



# **2019 Budget Public Budget Consultation Meeting February 21<sup>st</sup>, 2019**



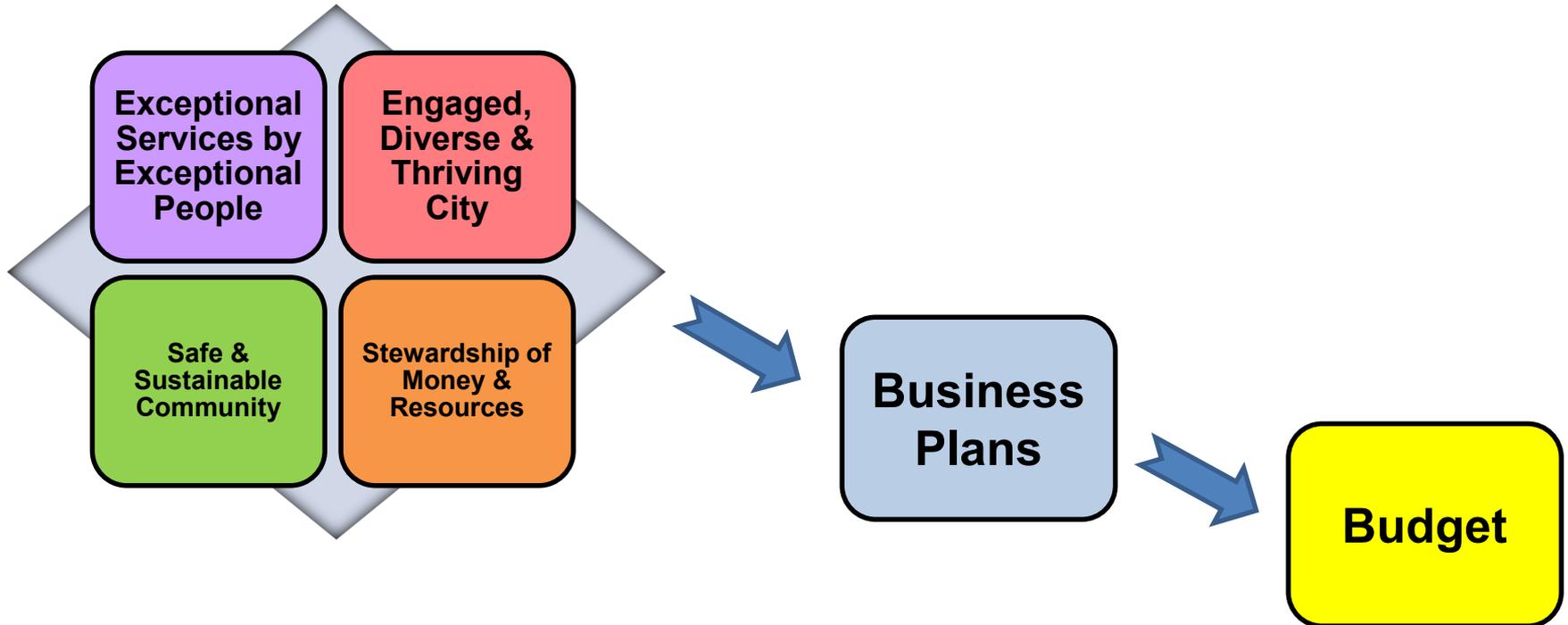
## Agenda

1. 2019 Budget Process and Communication Plan
2. Economic Scan
3. 2019 Proposed Capital Budget
  - a. Funding Sources
  - b. Expenditures
  - c. Capital Budget Highlights
4. 2019 Proposed Operating Budget
  - a. Markham Pressures
  - b. Operating Budget
  - c. Impact to Residents
5. Next Steps



# 1. Budget Process and Communication Plan

Building Markham's Future Together: 2015 – 2019 Strategic Plan



# 1. 2019 Budget Process and Communication Plan

## Planning & Engagement

Economic/Fiscal scan  
Community Engagement  
Business Plans  
Reserve Studies  
Master Plans  
Development Charges  
Background Study  
Official Plan  
Markham 2020

## Staff Review

Proposed 2019  
Budget  
Staff, Commissioner  
& CAO Review

## Deliberation & Consultation

Budget Committee  
Meetings  
Public Consultation  
meeting

## Approval

General Committee  
Council Decision

March – June 2018

July – December  
2018

January – February  
2019

March 2019

# 1. Budget Process and Communication Plan

## Fiscal Stewardship: Government Finance Officers Association Awards

- 2018 Budget: Received the Distinguished Budget Presentation Award – 18<sup>th</sup> consecutive year
- 2017 Year-end Annual Report: Received the Canadian Award for Financial Reporting Program – 17<sup>th</sup> consecutive year



*Distinguished  
Budget  
PRESENTATION  
Award*



Government Finance Officers Association

**Canadian Award  
for  
Financial Reporting**

Presented to  
**Corporation of the City of Markham  
Ontario**

For its Annual  
Financial Report  
for the Year Ended

December 31, 2017

*Christopher P. Merrill*  
Executive Director/CEO

# 1. 2019 Budget Process and Communication Plan

Meeting #1	Friday, January 18 <sup>th</sup>	Budget process, fiscal scan, overview of the Operating and capital budgets, Life Cycle reserve study update
Meetings #2, 3, 4, 5	Tuesday, January 22 <sup>nd</sup> Friday, January 25 <sup>th</sup> Tuesday, January 29 <sup>th</sup> Tuesday, February 5 <sup>th</sup>	Capital Budget review by exception
Meeting #6	Friday, February 8 <sup>th</sup>	Capital Budget review by exception, Building, Planning, Engineering and Waterworks operating budgets
Meeting #7	Wednesday, February 13 <sup>th</sup>	Operating Budget
General Committee	Tuesday, February 19 <sup>th</sup>	Budget presentation for the public meeting
Public Meeting	Thursday, February 21 <sup>st</sup>	7pm – Open to the public
<b>Council</b>	<b>Tuesday, March 19<sup>th</sup></b>	<b>Council decision</b>
Press Conference	Wednesday, March 20 <sup>th</sup>	



# 1. Budget Process and Communication Plan



## 2. Economic Scan

### Real GDP

- Ontario: grew by 2.8% in 2017, is projected to have grown by 2.0% in 2018 and is projected to grow by 1.8% in 2019 and 1.7% in 2020 <sup>(1)</sup>

### Inflation, CPI – All Items

- December 2018 (compared to December 2017): Canada 2.0%, Ontario 2.3%, Toronto 2.6%
- Bank of Canada: Forecasted inflation of 2.2% in 2019 <sup>(2)</sup>

### Economic Statistics

- Markham housing: sales were down 22.7% with average price down 14.6% in 2018 compared to 2017 <sup>(3)</sup>
- Ontario housing: sales were down 13.7% with average price down 2.8% in 2018 compared to 2017 <sup>(4)</sup>
- Ontario housing: sales forecasted to increase by 1.4% in 2019, with prices forecasted to increase 3.3% <sup>(5)</sup>
- Fuel: Price of crude oil is expected to grow by 1.6% in 2019 compared to 2018 <sup>(6)</sup>

### Markham Pressures

- Wage Settlements: Canadian Union of Public Employees (CUPE), Markham Professional Fire Fighters Association (MPFFA), cost of living adjustment for Non Union Staff (COLA)
- Winter maintenance, waste collection and other contracts

1) Source: Ontario Government – Fall Statement 2018

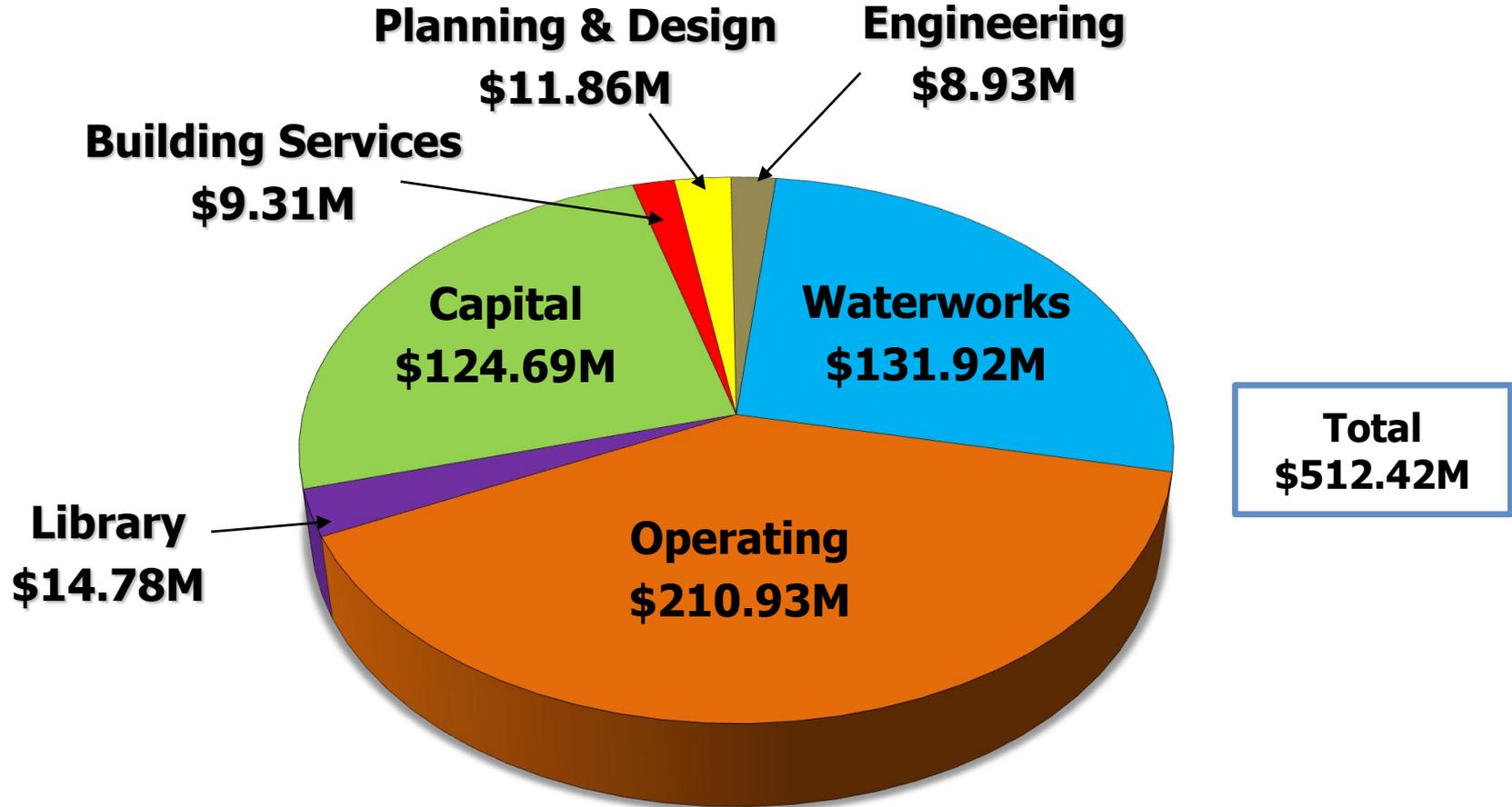
4) Source: Ontario Real Estate Association – Housing Market Stats

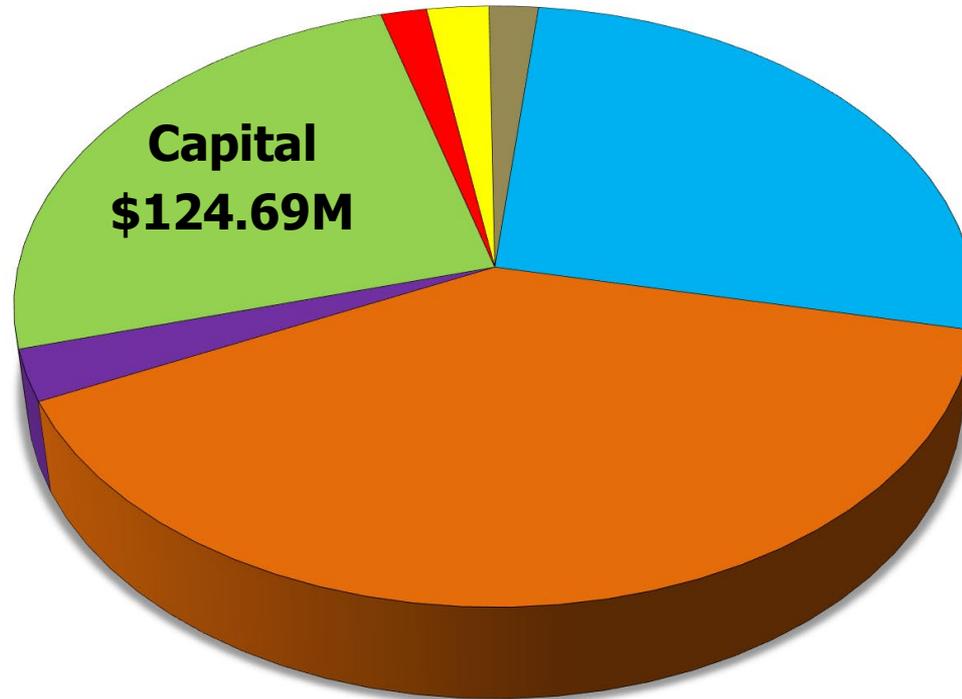
2) Source: Bank of Canada – July Monetary Policy Report

5) Source: Canadian Real Estate Association – Quarterly Forecast, December 18, 2018

3) Source: Toronto Real Estate Board – Market Watch December 2017, December 2018

6) Source: OilPrice.com – Reuters Poll Analysts Cut 2019 WTI Oil Price Forecast, November 2018

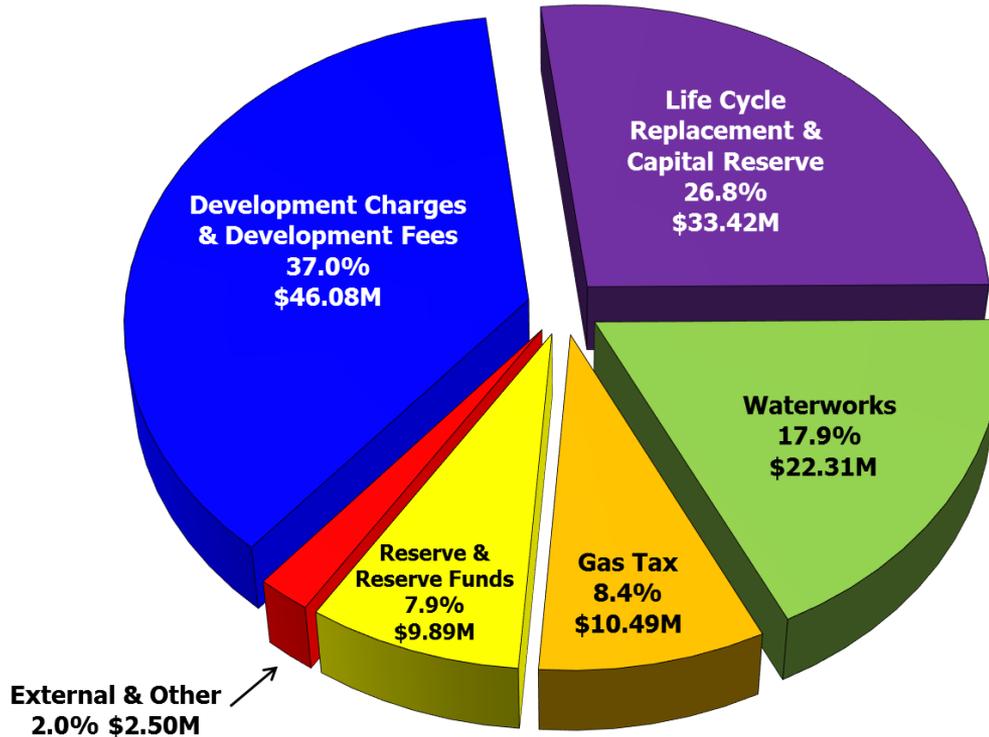






# 2019 Capital Budget Funding Sources

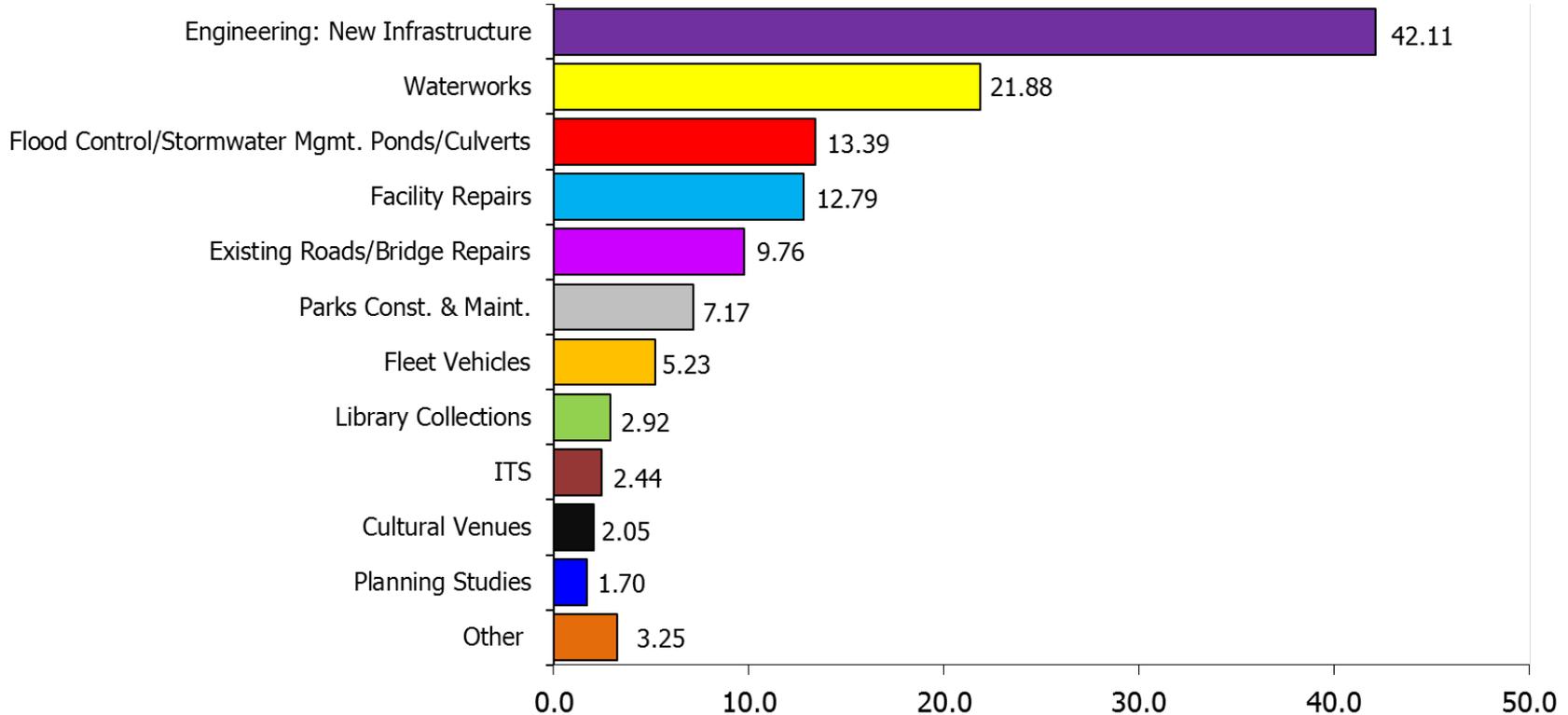
Total \$124.69M (\$ Millions)





# 2019 Capital Budget Expenditure Types

Total \$124.69M (\$ Millions)



## 2019 Capital Budget: \$124.69M

**\$35.3M**

New roads, stormwater management ponds and sidewalks



**\$20.6M**

Water system and water meter replacement/ upgrade program



**\$11.2M**

Exterior and interior facility improvement program



**\$8.0M**

Flood control program



**\$6.7M**

Asphalt resurfacing



**\$4.9M**

Multi-use pathways design and construction



**\$3.5M**

New park design and construction



**\$3.5M**

Streetlights design, construction, repair and replacement



**\$2.9M**

Library collections and e-resources



## Engaged, Diverse and Thriving City (\$ in Millions)

### 2019 Capital Budget includes:

- |   |       |
|---|-------|
| 1. Cornell Park Maintenance Building – construction (completion: mid 2021)                    | \$1.1 |
| 2. Cornell Centre NP and woodlot – construction (6.09 hectares, completion: Fall/Winter 2020) | \$1.0 |
| 3. Berczy Beckett East Park – design & construction (0.40 hectares, completion: Fall 2020)    | \$0.6 |
| 4. Wismer Greenspire Parkette – design & construction (0.14 hectares, completion: Fall 2020)  | \$0.5 |
| 5. Markham Centre Rouge Side Promenade Parks – design (4.69 hectares, completion: late 2021)  | \$0.2 |
| 6. Box Grove Park Pavilion and Washrooms – design (completion: mid 2021)                      | \$0.1 |



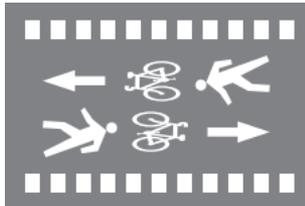
## Engaged, Diverse and Thriving City (\$ in Millions)

### Multi-use pathways (MUP)

- The City commenced the multi-year Rouge Valley Trail project in 2013 to build over 10km of off-road trail from 16th Avenue and Kennedy Road to Bob Hunter Memorial Park at the gateway of the Rouge National Urban Park.
- Phase 3B is near completion and will see the opening of a signature pedestrian/cyclist bridge over the Rouge Dam in the spring of 2019. Also, Phase 4A of this 5-phase project has also been awarded and construction will start in spring 2019. To date, 8km of trails have been constructed of the 10km planned.
- In 2019, the City will design a trail on the north side of Rouge Valley between Warden and Birchmount and replace the sidewalk along the north side of John Street from Bayview Ave. to Rodick Road with a new MUP.
- The City will also begin design on cross-rides (diagram below, left) along Markham Road between 16<sup>th</sup> Ave. and Major Mackenzie Dr. with anticipated construction in 2020.

### 2019 Capital Budget includes:

- |  |       |
|--|-------|
| 1. John Street Multi-Use Pathway Construction        | \$4.7 |
| 2. Markham Centre Trails – Design (Phase 1 of 4)     | \$0.1 |
| 3. Markham Road Multi-Use Pathway Cross-rides design | \$0.1 |



## Safe and Sustainable Community (\$ in Millions)

### Flood Control Program

- A 30 year, City-wide initiative to improve draining capacity to help protect public and private properties, and make critical infrastructure more resilient to climate change.
- Storm sewer capacity upgrades have progressed in several West Thornhill priority areas including the Bayview Glen neighbourhood and the Grandview neighbourhood. Current projects are expected to be completed by summer 2019.
- As of end of 2018, Phase 1 (Bayview Glen area) and Phase 2A/2B (Grandview Area) have been substantially completed. Construction is underway in Phase 2C (Grandview Area) and Phase 2D (Grandview Area) construction is planned for 2019. Design is currently underway for Phase 3 (Clark Ave/ Henderson Ave Area) and Phase 4 (Royal Orchard Area).
- In response to 2017 flooding in June and July 2017, City staff have advanced the following within the program:
  - West Thornhill Flood Control Implementation: Phase 4 Design from 2019 to 2018 and integrate sanitary sewer upgrades
  - Technical studies for storm and sanitary infrastructure improvements in Markham Village and Unionville areas from 2027 to 2017
  - Initiate sanitary system downspout disconnection program in Markham Village and Unionville areas in 2018

### 2019 Capital Budget includes:

- |   |        |
|---|--------|
| 1. Continuation of construction in the West Thornhill area (Phase 2D) | \$ 7.8 |
| 2. Don Mills Channel – Flood Proofing Education Program               | \$ 0.2 |



## Safe and Sustainable Community (\$ in Millions)

- |  |        |
|--|--------|
| 1. New roads, stormwater management ponds and sidewalks  | \$35.3 |
| 2. Water system and water meter replacement/upgrade program  | \$20.6 |
| 3. Exterior and interior facility improvement program at Community Centres, Libraries, Fire Stations, Civic Centre and other City facilities | \$11.2 |
| 4. Asphalt resurfacing   | \$6.7  |
| 5. Streetlights – design and construction of new, repair and replacements  | \$3.5  |
| 6. Intersection improvements   | \$1.9  |
| 7. Sanitary sewer and pumping station rehabilitation program   | \$1.3  |
| 8. Traffic operational improvements  | \$0.1  |
| 9. Continuation of Trees for Tomorrow initiative   | \$0.1  |



## Exceptional Services by Exceptional People (\$ in Millions)

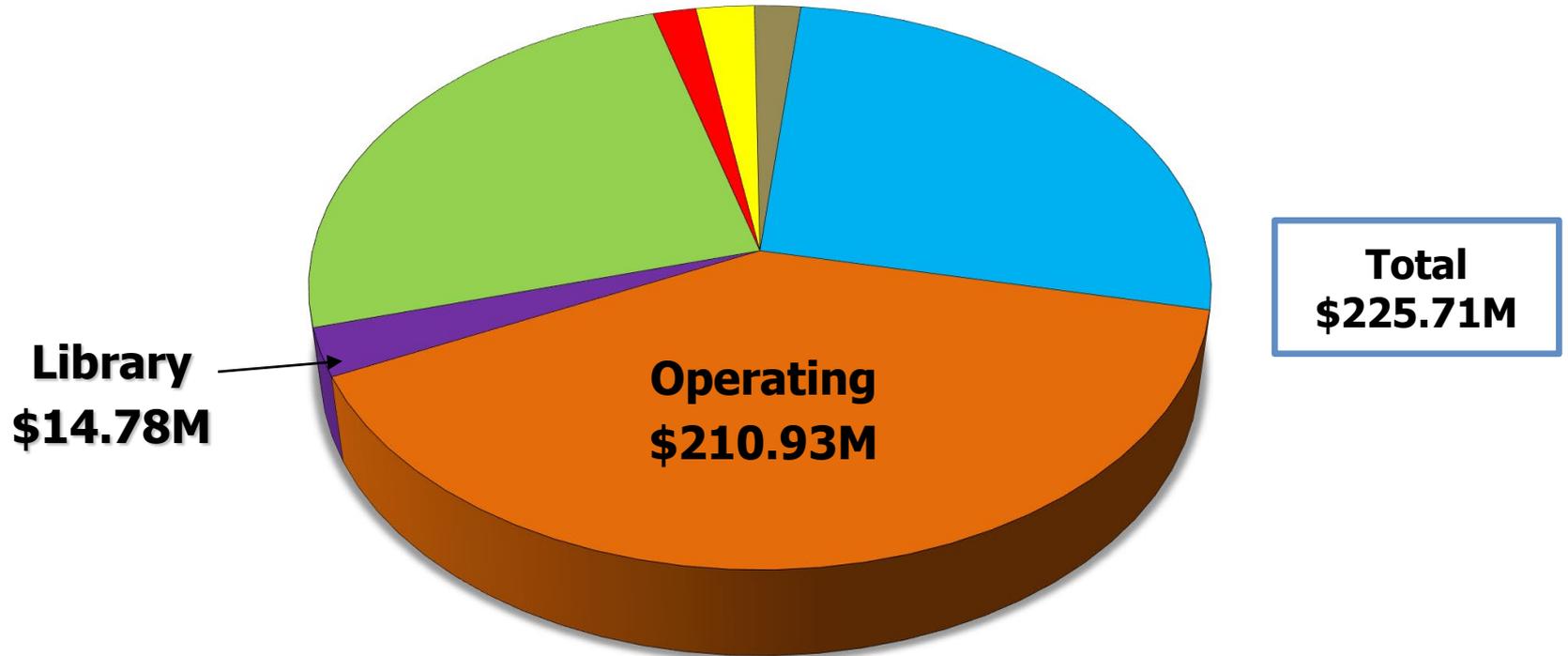
- |   |       |
|---|-------|
| 1. Library Collections & e-resources                | \$2.9 |
| 2. Playstructure and Rubberized Surface Replacement | \$1.0 |
| 3. Courts Resurfacing & Reconstruction              | \$0.2 |
| 4. Sportsfield Maintenance and Reconstruction       | \$0.1 |



Aaniin Library



Aaniin Park





Personnel – \$2.91M



Growth – \$3.25M



Municipal Contracts – \$0.31M



Infrastructure

**Operating  
Expenditures  
Impact**

**\$6.47M**

Equivalent to a tax  
rate increase of  
4.24%



**Revenues**

(\$ Millions)

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

	<b>2018</b>	<b>2019</b>	<b>Increase/ (Decrease)</b>	<b>Tax Rate Decrease</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Total Revenues</b>	<b>218.48</b>	<b>222.57</b>	<b>4.09</b>	
Assessment growth (1.64%)			2.50	
Investment income			0.65	
Annual CPI and volume adjustments for user and program fees			0.50	
User fee market competitive analysis			0.55	
Other revenue			(0.11)	
<b>Total Revenue Increase</b>			<b>4.09</b>	<b>(2.67%)</b>

### Expenditures (\$ Millions)

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

	<b>2018</b>	<b>2019</b>	<b>Increase/ (Decrease) \$</b>	<b>Tax Rate Increase %</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	
<b>Total Expenditures</b>	<b>218.48</b>	<b>224.95</b>	<b>6.47</b>	
<b>Personnel Costs</b>				
Existing staff and benefits			2.91	
New staffing requests			0.32	
Offset by unused Bill 148 funds			<u>(0.32)</u>	
			<b>2.91</b>	
<b>Growth</b>				
Future staff and non-personnel ramp-ups related to new facilities			0.72	
Growth (roads & parks including part-time staff, waste, streetlights, winter maintenance)			1.80	
Transfer to capital program			0.53	
Capital induced operating costs			<u>0.20</u>	
			<b>3.25</b>	
<b>Municipal Service Contracts</b>				
Contract escalations (winter maintenance, security services, building/HVAC maintenance)			0.69	
Insurance			0.20	
E3 - net savings based on operational review, support services and awards			(0.66)	
Other			<u>0.08</u>	
			<b>0.31</b>	
<b>Total Expenditures Increase</b>			<u><b>6.47</b></u>	<u><b>4.24%</b></u>

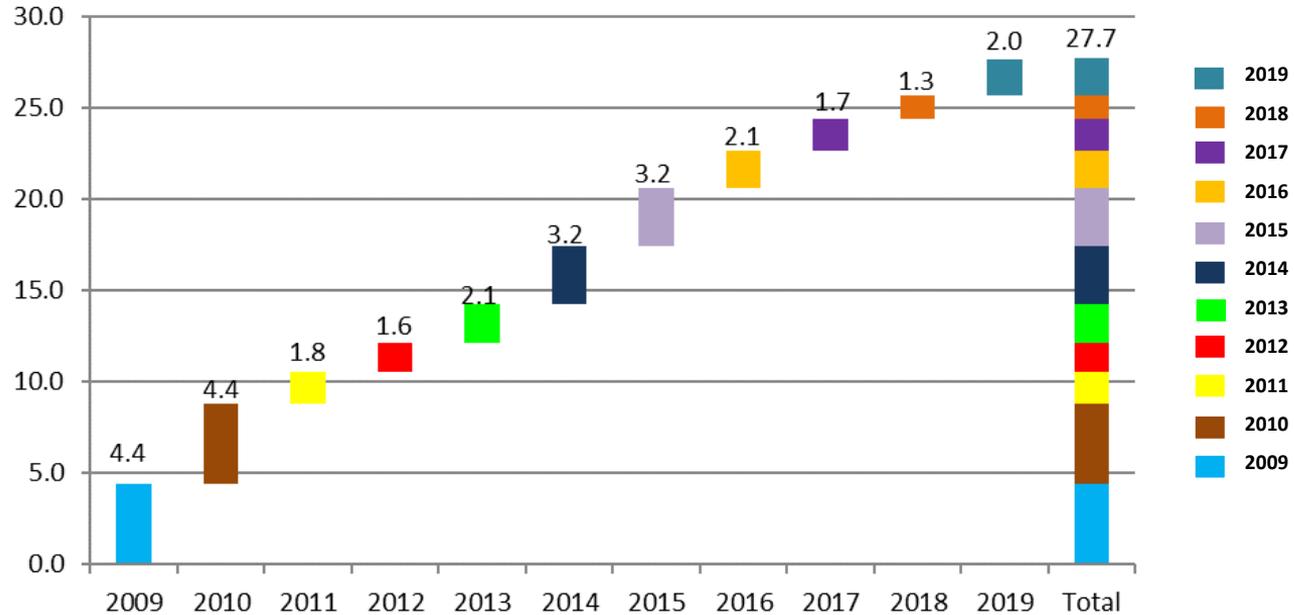
(\$ Millions)  
(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

	<b>2018</b>	<b>2019</b>	<b>Increase/ (Decrease)</b>	<b>Tax Rate Increase/ (Decrease)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Revenues</b>	<b>218.48</b>	<b>222.57</b>	<b>4.09</b>	<b>(2.67%)</b>
<b>Expenditures</b>				
Personnel	131.83	135.31	3.48	
Non-Personnel	86.65	89.64	2.99	
<b>Total Expenditures</b>	<b>218.48</b>	<b>224.95</b>	<b>6.47</b>	<b>4.24%</b>
<b>Shortfall: Day-to-day operations</b>	<b>-</b>	<b>2.38</b>	<b>2.38</b>	<b>1.57%</b>
<b>Infrastructure Investment</b>	<b>-</b>	<b>0.76</b>	<b>0.76</b>	<b>0.50%</b>
<b>Net Shortfall</b>	<b>-</b>	<b>3.14</b>	<b>3.14</b>	<b>2.07%</b>



## Excellence Through Efficiency and Effectiveness (E3) Cumulative savings to date: \$27.7M

In constant  
\$ in millions



**2019 savings to date  
\$2.0M**

**Cumulative  
savings to date  
\$27.7M**

**Total savings  
\$27.7M – equates to  
tax rate increase  
avoidance of 23.2%**

## Impact to Average Residential Property

Property Type	2019 Average Current Value	2.07% Tax Rate Increase
Residential Homes* 	\$790,464	\$26.21
Residential Condominiums 	\$401,508	\$14.08
<b>Average</b> (Homes & Condominiums)	<b>\$772,253</b>	<b>\$25.61</b>

Every 1% tax rate increase (local portion only) is equivalent to an increase of \$12.37 in property taxes for an average residential property

\* Residential Homes include single family detached, linked homes, freehold townhouses, and semi-detached.

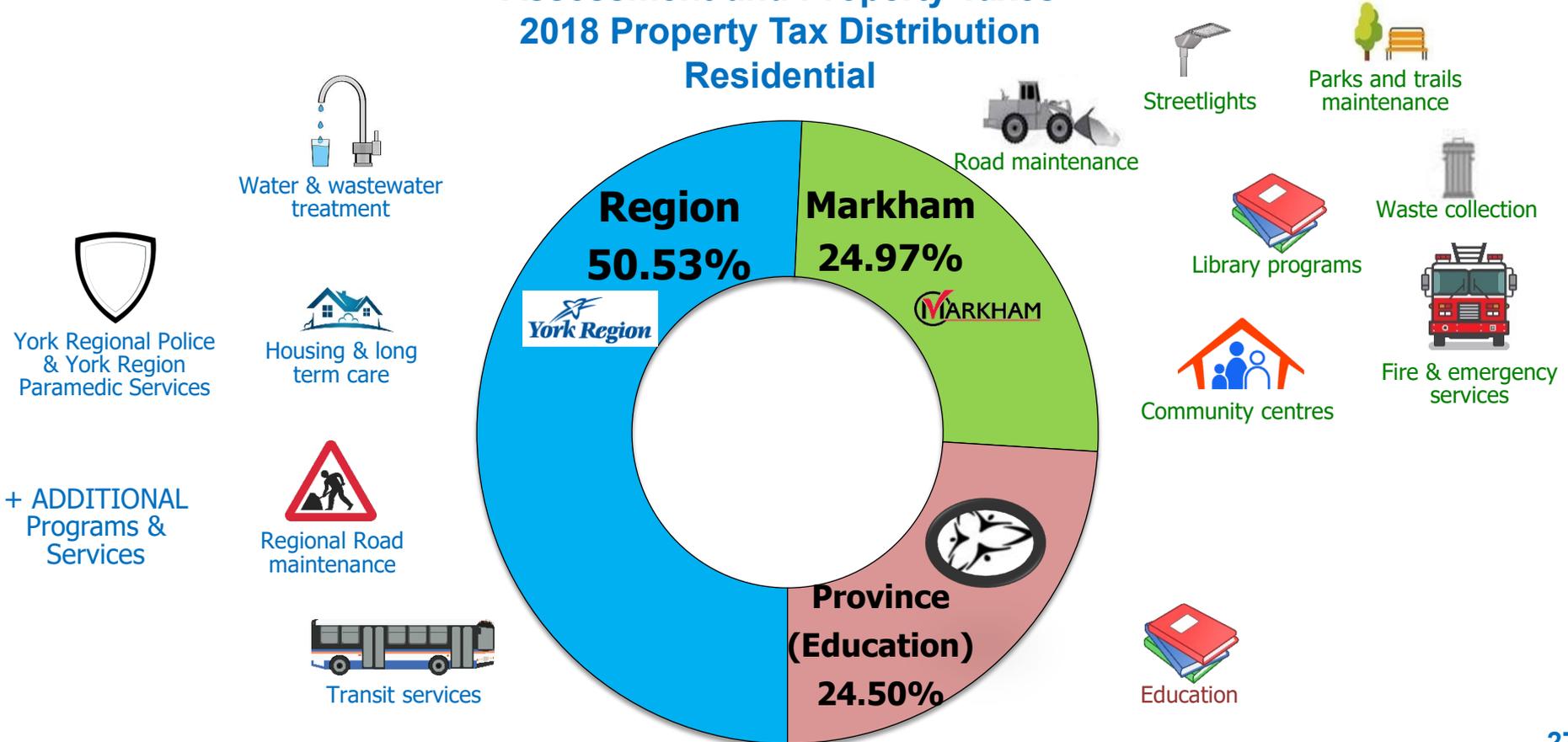
## Impact to Average Residential Property

	2019 Increase	Increase \$
Tax rate increase – Markham  (includes 0.5% Infrastructure Investment)	2.07%	26
Tax rate increase – York Region 	3.37%	84
Water & wastewater fee 	7.80%	71
<b>Total</b>		<b>181</b>

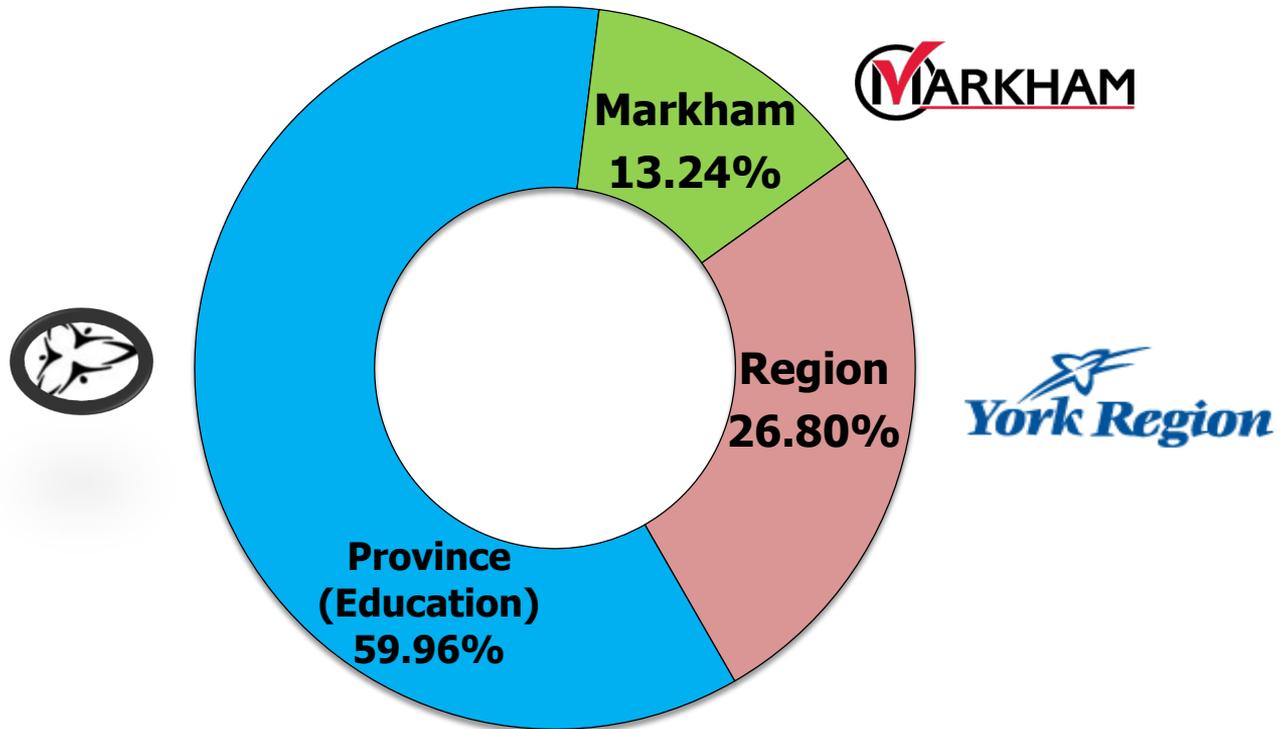
- Excludes continuation of the \$47 stormwater fee



## Assessment and Property Taxes 2018 Property Tax Distribution Residential



## Assessment and Property Taxes 2018 Property Tax Distribution Non-Residential



## 5. Next Steps

- Council Decision: Tuesday, March 19<sup>th</sup>
- Press Conference: Wednesday, March 20<sup>th</sup> – 1:30 p.m. – Canada Room



**THANK YOU FOR ATTENDING**

