

2020 Budget Public Budget Consultation Meeting November 27th, 2019

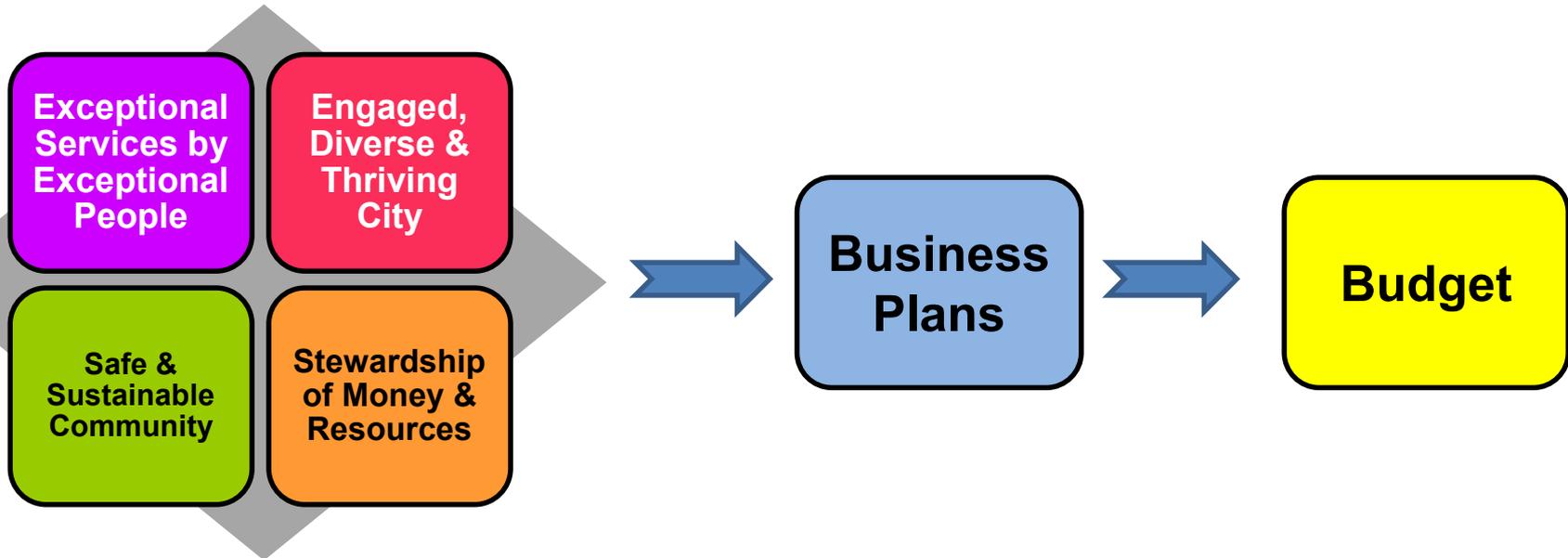


Agenda

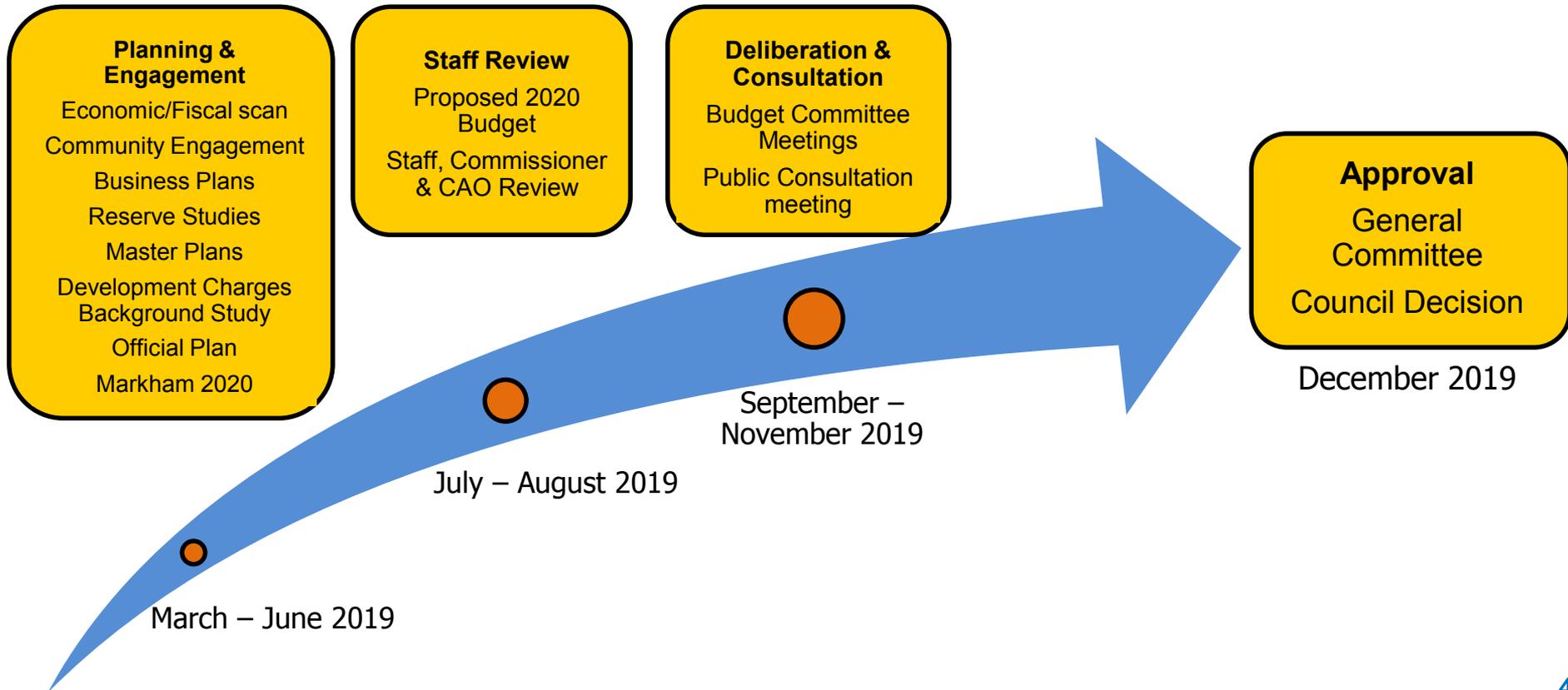
1. 2020 Budget Process and Communication Plan
2. Economic Scan
3. 2020 Proposed Capital Budget
 - a. Expenditures
 - b. Funding Sources
 - c. Capital Budget Highlights
4. 2020 Proposed Operating Budget
 - a. Markham Pressures
 - b. Operating Budget
 - c. Impact to Residents
5. Recommendation
6. Next Steps

1. 2020 Budget Process and Communication Plan

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



1. 2020 Budget Process and Communication Plan



1. 2020 Budget Process and Communication Plan

Fiscal Stewardship: Government Finance Officers Association Awards

- 2018 Budget: Received the Distinguished Budget Presentation Award – 18th consecutive year
- 2017 Year-end Annual Report: Received the Canadian Award for Financial Reporting Program – 17th 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. 2020 Budget Process and Communication Plan

Meeting #1	Tuesday, September 24 th	Budget process, economic scan, overview of the Operating and Capital budgets, Life Cycle reserve study update
Meetings #2 - 8	Friday, September 27 th Friday, October 4 th Tuesday, October 29 th Friday, November 1 st Tuesday, November 5 th Wednesday, November 6 th Friday, November 8 th	Department presentations and Capital Budget review by exception
Meeting #9	Tuesday, November 12 th	Primary Operating Budget
General Committee	Monday, November 18 th	Budget presentation for the public meeting
Meeting #10	Tuesday, November 19 th	Building, Planning, Engineering and Waterworks Operating Budgets
Public Meeting	Wednesday, November 27 th	7pm – Open to the public
Council	Tuesday, December 10th	Council decision
Press Conference	Wednesday, December 11 th	

1. 2020 Budget Process and Communication Plan



2. Economic Trends and Statistics

Inflation, CPI – All Items

- September 2019 (compared to September 2018): Canada 1.9%, Ontario 1.7%, Toronto 1.7%
- Bank of Canada: Forecasted inflation of 1.9% in 2020 ⁽¹⁾

Economic Statistics

- Markham housing: sales were up 21.7% with average price up 2.1% year-to-date October 2019 compared to 2018 ⁽²⁾ (2018 full year sales were down 22.7% with average price down 14.6% compared to 2017)
- Ontario housing: sales forecasted to increase by 7.5% in 2020, with prices forecasted to increase 1.6% ⁽³⁾

Markham Pressures

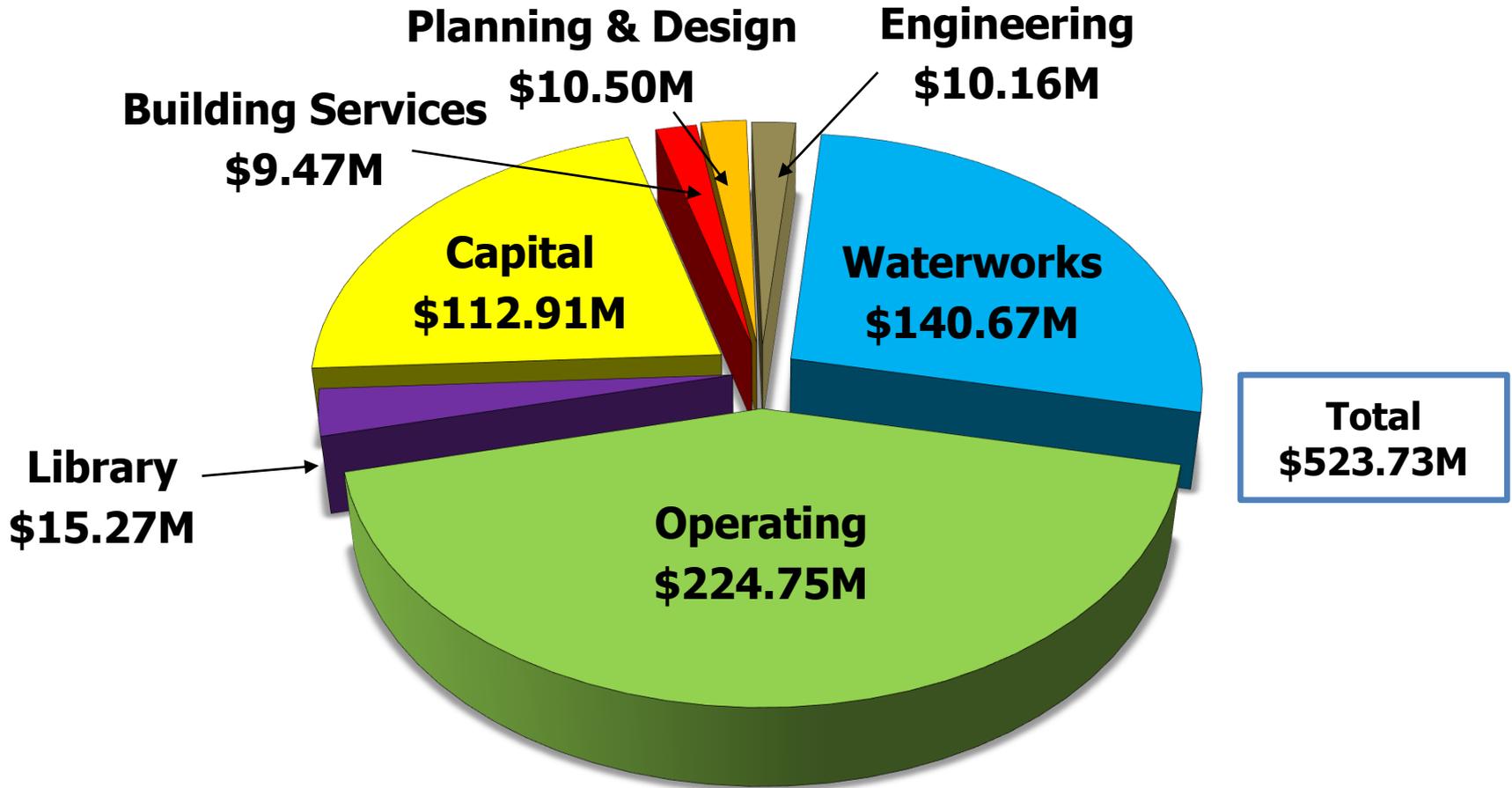
- Wage Settlements: Canadian Union of Public Employees (CUPE), Markham Professional Fire Fighters Association (MPFFA), Cost of Living Adjustment for Non Union Staff (COLA)
- Winter maintenance, waste collection, catchbasin cleaning and other contracts
- Proposed Provincial blue box program changes
- Bill 108 – More Homes, More Choice Act

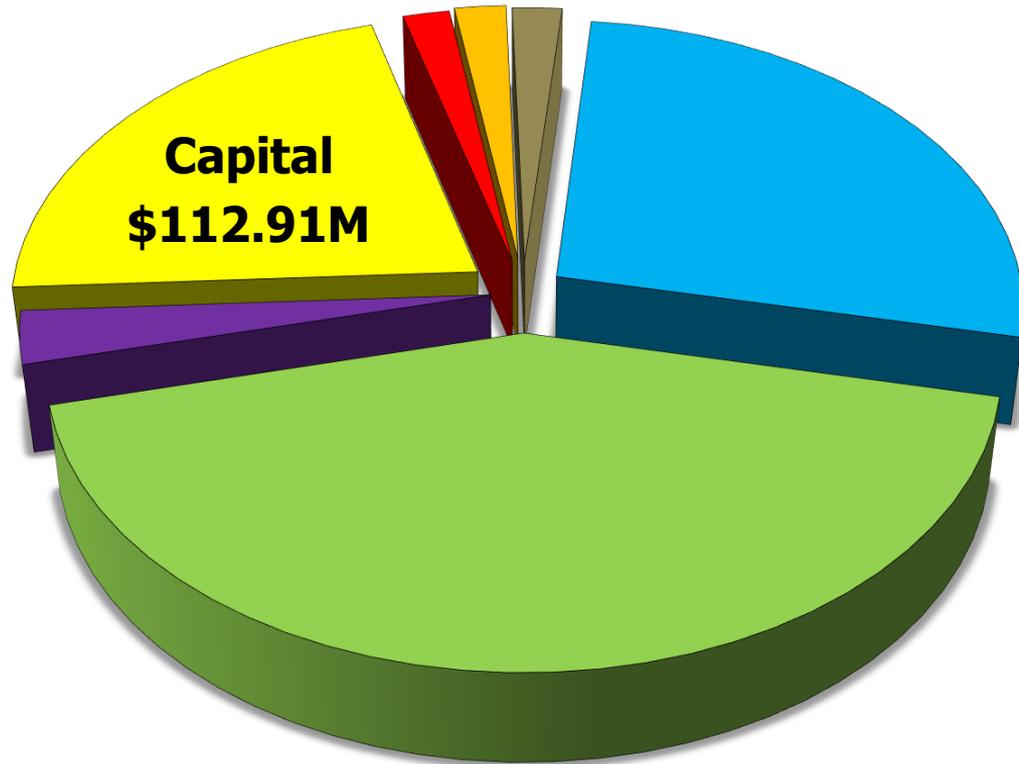
1) Source: Bank of Canada – July Monetary Policy Report

2) Source: Toronto Real Estate Board – Market Watch October 2018, October 2019

3) Source: Canadian Real Estate Association – Quarterly Forecast, September 16, 2019

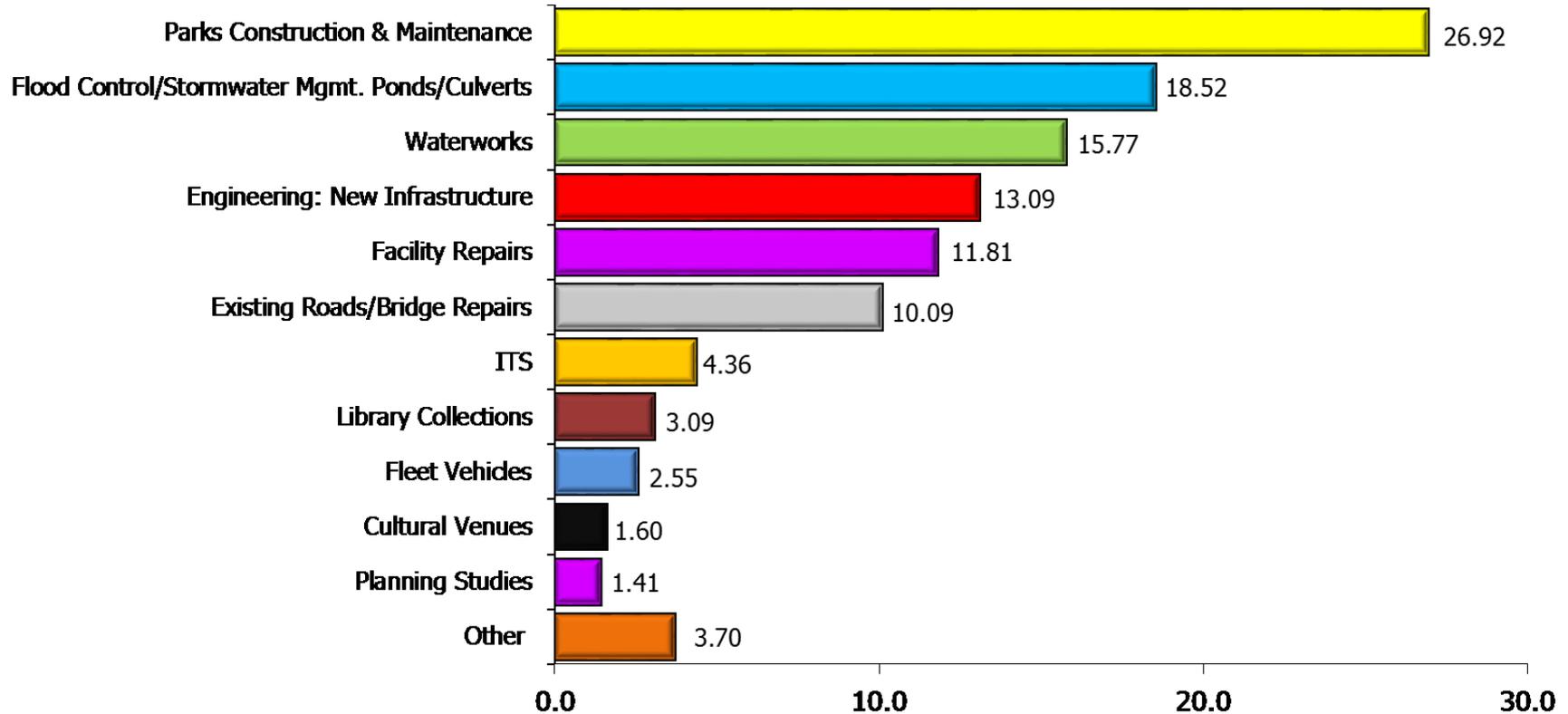
3. Proposed Budget



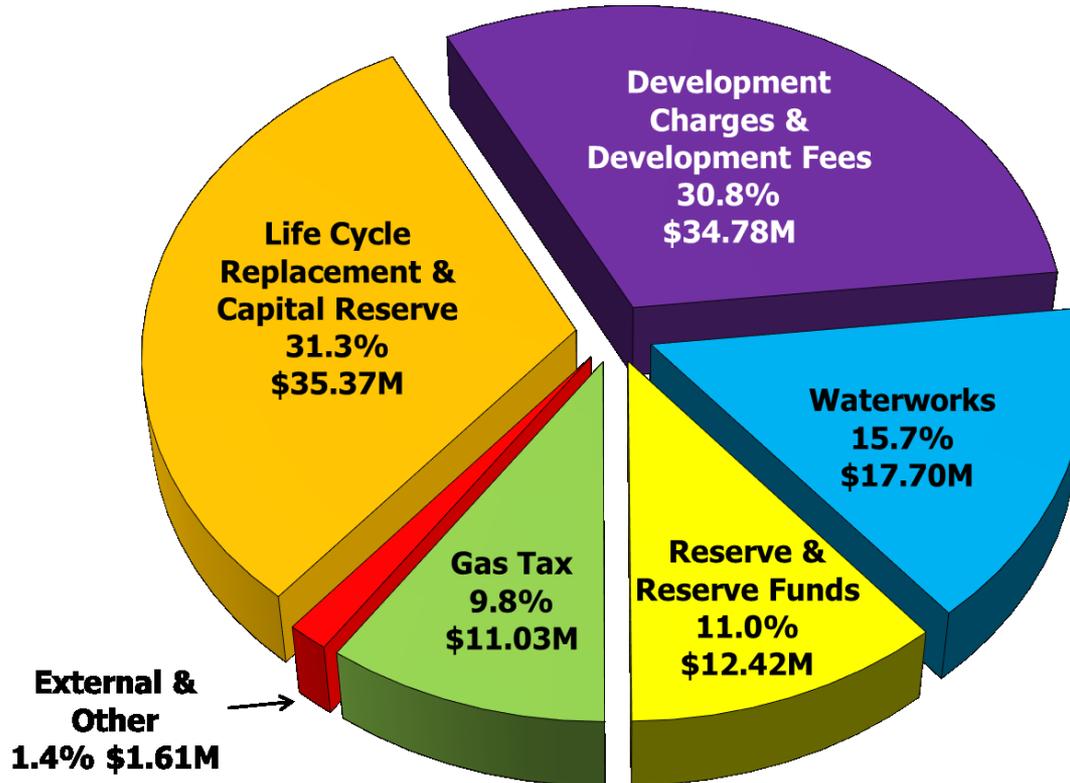


2020 Capital Budget Expenditure Types

Total \$112.91M (\$ Millions)



2020 Capital Budget Funding Sources



2020 Capital Budget: \$112.91M

\$22.3M

New park design and construction



\$13.6M

Water system and water meter replacement/ upgrade program



\$12.4M

Exterior and interior facility improvement program



\$10.9M

Flood control program



\$6.9M

Asphalt resurfacing



\$3.7M

Streetlight design, construction, repair and replacement



\$3.0M

New roads and sidewalks



\$2.9M

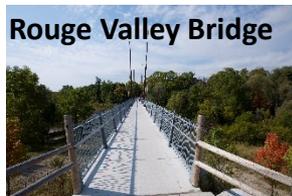
Library collections and e-resources



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

2020 Capital Budget includes:

- | | | |
|----|---|-------|
| 1. | Cornell Community Park – construction (completion: Q3 2021, 13.67 ha.) | \$9.3 |
| 2. | Box Grove Community Park – construction (completion: Q3 2021, 9.51 ha.) | \$8.9 |
| 3. | Wismer McCowan Woodlot Park – design & construction (completion: Q4 2021, 1.20 ha.) | \$1.3 |
| 4. | Leitchcroft Townhouse Park – design & construction (completion: Q4 2020, 0.46 ha.) | \$0.8 |
| 5. | York Downs Park – design & construction (completion: Q2 2021, 0.37 ha.) | \$0.8 |
| 6. | Leitchcroft Building – construction (completion: Q3 2021) | \$0.7 |
| 7. | Cornell Parkette – design & construction (completion: Q4 2021, 0.36 ha.) | \$0.6 |
| 8. | Markham Centre Trails – Phase 1 Construction | \$1.0 |
| 9. | Markham Centre Trails – Phase 2 Design | \$0.2 |



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 2020.
- As of September 2019, Phase 1 (Bayview Glen area) and Phase 2A/2B (Grandview Area) have been substantially completed. Construction is underway in Phase 2C and Phase 2D (Grandview Area) and Phase 3A (Clark Ave. Area) construction is planned for 2020. Design is currently underway for remaining 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
 - Initiated Pilot Private Plumbing Protection Program in 2018

2020 Capital Budget includes:

1. Continuation of construction in the West Thornhill area (Phase 3A) \$10.9



Safe and Sustainable Community (\$ in Millions)

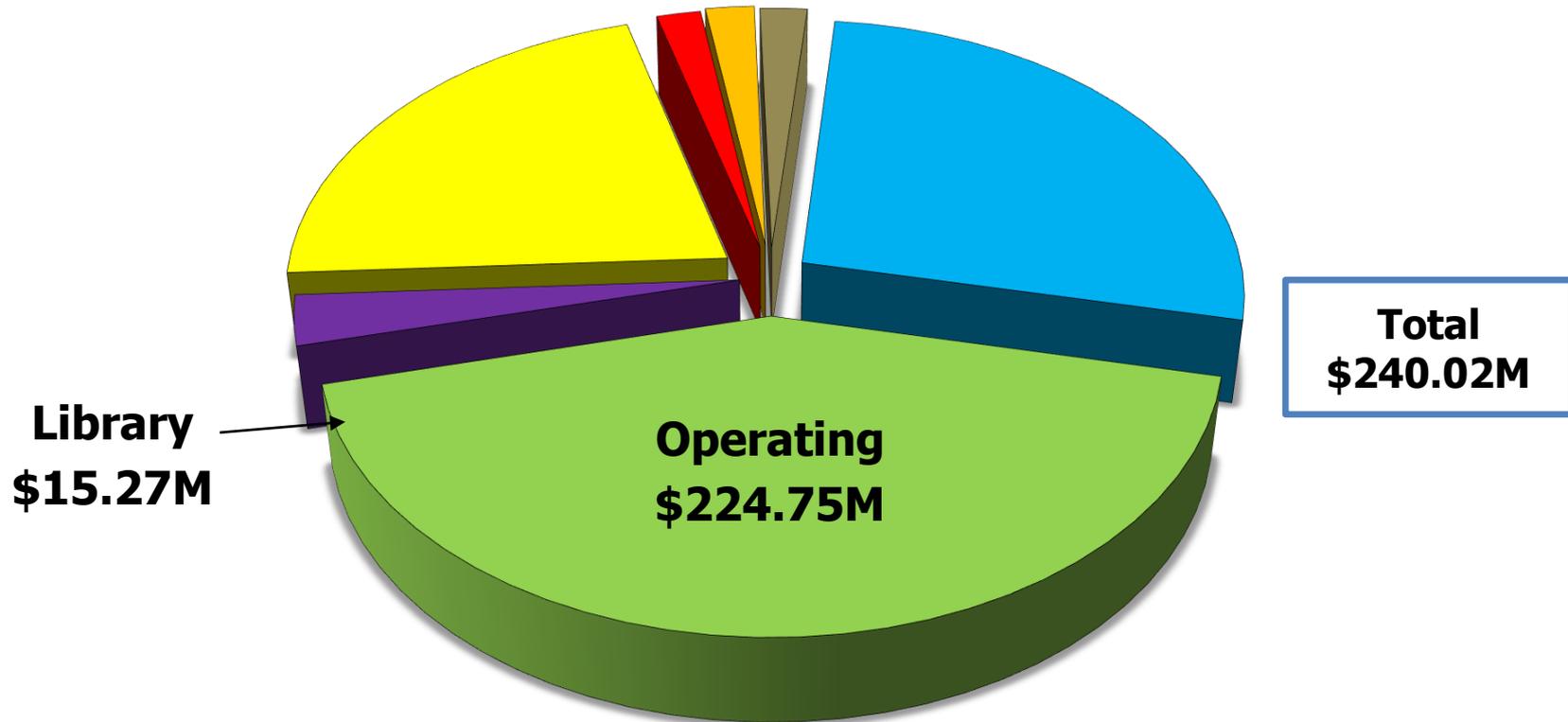
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| 1. Water system and water meter replacement/upgrade program | \$13.6 |
| 2. Exterior and interior facility improvement program at Community Centres, Libraries, Fire Stations, Civic Centre and other City facilities | \$12.4 |
| 3. Asphalt resurfacing | \$6.9 |
| 4. Streetlights – design and construction of new, repair and replacements | \$3.7 |
| 5. New roads and sidewalks | \$3.0 |
| 6. Sanitary sewer and pumping station rehabilitation program | \$2.6 |
| 7. Tree pruning Year 1 of 3 | \$1.0 |
| 8. Intersection improvements | \$0.5 |
| 9. Traffic operational improvements | \$0.1 |
| 10. Continuation of Trees for Tomorrow initiative | \$0.1 |

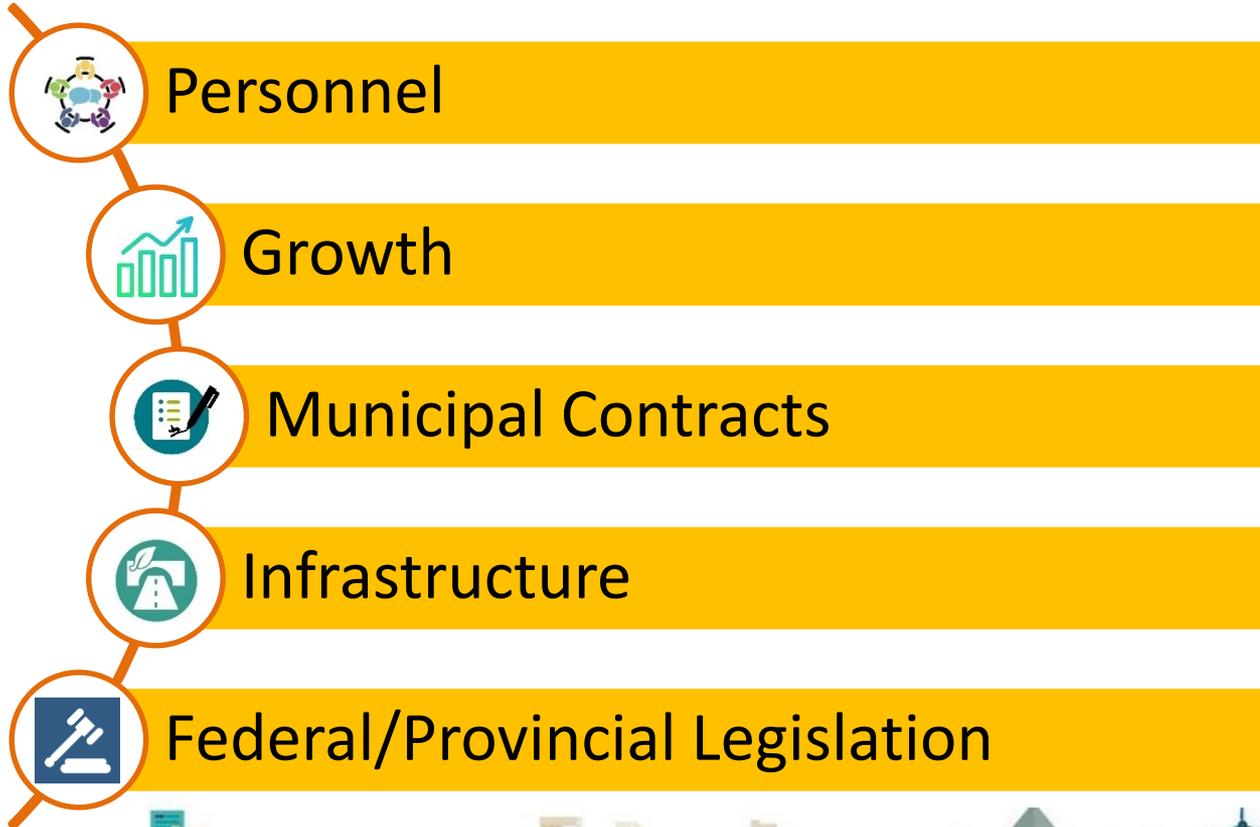


Exceptional Services by Exceptional People (\$ in Millions)

- | | |
|---|-------|
| 1. Library Collections & e-resources | \$2.9 |
| 2. Playstructure Replacement | \$0.8 |
| 3. Courts Resurfacing & Reconstruction | \$0.4 |
| 4. Sportsfield Maintenance and Reconstruction | \$0.1 |







**Operating
Expenditures
Impact**

\$6.18M
Equivalent to a gross
tax rate increase of
3.91%



Revenues

(\$ Millions)

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

	2019 \$	2020 \$	Increase/ (Decrease) \$	Tax Rate Decrease %
Total Revenues	233.04	236.54	3.50	
Assessment growth (1.24%)			1.96	
Annual CPI and volume adjustments for user fees and rentals			1.18	
E3 - net revenue based on operational review			0.36	
Total Revenue Increase			3.50	(2.21%)

Expenditures

(\$ Millions)

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

	2019 \$	2020 \$	Increase/ (Decrease) \$	Tax Rate Increase %
Total Expenditures	233.04	239.22	6.18	
Personnel Costs				
Existing staff and benefits			2.91	
New staffing requests			0.64	
			3.55	
Growth				
Future staff ramp-ups related to new facilities			1.11	
Growth (roads & parks including part-time staff, waste, winter maintenance)			0.29	
Transfer to capital program			0.54	
Capital induced operating costs			0.28	
			2.22	
Municipal Service Contracts				
Contract escalations (Catchbasin cleaning, winter maintenance)			1.11	
Other			0.27	
			1.38	
E3 - net savings based on operational review, support services and awards			(0.97)	
Total Expenditure Increases			6.18	3.91%

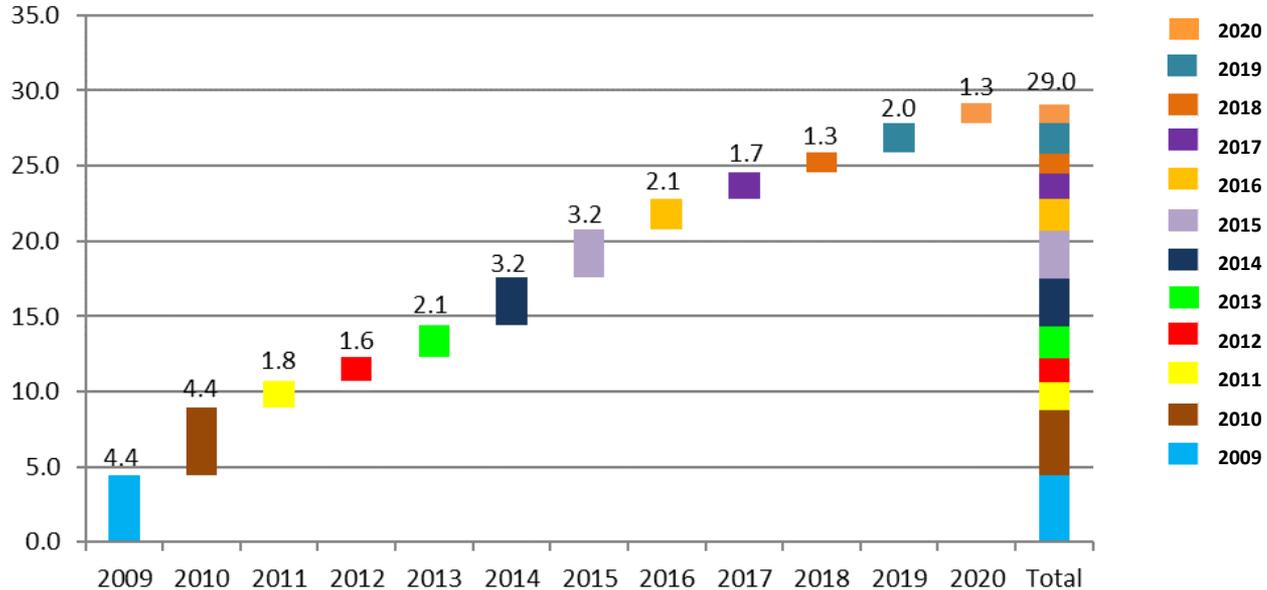
(\$ Millions)
(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

	2019 \$	2020 \$	Increase/ (Decrease) \$	Tax Rate Increase/ (Decrease) %
Revenues	233.04	236.54	3.50	(2.21%)
Expenditures				
Personnel	136.03	140.69	4.66	
Non-Personnel	97.01	98.53	1.52	
Total Expenditures	233.04	239.22	6.18	3.91%
Shortfall: Day-to-day operations	-	2.68	2.68	1.70%
Infrastructure Investment	-	0.79	0.79	0.50%
Net Shortfall	-	3.47	3.47	2.20%

Excellence Through Efficiency and Effectiveness (E3)

Cumulative savings to date: \$29.0M

In constant \$ in millions



2020 savings to date
\$1.3M

Cumulative savings to date
\$29.0M

Total savings \$29.0M – equates to tax rate increase avoidance of 24.2%

Impact to Average Residential Property

Property Type	2019 Average Current Value	2.20% Tax Rate Increase
Residential Homes* 	\$790,464	\$27.85
Residential Condominiums 	\$401,508	\$14.96
Average (Homes & Condominiums)	\$772,253	\$27.21

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

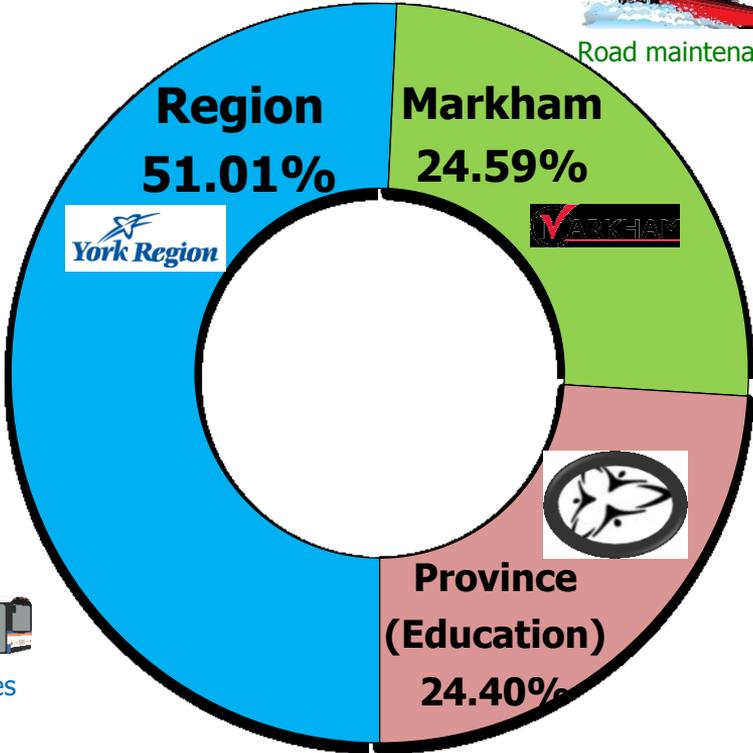
* Residential Homes include single family detached, linked homes, freehold townhouses, and semi-detached.

Impact to Average Residential Property

	2020 Increase	Increase \$
Tax rate increase – Markham (includes 0.5% Infrastructure Investment) 	2.20%	27
Tax rate increase – York Region 	2.96%	75
Water & wastewater fee 	7.80%	74
Total		176

- Excludes continuation of the \$47 stormwater fee

Assessment and Property Taxes 2019 Property Tax Distribution Residential



Water & wastewater treatment

Road maintenance

Streetlights

Parks and trails maintenance

Waste collection

Library programs

Fire & emergency services

Community centres

Education

York Regional Police & York Region Paramedic Services

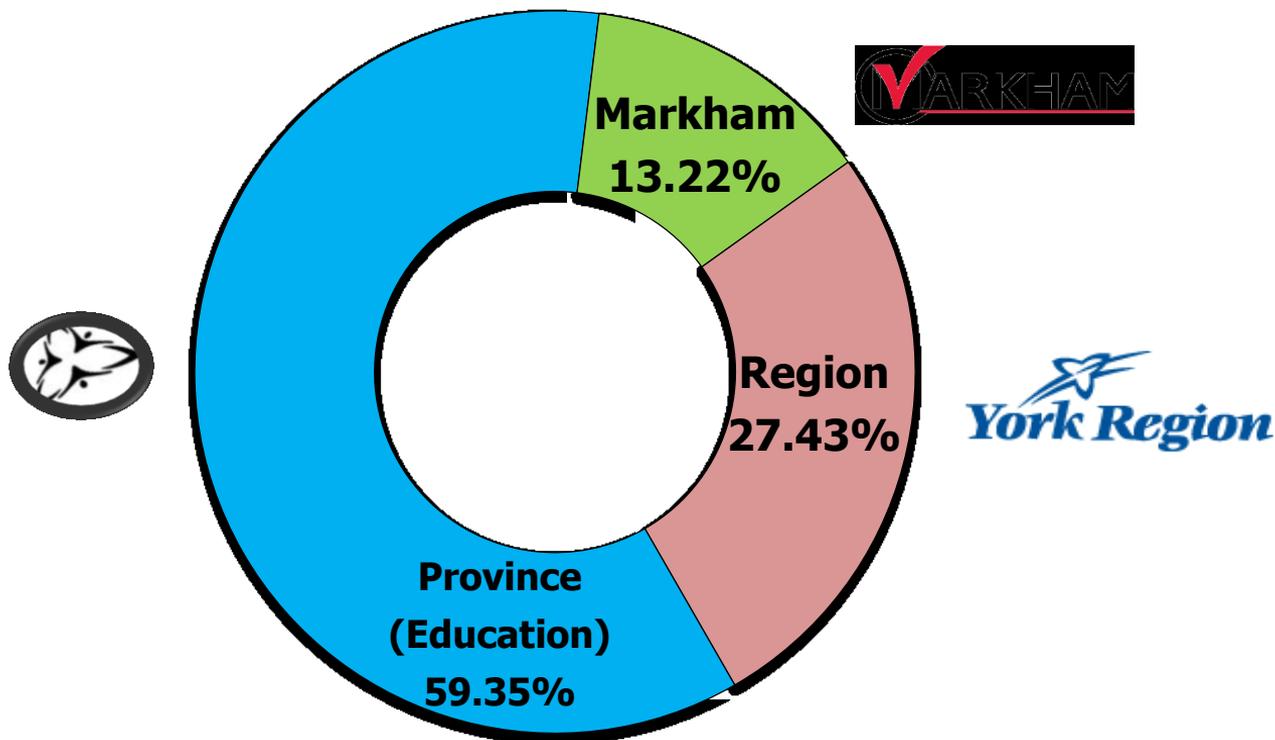
Housing & long term care

+ Additional Programs & Services

Regional Road maintenance

Transit services

Assessment and Property Taxes 2019 Property Tax Distribution Non-Residential



5. Recommendations

1. That the 2020 Budget report be tabled at the December 10th, 2019 Council meeting; and
2. That the minutes from the November 27th, 2019 “Public Budget Consultation Meeting” be tabled at the December 10th, 2019 Council meeting; and
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

6. Next Steps

- Council Decision: Tuesday, December 10th – 1:00 p.m. – Council Chamber
- Press Conference: Wednesday, December 11th – 2:00 p.m. – Canada Room

THANK YOU FOR ATTENDING

