the construction of Whistle Cessation Package 3 be increased by \$102,194.95, inclusive of HST, to cover the delay claim for the project; and
4. That the additional Engineering Department Capital Administration Fee in the amount of \$102,432.34, inclusive of HST, be approved to cover the additional effort from Staff to administer the project; and
5. That the additional project costs in the amount of \$1,081,887.17 (\$877,259.88 + \$102,194.95 + \$102,432.34) be funded from the following sources;
 - a. Project 16053 Anti-Whistling - Stouffville GO Line (\$412.60)
 - b. Project 17038 Anti-Whistling 2017 (73,658.00)
 - c. Regional Municipality of York (\$170,094.42)
 - d. Ramp Up Reserve (\$837,722.15); and
6. That the 2017 Engineering Department Capital Account 17038 (Anti-Whistling 2017) be increased by \$1,007,816.57, inclusive of HST, from \$5,433,414.50 to \$6,441,231.07, as identified in recommendations 5c and 5d; and
7. That Staff continue to review the final cost sharing summary of the project with Regional Municipality of York, and if required, the CAO be authorized to approve the final project cost; and
8. That the Regional Municipality of York be requested to pay its share of the project overrun and delay claim in the amount of \$170,094.42; and further,
9. That Staff be authorized and directed to do all things necessary to give effect to this resolution;

EXECUTIVE SUMMARY:

The whistle cessation project is a joint project between the City of Markham, the Regional Municipality of York (“York Region”) and Metrolinx. In September 2015, Markham Council authorized Staff to initiate the implementation of whistle cessation at 13 crossing locations along the Stouffville GO Line. Since that time, staff has reported at least nine (9) times between 2015 to 2018 to Development Services Committee and Council on budget, project progress and various challenges, authority to enter into MOU

and agreements, passing the whistle cessation bylaw, etc. Most of these meetings were attended by the public and deputations were made.

The studies which identified the safety measures required for whistle cessation implementation were completed in 2016 and the detailed design commenced thereafter. The project was split into three (3) construction contracts, as identified further in this report, with the construction work commencing in November 2017, and concluding in September 2019. Whistle cessation was implemented as follows: (September 2018 – 7 locations, November 2019 – 4 locations and February 2020 – 2 locations).

There were a number of challenges encountered during the construction of the project (i.e. work plan approvals, flagging availability, coordination with other Metrolinx projects, etc.) which resulted in delays. In addition, extra effort was required by all parties involved to navigate issues and challenges and deliver the project. As a result of the delays and challenges, additional effort was required from City Staff, consultants, contractors and Metrolinx. The details of the issues and challenges encountered during the project are discussed further in this report.

This report identifies the additional efforts and associated costs required to complete the project.

Staff request that the project budget be increased by \$1,007,816.57, for the additional costs associated with the whistle cessation project.

PURPOSE:

The purpose of this report is to obtain Council authority to:

- Increase the PO PD 18118 for Grascan Construction Ltd., for the construction of Whistle Cessation Package 2 in the amount of \$877,259.88, inclusive of HST, to cover the project overrun and delay claims for the project
- Increase the PO PD 18210 for Grascan Construction Ltd., for the construction of Whistle Cessation Package 3 in the amount of \$102,194.95, inclusive of HST, to cover the delay claims for the project
- Approve the additional Engineering Department Capital Administration Fee in the amount of \$102,432.34, to cover the additional effort from Staff to administer the project
- Increase the 2017 Engineering Department Capital Account 17038 (Anti-Whistling 2017) in the amount of \$1,007,816.57, inclusive of HST, for the additional costs associated with the whistle cessation project, and to be funded from the following accounts / reserves:
 - Regional Municipality of York (\$170,094.42)
 - Ramp Up Reserve (\$837,722.15)

BACKGROUND:

On September 28, 2015, Council passed a resolution to provide safety measures to implement train whistle cessation along the Uxbridge Subdivision (Stouffville GO Line) for 13 crossings within the urbanized part of Markham. These 13 crossing locations are listed below. Of these 13 crossings, 6 crossings are under the jurisdiction of York Region.

Package 1	Package 2	Package 3
Eureka Street	*Hwy 7	Denison Street
*Major Mackenzie Drive	*McCowan Road	*16th Avenue
Main Street, Markham	Bur Oak Avenue	
Castlemore Avenue	*Kennedy Road (South)	
*Kennedy Road (North)	Main Street, Unionville	
	Snider Drive	

*York Region crossing locations

Budget and Cost Sharing

On November 21, 2016, Staff provided the updated cost estimate of the whistle cessation project to Council, as well as the following proposed cost sharing model amongst the City of Markham, York Region and Metrolinx:

Organization	Share of Costs
City of Markham	\$ 2.30M
York Region	\$ 3.80M
Metrolinx	\$ 0.098M
Total:	\$ 6.198M

A Capital Budget was approved in 2016 (Account 16053) and in 2017 (Account 17038) to fund the proposed work. A Memorandum of Understanding (MOU) was entered into by the City of Markham, York Region and Metrolinx on January 1, 2018, which stipulates the details of the proposed work and cost share.

Detailed Design and Contract Administration

In June 2016, the detailed design and contract administrations services for the whistle cessation project was awarded to WSP Canada. The scope of work included the design of the whistle cessation safety infrastructure required for the 13 grade crossings, preparation of the tender documents, coordination with Metrolinx and its third party reviewer (AECOM) to ensure that all design work was completed to the satisfaction of Metrolinx (the owner of the railway corridor at the location of the crossings) and any applicable standards, and secure all permits for construction. The scope of work also included management and administration of the delivery of the whistle cessation project, which includes site inspection, design changes, coordination with all approval agencies

prior to and during construction, certification and preparing documentation and as-constructed drawings.

Third Party Peer Reviewer

As part of the detailed design exercise, Metrolinx required the City to retain a Metrolinx-approved third party peer reviewer to review the detailed design for the project. In February 2017, AECOM was retained by the City for this purpose. AECOM approved the detailed design on behalf of Metrolinx. In addition, AECOM also represented Metrolinx during the construction and implementation of the whistle cessation project.

Construction was completed through Three Contracts

Upon completion of the detailed design, Staff reviewed the schedule of the delivery of the proposed 13 locations. The construction work required to complete the project was divided into three (3) different contracts, as follows:

- Package 1 contract was awarded to Aquatech Solutions Inc. in September 2017. The proposed work was mostly civil related which included construction of sidewalks, signage, pavement markings, and maze barriers at five (5) locations as shown in the table above.
- Package 2 contract was awarded to Grascan Construction Ltd. in April 2018. The proposed work was a combination of civil works (i.e. similar to Package 1) and pedestrian gate installation at six (6) locations as shown in the table above.
- Package 3 contract was awarded to Grascan Construction Ltd. in June 2018. The proposed work was a combination of civil works and pedestrian gate installation. The two (2) locations include Denison Street and 16th Avenue as shown in the table above.

As part of the construction work, the contractors were required to submit work plans to Metrolinx / AECOM in order to be allowed to work within the Metrolinx right-of-way. There are stringent requirements for the work plan which resulted in multiple submissions and delays to the project. The challenges during the construction work are discussed further in this report. The governance structure of this project is shown in Attachment 'A'.

Metrolinx Flagging Requirements

One of the requirements for the construction work is for the contractor to request approval for the flagging required to conduct the work within the Metrolinx right-of-way. Flagging is a specialized type of work and Metrolinx had only two (2) approved contractors who were able to provide the flagging services on the Metrolinx corridor. The costs of the flagging was only an estimate at the time of award of the contracts and the City issued payments to Metrolinx flagging based on the original schedule of work.

OPTIONS/ DISCUSSION:

Original Project Schedule

The project was designed as one project, but was divided into three (3) separate construction contracts (“Package 1”, “Package 2” and “Package 3”) to expedite the project schedule. The design for Package 1 was mostly civil work (i.e. maze barriers) and did not require pedestrian gates installation and electrical signal work. Package 2 locations were mostly for pedestrian gate works and Package 3 was for locations that require a more time to design and obtain approval from Metrolinx / AECOM. When the construction tenders were issued, the original schedule to complete the project was as follows:

Table 1 – Original Project Schedule

Project Name	Original Schedule
Package 1	40 days
Package 2	40 days
Package 3	15 Days

The dates as noted above were the estimated time lines identified by the consultant based on information during the time of tendering, and did not accurately reflect delays due to the project challenges and issues as described below.

Project Challenges and Issues

Prior to the start of construction for the project, Staff identified the following challenges associated with the delivery of the project:

- Material delivery for the pedestrian signal warning gate system – the materials required by Metrolinx for the pedestrian crossings were not readily available and had to be specially ordered from specific manufacturers in the United States. These specialized orders required long lead time for ordering, manufacturing and delivery.
- Design Review and Permit issuance and review process, by third party peer reviewer (AECOM) and Metrolinx, required multiple steps. For example, the approval of pedestrian signal design took over 4 months to finalize due to stringent requirements from Metrolinx and its third party peer reviewer. There were a number of requirements that had to be reviewed and resubmitted to ensure that the design was compliant to Metrolinx’s requirements.
- To further delay matters, flagging was limited due to other Metrolinx priorities on their projects. In addition, during the construction of the three (3) packages, Metrolinx had a number of major project improvements within the Stouffville GO Line (i.e. Steeles Grade Separation, Double Tracking work, Track Improvements, Station Improvements, etc.) which lead to delays. Metrolinx was also expanding

the rail system throughout its network and Metrolinx capital projects including any emergencies, had priority for flagging over all other projects. Flagging is booked on a weekly basis and any cancellation of flagging is a delay for at least one to two weeks. On several occasions, flagging was confirmed for the whistle cessation project, but was cancelled at the last minute to support other Metrolinx projects.

- Service change from Metrolinx (i.e. frequency of trains) increased during the timeframe of this project, including the introduction of weekend services. As result of the additional service levels, some of the works required for the whistle cessation had to be carried out during limited night-time hours (12am to 5am) as required by Metrolinx. This created delays and extra time to complete the project.
- Inclement weather during construction also meant that contractor was not able to complete the work in a timely manner. In addition, due to these delays, some of the works had to be completed during the winter months in order to deliver the project. Completing the work during the winter months provided its own challenges (i.e. reduced daylight, climate and personal protection, etc.) which resulted in additional costs.
- Design related issues also resulted in delays for the project. As-built information for existing electrical signal system control boxes (bungalows) were found to be different than what was constructed. The discrepancies were not revealed until the construction had commenced, which resulted in the contractor being delayed, while the consultant and Metrolinx confirmed the as-built information. As a result, the re-design, review and approval processed had to be repeated. There were also a number of new design requirements / clarifications, change of materials from Metrolinx and their third party reviewer during the construction which resulted in further delays.
- Implementation requirements from Metrolinx, especially at locations with pedestrian crossings, were delayed due to requirements from Metrolinx and their third party reviewer. A number of inspections and modifications were required to be completed to ensure that all safety requirements were confirmed prior to implementation of whistle cessation.

During the construction period, the above challenges required substantial time and effort from Staff, consultant and contractor to address these issues. The original schedules and timelines as identified above were no longer valid as result of these challenges. The actual dates required to complete the project are as follows:

Table 2 – Actual Project Duration

Project Name	Original Schedule	Actual Days
Package 1	40 days	200 days
Package 2	40 days	240 days
Package 3	15 days	60 days

Metrolinx Flagging Costs

As a part of the Metrolinx approval process, the City was required to issue payment to Metrolinx, prior to start of the work, to cover the anticipated flagging costs for the project. The amount issued to Metrolinx was based on the original construction schedule for each project, as estimated by the consultant.

All three packages substantially exceeded the original estimated days for construction as noted above.

Staff has reviewed and validated the submitted dates for the flagging, and the flagging costs as shown in the Table 5 are accurate.

Consultant Fees (Design / Contract Administration and Third Party Peer Review)

The original scope of work for the design consultant (WSP) was to complete the detailed design and administer the construction contract of the whistle cessation project. The cost increase in the consultant fees are due to multiple design submissions to Metrolinx / AECOM, and due to more time and effort required in administering the contract as well as the inspections required for the work.

The original scope of work for the third party peer reviewer (AECOM) was to review and approve the original design, on behalf of Metrolinx. During the design review, approval and construction processes, a number of changes were required to the original design which resulted in additional review and approval time by AECOM.

Staff has reviewed the additional AECOM and WSP consultant fees and have confirmed that the additional fees are reasonable and proper supporting documentation has been provided.

Package 1 – Construction

This contract was originally scheduled to be completed in 40 working days, as originally estimated by the consultant. However, due to the challenges as noted above, particularly with the work permit approval and flagging availability challenges of Metrolinx, the project was delayed and the work took 200 days to complete.

Package 1 work was completed in September 2018, and whistle cessation was implemented at the following crossing locations on September 24, 2018:

- Eureka Street
- Major Mackenzie Drive

-
- Main Street Markham
 - Castlemore Avenue
 - Kennedy Road north

Package 2 – Construction

This contract was originally scheduled to be completed in 40 days, as originally estimated by the consultant. However, due to the challenges as noted above, particularly with the work permit approval and flagging availability, the project was delayed and the work took 240 days to complete. One of the major delays was the inspections and approvals required from Metrolinx and their third party peer reviewer to implement whistle cessation on crossings that have pedestrian gate signals. A number of technical requirements were required to be clarified prior to whistle cessation being approved at these locations.

Package 2 work was completed in July 2019. The whistle cessation was implemented at the following locations / dates:

- Main Street Unionville (September 24, 2018)
- Snider Drive (September 24, 2018)
- Kennedy Road South (November 11, 2019)
- Highway 7 (November 11, 2019)
- Bur Oak Avenue (February 20, 2020)
- McCowan Road (February 24, 2020)

Package 3 – Construction

This contract was originally scheduled to be completed in 15 days, as originally estimated by the consultant. However, due to the challenges noted above, the project was delayed and took 60 days to complete. Package 3 works were completed in September 2019. The whistle cessation was implemented at the following locations on November 11, 2019:

- Denison Avenue
- 16th Avenue

Contract Overruns and Delay Claims

As result of the delays in the project, the contractor (Grascan) for Package 2 and 3 projects submitted contract overruns and delay claims. The contractor completed the work and ensured that all requirements from Metrolinx and its third party peer reviewer were addressed. Staff has negotiated with the contractor on these claims and the recommended amounts as shown on Table 5 are the result, and proper supporting documentation has been provided.

FINANCIAL CONSIDERATION

Original Project Award Cost

The original award for the 3 packages was \$4,177,636.23. The following table shows the award amounts broken down by the three (3) construction packages and assessment of costs by organization:

Table 3 – Award Costs and Cost Share Summary

Description	Markham	York Region	Metrolinx	*Award Amount
	a	b	c	d=a+b+c
Package 1	\$ 774,982.47	\$ 394,307.46	\$ 1,300.00	\$ 1,170,589.93
Package 2	\$ 574,944.20	\$ 1,500,804.65	\$ 28,898.45	\$ 2,104,647.30
Package 3	\$ 776,254.94	\$ 112,046.42	\$ 14,097.64	\$ 902,399.00
Total:	\$ 2,126,181.61	\$ 2,007,158.54	\$ 44,296.09	*\$ 4,177,636.23

*Award amount includes all costs for the project, including but not limited to, construction, detailed design and contract administration, peer review fees, flagging costs, capital administration fees, HST, etc.

Engineering staff prepared a cost summary and identified all of the cost overruns for the project. Total final costs is \$7,239,776.65 (see Table 4), which is \$3,062,140.42 higher than the original award cost of \$4,177,636.23. These cost overrun have been reviewed and negotiated by Engineering staff and the consultants / Metrolinx / contractors. The amounts shown below represents the final negotiated amounts and assessment to each organization.

Table 4 – Final Negotiated Costs and Cost Share Summary

Description	Markham	York Region	Metrolinx	Total Cost
	a	b	c	d=a+b+c
Package 1	\$ 665,634.59	\$ 616,219.63	\$ 2,616.77	\$ 1,284,470.99
Package 2	\$ 1,512,277.22	\$ 3,158,316.87	\$ 26,060.92	\$ 4,696,655.01
Package 3	\$ 1,060,173.68	\$ 186,351.96	\$ 12,125.01	\$ 1,258,650.64
Total:	\$ 3,238,085.49	\$ 3,960,888.46	\$ 40,802.70	\$ 7,239,776.65

Engineering staff has been in discussions with York Region to confirm the final cost of the project as well as its share of the works. York Region to issue their approval of their share of costs upon completion of their review.

The total cost overrun for the project is \$3,062,140.42. A portion of this amount, \$1,980,253.24 (see Table 5) was approved for costs associated with the consultant, peer review, flagging costs and a portion of the construction cost during the construction of

the project. The approval was in accordance to the City's Purchasing By-Law and Expenditure Control Policy.

This report requests Council approval for the remaining cost overrun of \$1,081,887.18 (see Table 5), which are related to the construction work (project overrun and delay claim) and administration fees, as listed below:

Table 5 – Award Costs and Overruns

Description	Supplier	Award Amount	Approved Overrun	Remaining Overrun	Total Cost
		a	b	c	d=a+b+c
Consultant Cost	WSP	\$ 505,261.08	\$ 309,301.02	\$ 0.00	\$ 814,562.09
Peer Review	AECOM	\$ 287,461.82	\$ 192,065.64	\$ 0.00	\$ 479,527.46
Flagging Costs	Metrolinx	\$ 344,355.84	\$ 823,132.94	\$ 0.00	\$ 1,167,488.78
Construction	Grascan	\$ 2,624,742.68	\$ 655,753.64	\$ 979,454.84	\$ 4,259,951.16
Admin Fees	Markham	\$ 415,814.81	\$ 0.00	\$ 102,432.34	\$ 518,247.15
	Total:	\$ 4,177,636.23	\$ 1,980,253.24	\$ 1,081,887.18	\$ 7,239,776.65

The remaining cost overruns of \$1,081,887.18 are broken down as follows:

Table 6 – Remaining Overruns

Description	Supplier	PO Number	Original Amount	Increase
Package 2 Contract	Grascan	PD 18118	\$ 1,298,457.60	\$ 877,259.88
Package 3 Contract	Grascan	PD 18210	\$ 576,582.34	\$ 102,194.95
Capital Admin Fees			\$ 415,814.81	\$ 102,432.34
			Total:	\$ 1,081,887.18

The recommended amount of increase was negotiated by Engineering staff and the contractor (Grascan). The information as it relates to the cost overruns and delay claims were reviewed and validated by Engineering staff. The recommended amount includes a cost reduction as negotiated with the contractor. Engineering staff recommend that Council approve the PO increase as noted above in order to settle the remaining cost of the project with the contractor.

In addition to the Purchase Order increase, Engineering staff is also recommending that the budget be increased for the additional Capital Administration Fee (based on % of the total project cost) in the amount of \$102,432.34, inclusive of HST. Engineering staff required additional time and effort to manage and administer the project until completion.

There is currently partial funding available in the amount of \$74,070.60 in projects 16053 and 17038 to fund the identified overrun of \$1,081,887.18. The remaining shortfall of \$1,007,816.57 (\$1,081,887.18 - \$74,070.60) will require additional funding. Table 7 below provides a financial summary of the budget as it relates to the original award and subsequent cost overruns.

Table 7 – Financial Summary

Description	Amounts
Budget (Projects 16053 & 17038) (A)	\$6,231,960
Original Award (B)	<u>(\$4,177,636)</u>
Balance Available (C=A+B)	\$2,054,324
PO Increases Previously Authorized (D)	<u>(\$1,980,253)</u>
Current Balance Available (E=C+D)	\$74,071
Increases Requested Through Report (F)	<u>(\$1,081,887)</u>
Shortfall Requiring Additional Funding (F=E+F)	<u>(\$1,007,816)</u>

The remaining shortfall of \$1,007,816.57 will require additional budget/funding as identified in Table 8 below.

Table 8 – Available Funding and Overruns

Account No. / Description	Markham	York	Metrolinx	Total
	a	b	C	d=a+b+c
Account 16053 / 17038 Budget	\$2,367,805.67	\$3,784,183.41	\$79,971.00	\$6,231,960.08
Final Project Cost	\$3,238,085.49	\$3,960,888.46	\$40,802.70	\$7,239,776.65
Variance:	<u>(\$870,279.82)</u>	<u>(\$176,705.06)</u>	<u>\$39,168.30</u>	<u>(\$1,007,816.57)</u>
Allocate Excess Metrolinx Funds*:	\$32,557.67	\$6,610.63	\$39,168.30	\$0
Variance (offset):	<u>(\$837,722.15)</u>	<u>(\$170,094.42)</u>	<u>\$0</u>	<u>(\$1,007,816.57)</u>

*Metrolinx's final cost will be \$40,802.70. The excess funds of \$39,168.30 will be allocated towards offsetting Markham and York Region's funding shortfall.

Out of the York Region's final project share of \$3,960,888.46, the Region has paid \$683,000.00 for their share of the works (2018 invoice). An invoice for the 2019 works was issued in December 2019 in the amount of \$2,028,530.02. The remaining \$1,249,358.44 will be issued as the final invoice.

Based on the above and the principles as set out in the Memorandum of Understanding, it is recommended that the budget for the project be increased by \$1,007,816.57, inclusive of HST, and to be funded from the Ramp Up Reserve (\$837,722.15) and York Region (\$170,094.42).

ALIGNMENT WITH STRATEGIC PRIORITIES:

The completed work for the Whistle Cessation Project was required to address the growing concerns from the community as it relates to the nuisance of train whistles at public grade crossing, and the increase in the train whistle along the Stouffville GO Line. The recommendations align with the City's Strategic Plan Goals of "Safe and Sustainable Community".

BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance and Legal Departments were consulted and their comments have been addressed in this report.

RECOMMENDED BY:

Brian Lee, P.Eng.
Director of Engineering

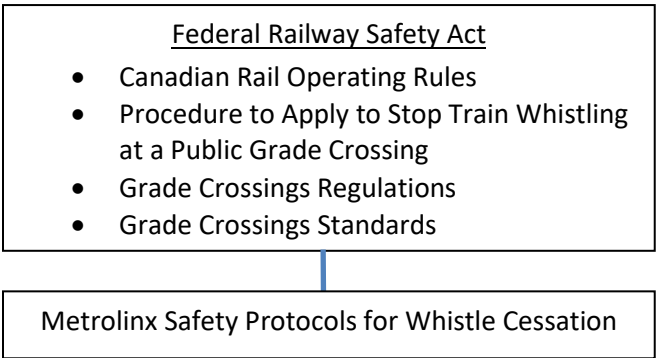
Arvin Prasad, MCIP, RPP
Commissioner, Development Services

ATTACHMENTS:

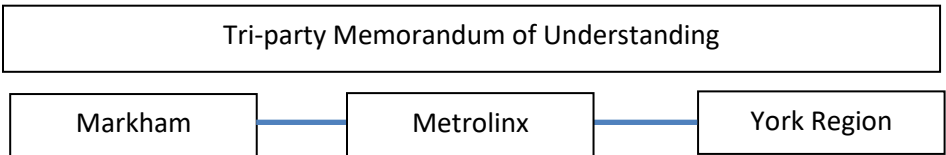
Attachment 'A' – Whistle Cessation Legislation & Governance Structure

Whistle Cessation Legislation & Governance

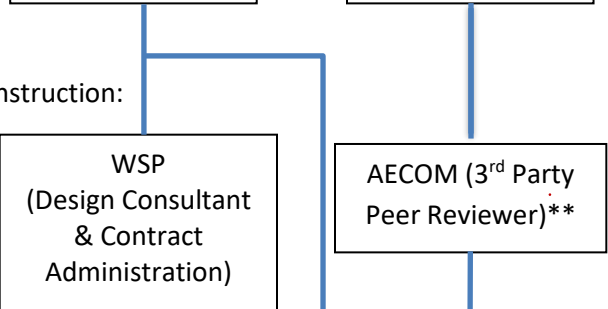
Legislation &
Design Standards



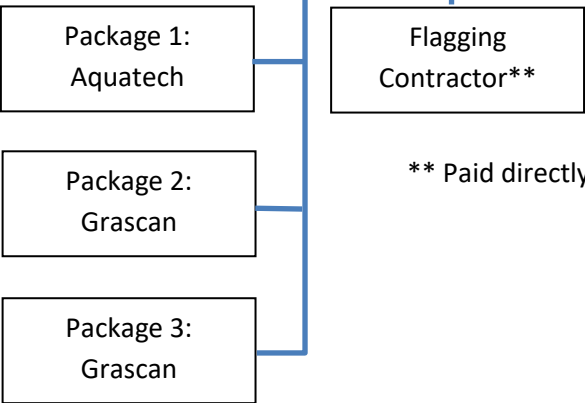
Funding Partners:



Design & Construction:



Construction Contracts:



** Paid directly by Markham

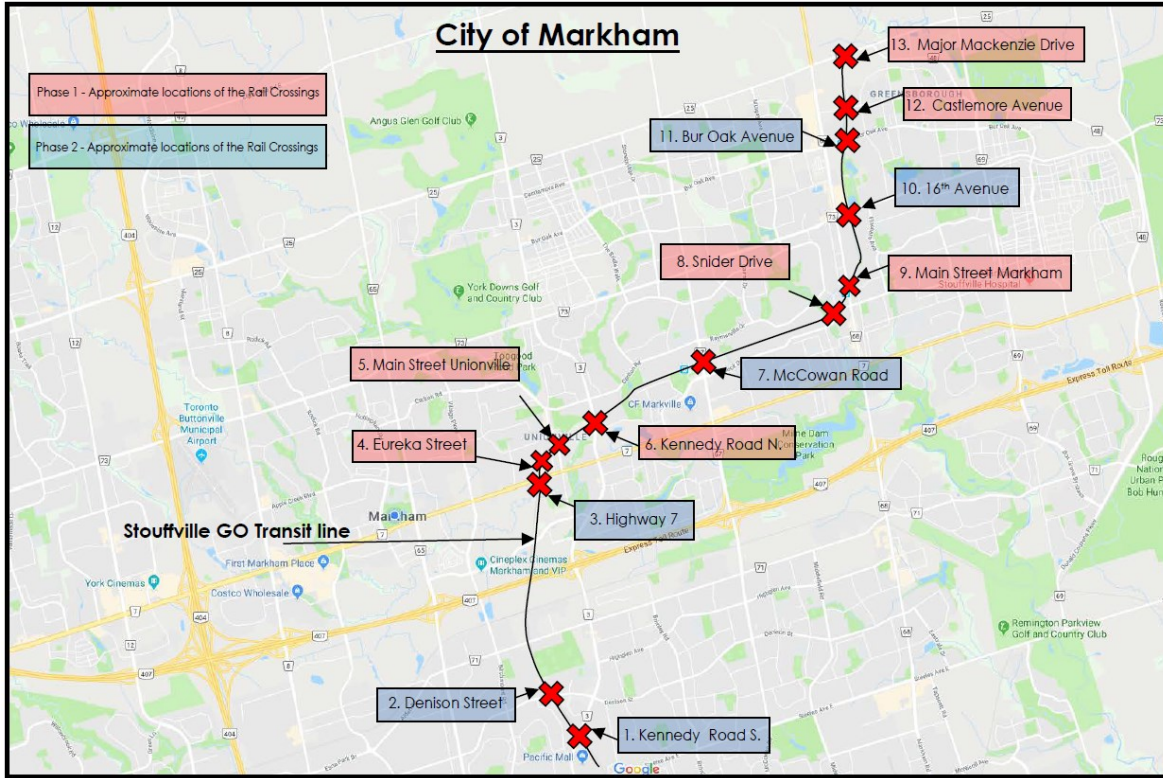
Whistle Cessation Project and Financial Update

**Development Services Committee
April 21, 2020**

Project Overview

- Whistle cessation was implemented for 13 urban at grade crossings on the Stouffville GO Line in compliance with Transport Canada legislation and Metrolinx protocol
- Formed partnership with York Region and Metrolinx under a tri-party memorandum of understanding (executed in Jan 2018)
- The project involves many parties, and both technical design and construction were complicated and challenging
- The construction was divided into 3 contract packages based on when the design was completed and approved

Map of Crossing Locations

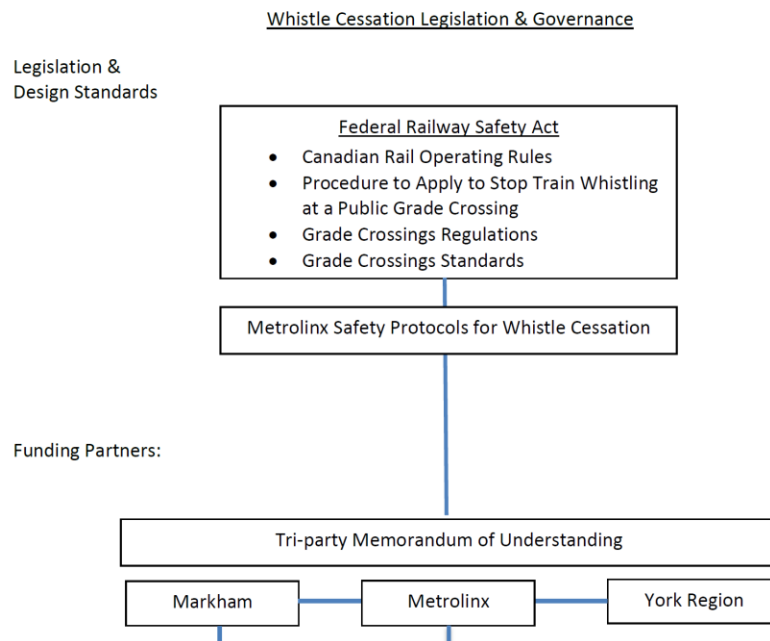


Phase 1 – Eureka, Main St Unionville, Kennedy N, Snider, Main St Markham, Castlemore, Major Mac
Implemented: Sept 2018

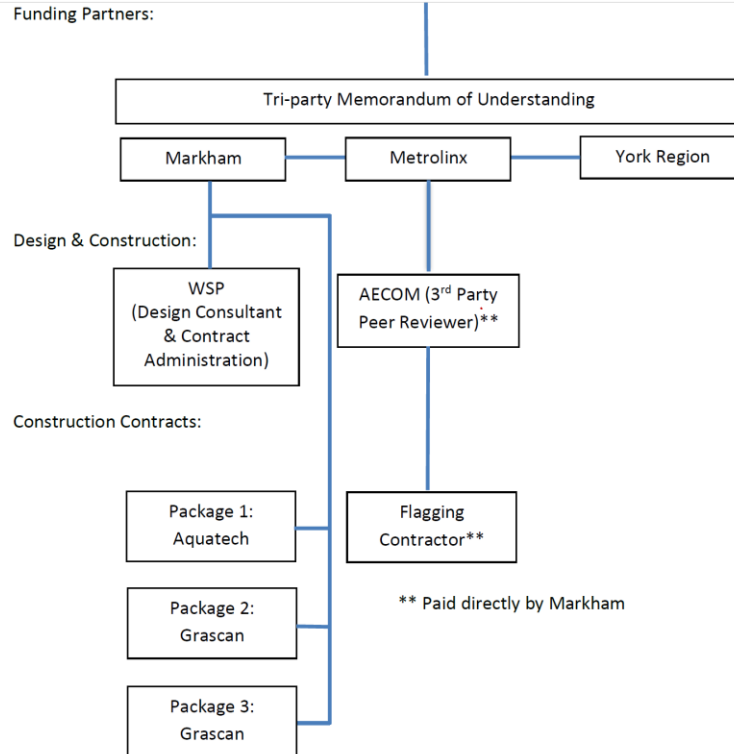
Phase 2A – Kennedy S, Denison, Hwy 7, 16th Ave
Implemented: Nov 2019

Phase 2B – McCowan, Bur Oak
Implemented: Feb 2020

Legislation & Governance (1 of 2)



Legislation & Governance (2 of 2)



Challenges with the Project

- Specialized materials required long lead time to procure
- Complicated Design Review and Permit Issuance Process
- Availability of Flagging
- Service Changes from Metrolinx eliminated weekend work
- Inclement Weather
- Design Related Issues – redesign during construction phase
- Implementation Requirements from Metrolinx

Cost Overrun and Delay Claim

Table 5 – Award Costs and Overruns

Description	Supplier	Award Amount	Approved Overrun	Remaining Overrun	Total Cost
		a	b	c	d=a+b+c
Consultant Cost	WSP	\$ 505,261.08	\$ 309,301.02	\$ 0.00	\$ 814,562.09
Peer Review	AECOM	\$ 287,461.82	\$ 192,065.64	\$ 0.00	\$ 479,527.46
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Construction	Grascan	\$ 2,624,742.68	\$ 655,753.64	\$ 979,454.84	\$ 4,259,951.16
Admin Fees	Markham	\$ 415,814.81	\$ 0.00	\$ 102,432.34	\$ 518,247.15
	Total:	\$ 4,177,636.23	\$ 1,980,253.24	\$ 1,081,887.18	\$ 7,239,776.65

Overruns are for all 3 packages except “Construction” which are for Packages 2 & 3 only.

Remaining Overrun

Table 6 – Remaining Overruns

Description	Supplier	PO Number	Original Amount	Increase
Package 2 Contract	Grascan	PD 18118	\$ 1,298,457.60	\$ 877,259.88
Package 3 Contract	Grascan	PD 18210	\$ 576,582.34	\$ 102,194.95
Capital Admin Fees			\$ 415,814.81	\$ 102,432.34
			Total:	\$ 1,081,887.18

Available Funding and Overrun

Table 8 – Available Funding and Overruns

Account No. / Description	Markham	York	Metrolinx	Total
	a	b	C	d=a+b+c
Account 16053 / 17038 Budget	\$2,367,805.67	\$3,784,183.41	\$79,971.00	\$6,231,960.08
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Variance:	(\$870,279.82)	(\$176,705.06)	\$39,168.30	(\$1,007,816.57)
Allocate Excess Metrolinx Funds*:	\$32,557.67	\$6,610.63	\$39,168.30	\$0
Variance (offset):	(\$837,722.15)	(\$170,094.42)	\$0	(\$1,007,816.57)

There is \$74,071 available funding in existing Whistle Cessation Accounts (16053 & 17038)



By-law 2020-xx

A by-law to dedicate certain lands as
part of the highways of the City of Markham

The Corporation of the Town of Markham has changed its name to The Corporation of the City of Markham by By-law No. 2012-120 enacted and passed May 29, 2012, effective July 1, 2012, as evidenced in Instrument No. YR1847438 registered June 29, 2012.

WHEREAS Part Lot 19, Concession 8, designated as Part 18, Plan 65R-30379 was conveyed to The City of Markham, Regional Municipality of York for public use.

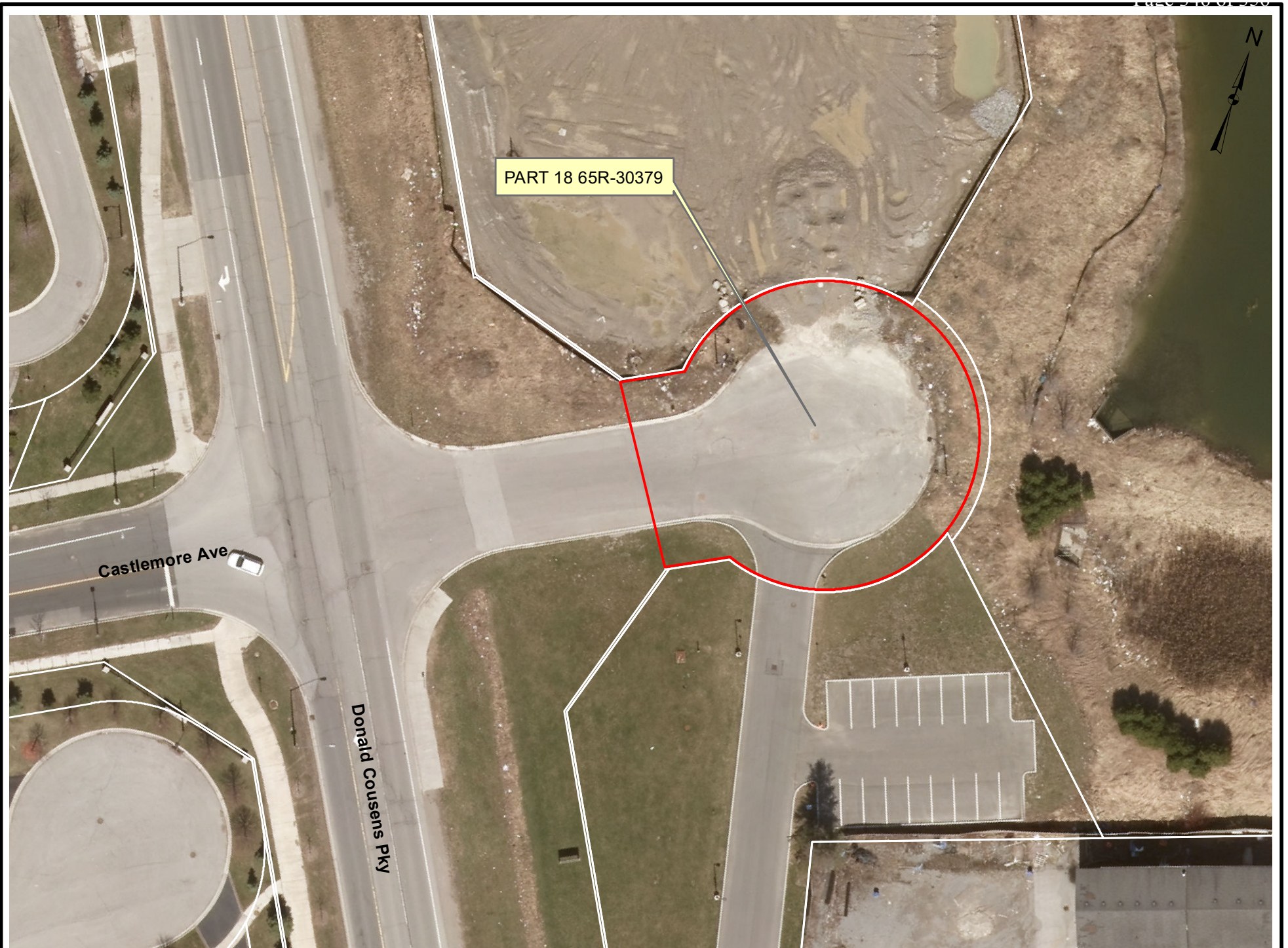
NOW THEREFORE the Council of the Corporation of the City of Markham enacts as follows:

- 1. THAT Part Lot 19, Concession 8, designated as Part 18, Plan 65R-30379, in the City of Markham, Regional Municipality of York is hereby established and laid out as part of the public highways of the City of Markham and named Carl Tipe Court.

Read a first, second, and third time and passed on April 28, 2020.

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor





By-law 2020-xx

Houghton Boulevard Storm and Sanitary Sewer System Fee By-law

Being a By-law to levy the actual cost of construction, technical support and administration fees of the storm and sanitary sewers on Houghton Boulevard.

WHEREAS paragraph 391(1)(a) of the *Municipal Act*, 2001 provides that a municipality may pass a by-law for imposing fees or charges or activities provided by or done on behalf of it; and

WHEREAS Council of The Corporation of the City of Markham on March 10, 2020 authorized a by-law to levy the actual cost of construction, technical support and administration fees of storm and sanitary sewer systems on Houghton Boulevard;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF MARKHAM ENACTS AS FOLLOWS:

1. Houghton Boulevard is comprised of those properties as set out in Schedule “A” hereto. These properties shall hereinafter be referred to collectively as “Houghton Boulevard Residents”.
2. The actual cost of construction, technical support and administration fees of the storm and sanitary sewer system installed on Houghton Boulevard is \$387,250.00 (the “Actual Cost”).
3. The Actual Cost be allocated as per Schedule “A” to each member of the Houghton Boulevard Residents (the “Lot Cost”) shall be \$77,450.00.
4. Each member of the Houghton Boulevard Residents shall pay the Lot Cost by making annual payments, comprised of principal and interest, as set out in Schedule “B” attached hereto. The payments shall be made in instalments as set by the final annual tax levy by-law until the Lot Cost is paid in full.
5. Interest shall be calculated and paid by each property owner on the outstanding principal amount at the rate of 3.00% annually.
6. Notwithstanding sections 4 and 5 above, the outstanding balance, plus accrued interest up to the date of payment, may be paid at any time prior to December 31, 2029.
7. There shall be no interest payable if the Lot Cost is paid in full by May 21, 2020, with a one-time payment.
8. The Schedules attached hereto shall be and form part of this By-law.

READ A FIRST, SECOND AND THIRD TIME AND PASSED THIS DAY OF _____, 2020.

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor

**SCHEDULE “A”
TO BY-LAW 2020-XX**

Address	Lot Cost
4 Houghton Boulevard	\$77,450.00
6 Houghton Boulevard	\$77,450.00
7 Houghton Boulevard	\$77,450.00
8 Houghton Boulevard	\$77,450.00
10 Houghton Boulevard	\$77,450.00
Total	\$387,250.00

SCHEDULE “B”
TO BY-LAW 2020-XX
Construction of Houghton Boulevard Storm and Sanitary Sewer System
Repayment Plan: 10 years at 3.00% annually

Cost per lot:	\$77,450.00
Interest:	3.00%
Number of years:	10

Year	Principal	Interest	Payment
2020	\$ 77,450.00	\$ 2,323.50	\$ 9,079.51
2021	\$ 70,693.99	\$ 2,120.82	\$ 9,079.51
2022	\$ 63,735.30	\$ 1,912.06	\$ 9,079.51
2023	\$ 56,567.85	\$ 1,697.04	\$ 9,079.51
2024	\$ 49,185.37	\$ 1,475.56	\$ 9,079.51
2025	\$ 41,581.43	\$ 1,247.44	\$ 9,079.51
2026	\$ 33,749.36	\$ 1,012.48	\$ 9,079.51
2027	\$ 25,682.33	\$ 770.47	\$ 9,079.51
2028	\$ 17,373.29	\$ 521.20	\$ 9,079.51
2029	\$ 8,814.98	\$ 264.45	\$ 9,079.51
Total		\$ 13,345.02	\$ 90,795.10



By-law 2020-xx

A by-law to amend By-law 2002-276, being a by-law to impose fees or charges for services or activities provided or done by the City of Markham.

The Council of The Corporation of the City of Markham hereby enacts as follows:

That By-law 2002-276, being a by-law to impose fees or charges for services or activities provided or done by the City of Markham, be amended as follows:

- 1. That the previously approved 2020 Water/Wastewater rate increase of \$0.3500 per cubic metre, for a Combined 2020 Water/Wastewater rate of \$4.8180 per cubic metre, effective April 1, 2020 be repealed.
- 2. That the Combined 2020 Water/Wastewater rate remain at the 2019 rate of \$4.4680 per cubic metre.
- 3. All other provisions of By-law 2002-276, except as herein amended or effected, which are not inconsistent with the provisions of this By-law, shall continue to apply.

Read a first, second and third time and passed April XX, 2020

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor



By-law 2020-xx

A By-law to amend By-law 2018-116, being a by-law to Impose a Tax in Respect of the Purchase of Transient Accommodation within the boundaries of the City of Markham.

The Council of The Corporation of the City of Markham hereby enacts as follows:

A by-law to amend By-law 2018-116, being a by-law to impose a tax in respect of the purchase of transient accommodation within the boundaries of the City of Markham, be amended as follows:

1. THAT the 4% transient accommodation tax or otherwise referred to as “**Municipal Accommodation Tax**” or “**MAT tax**” under By-law 2018-116, which is a 4% tax imposed on the purchase price of accommodations provided for a continuous period of 29 consecutive nights or less, be suspended for the period April 1st, 2020 to December 31st, 2020, AND
2. THAT all other provisions of By-law 2018-116, except as herein amended or effected, which are not inconsistent with the provisions of this By-law, shall continue to apply and will come into effect in the 2021 calendar year.

Read a first, second and third time and passed April xx, 2020

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor



By-law 2020-xx

A by-law to amend By-law 2019-100, being a by-law to impose an annual Stormwater Fee on all property within the City of Markham, save and except those noted as exempt in By-law 2019-100.

The Council of The Corporation of the City of Markham hereby enacts as follows:

A by-law to amend By-law 2019-100, being a by-law to impose an annual Stormwater Fee on all property within the City of Markham, save and except those noted as exempt in By-law 2019-100, be amended as follows:

1. THAT the annual Stormwater Fee imposed on all property within the City of Markham, save and except those noted as exempt in By-law 2019-100, be suspended for the 2020 calendar year, AND
2. THAT all other provisions of By-law 2019-100, except as herein amended or effected, which are not inconsistent with the provisions of this By-law, shall continue to apply and will come into effect in the 2021 calendar year.

Read a first, second and third time and passed April xx, 2020

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor



By-law 2020-xx

A by-law to amend By-law 2002-276, being a by-law to impose fees or charges for services or activities provided or done by the City of Markham.

The Council of The Corporation of the City of Markham hereby enacts as follows:

A by-law to amend By-law 2002-276, being a by-law to impose fees or charges for services or activities provided or done by the City of Markham, be amended as follows:

- 1. THAT the Treasurer be authorized to cancel, reduce or refund fees or charges for services or activities provided or completed by the Finance Department as noted within SCHEDULE ‘A’ of By-law 2002-276 for the 2020 calendar year; and,
- 2. THAT all other provisions of By-law 2002-276, except as herein amended or effected, which are not inconsistent with the provisions of this By-law, shall continue to apply.

Read a first, second and third time and passed April xx, 2020

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor



BY-LAW 2020-

A By-law to amend By-law 177-96, as amended
(Removal of Hold Provision)

WHEREAS Section 34 of the Planning Act, R.S.O. 1990, c. P.13, as amended, permits a Council to pass a by-law prohibiting the use of land, buildings or structures within a defined area or areas; and,

WHEREAS Section 36 of the Planning Act, R.S.O. 1990, c. P.13, as amended, permits a Council to pass a by-law to specify the use to which lands, buildings or structures may be put at such time in the future as the holding symbol is removed by amendment to the by-law; and,

WHEREAS Zoning By-law No. 177-96 is the governing By-law of the Corporation of the City of Markham pertaining to the subject lands; and

WHEREAS the Council of the Corporation of the City of Markham has deemed it advisable to amend Zoning By-law No. 177-96; and,

WHEREAS it has been confirmed to Council that all of the conditions required for the removal of the Holding (H) Symbol from the subject lands have been completed to the satisfaction of the City;

NOW THEREFORE the Council of the Corporation of the City of Markham enacts as follows:

1. By-law 177-96, as amended, is hereby further amended as follows:
 - 1.1 By removing the Holding (H) provision from the **R4*387(H2) Zone** for the lands outlined on Schedule 'A' attached hereto.
2. THAT Zoning By-law No. 177-96 is hereby amended to give effect to the forgoing, but shall in all other respects remain in full force and effect.
3. THAT this By-law shall come into effect upon final passing, pursuant to Section 34(21) of the Planning Act, 1990.

Read a first, second and third time and passed on _____, 2020.

Kimberley Kitteringham
City Clerk

Frank Scarpitti
Mayor



EXPLANATORY NOTE

BY-LAW 2020 - _____

A By-law to amend By-law 177-96, as amended

**4071, 4073 and 4289 Major Mackenzie Drive East
CON 5 PT LT 20 65R1229 PT 2
Draft Plan of Subdivision 19TM-03004
(Proposed Townhouse Development)
HOLD 20 112414**

Lands Affected

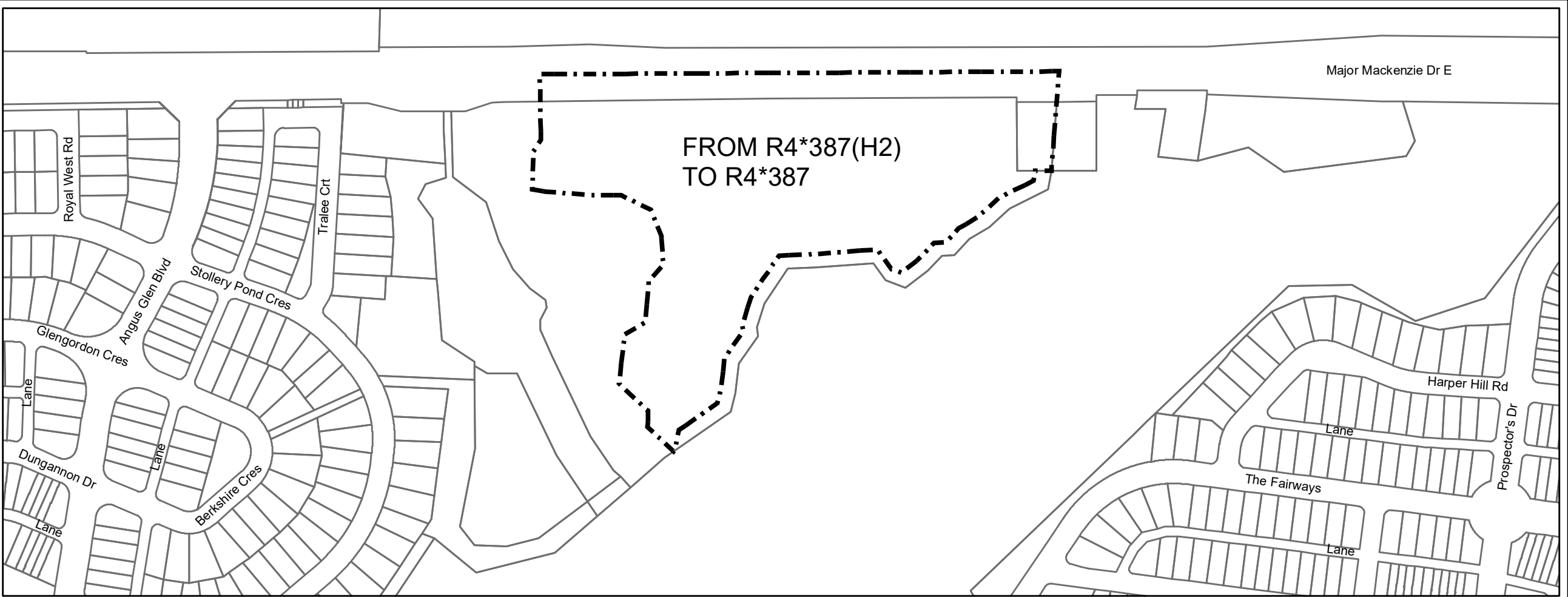
The proposed by-law amendment applies to a block of land located on the south side of Major Mackenzie Drive East, between Prospectors Drive to the east and Angus Glen Boulevard to the west. The subject lands are municipally known as 4289 Major Mackenzie Drive East.

Existing Zoning

The subject lands are zoned Residential Four*387 (Holding) [R4*387(H2)] under By-law 177-96. As amended.

Purpose and Effect

The purpose and effect of this by-law is to remove the Holding (H) symbol provision from the zoning of the subject lands in order to allow townhouses on these lands.



SCHEDULE "A" TO BY-LAW
AMENDING BY-LAW 177-96 DATED

- BOUNDARY OF AREA COVERED BY THIS SCHEDULE
- RESIDENTIAL FOUR HOLDING PROVISION TWO
- EXCEPTION NUMBER

THIS IS NOT A PLAN OF SURVEY. Zoning information presented in this Schedule is a representation sourced from Geographic Information Systems. In the event of a discrepancy between the zoning information contained on this Schedule and the text of zoning by -law, the information contained in the text of the zoning by -law of the municipality shall be deemed accurate.

