



# Budget Committee Minutes

**Meeting Number 3**

**November 17, 2020, 9:00 AM - 12:00 PM**

**Live streamed**

Members	Councillor Amanda Collucci, Chair Councillor Andrew Keyes, Vice-Chair Deputy Mayor Don Hamilton Mayor Frank Scarpitti (ex-officio)	Councillor Keith Irish Councillor Reid McAlpine Councillor Karen Rea Councillor Khalid Usman
Regrets	None	
Roll Call	Regional Councillor Jack Heath Regional Councillor Jim Jones Councilor Isa Lee Andy Taylor, Chief Administrative Officer Trinela Cane, Commissioner of Corporate Services Arvin Prasad, Commissioner Development Services Claudia Storto, City Solicitor and Director of Human Resources Joel Lustig, Treasurer Biju Karumanchery, Director of Planning and Urban Design Brian Lee, Director of Engineering Phoebe Fu, Director of Environmental Services	Kimberley Kitteringham, Director of Legislative Services & Communications Martha Pettit, Deputy Clerk Christy Lehman, Licensing and Animal Services Coordinator Rob Cole, Acting Chief Information Officer Chris Bird, Director of Building Standards Stephanie Di Perna, Manager of Plans Review Lisa Chen, Senior Manager of Financial Planning & Reporting Mark Visser, Senior Manager of Strategy and Investments Laura Gold, Council and Committee Coordinator

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## 1. CALL TO ORDER

The Budget Committee convened at 9:03 AM with Councillor Amanda Collucci in the Chair.

## 2. DISCLOSURE OF PECUNIARY INTEREST

Mayor Frank Scarpitti disclosed an interest with respect to Item No. 4.5 "Information Technology – Portal Update" and did not take part in the discussion, as his brother works for Compugen.

### **3. APPROVAL OF THE MINUTES FROM THE NOVEMBER 10, 2020 BUDGET COMMITTEE # 3**

Moved by Councillor Andrew Keyes

Seconded by Councillor Reid McAlpine

That the Minutes from the November 10, 2020, Budget Committee be approved.

Carried

### **4. 2021 BUDGET PRESENTATION**

#### **4.1 RESPONSES TO BUDGET COMMITTEE QUESTIONS**

There was no discussion on the responses to the questions from the previous Budget Committee meetings.

Moved by Councillor Reid McAlpine

Seconded by Councillor Andrew Keyes

That the Budget Committee approve Capital Budget Project 21131 – Replace Aging Recycling Containers (Yr 4 of 10).

Carried

#### **4.2 CULTURE – ART GALLERY LOBBY MAINTENANCE, PROJECT 21007 REDUCED AMOUNT**

There was no discussion on this item.

Moved by Councillor Reid McAlpine

Seconded by Councillor Andrew Keyes

That the Budget Committee approve the Culture – Art Gallery Lobby Maintenance, Capital Budget Project 21007 (reduced amount).

Carried

#### **4.3 ENGINEERING ADDITIONAL ITEMS**

There was no discussion on this item.

Moved by Councillor Andrew Keyes

Seconded by Councillor Keith Irish

That the Budget Committee approve the additional Engineering Capital Budget Project 21182 – 2022 Development Charges Study Update, and 21183 – City-Wide Water and Wastewater Servicing Upgrade .

Carried

#### **4.4 LEGISLATED SERVICES – ANIMAL SERVICES DELIVERY MODEL**

Martha Pettit, Deputy Clerk presented the proposed Legislative Services – Animal Services Delivery Model.

Staff provided the following response to inquiries from the Committee:

##### Timelines

The new Animal Services Delivery Model is being presented to the Budget Committee at this time, as the OSPCA has confirmed they will no longer be providing animal enforcement services when their contract expires on March 31, 2021. The OSPCA has confirmed they will provide for sheltering and continued management of the Cat Adoption and Education Centre.

##### Proposed Hybrid Model – Option #3

The OSPCA has made a decision to discontinue its animal care enforcement, as it is not compatible with its animal welfare mandate, and it had underestimated the cost of providing the service in the past. It currently responds to 3,000 calls per year. The staffing proposal presented is to have a hybrid model where the sheltering is still provided by the OSPCA and the animal enforcement provision is brought in-house. Staff recommend that the same staffing model employed by the OSPCA be brought in-house in order to maintain the current service level that has been in place for more than 20 years.

##### Staffing Requirements

In order to maintain the current service levels, 4 Full-Time Animal Care Officers, and 2 Part Time Animal Care Officers will be required to provide the following hours of coverage 8:00 AM – 8:00 PM Monday to Friday, and 8:00 AM – 4:30 PM on weekends. An Animal Care Supervisor is required to manage the officers, as existing supervisors do not have the capacity to take on additional workload. The positions will be permanent unionized positions, as staff are only permitted to be kept on contract for a short-period of time. Staff are aiming to have the Animal Care Supervisor in place by January 1, 2021, and the Animal Care Officers in place by April 1, 2020.

Animal Care Officers have specialized training in animal behaviour, and do not have expertise in traditional municipal enforcement, which makes cross training challenging. Two Animal Care Officers are required per shift for safety purposes, and to maintain current service levels.

##### Recruitment of Staff

Staff's preference is to have an open recruitment for the new staff to ensure the City is hiring the most qualified staff for the positions. OSPCA staff currently in these roles can apply to be considered for these positions with the City.

##### Integration of New Staff

The new Animal Care Unit will be part of the Legislative Services Department, and will be integrated with other business units within the department. Staff agreed to also look for opportunities to integrate fieldwork where possible.

### Wildlife Services

Shades of Hope, located in Whitchurch-Stouffville will continue to provide the City's Wildlife Services until the end of 2021. Once the contract expires, staff will go to market.

### Partnering with Other Municipalities

There may be an opportunity to partner with other municipalities in the future to provide either shelter services, or animal care enforcement (or both) should a shared regional approach to animal services be undertaken. Currently, municipalities are offering these services only as a bundle.

Municipalities are also looking at expanding their shelter services in the event OSPCA no longer decides to offer sheltering services. The City would need to find a new provider for its shelter services if the OSPCA discontinued to provide sheltering.

Staff agreed to prepare a memorandum on an exit strategy if the City decides to partner with another municipality to provide Animal Care Services in the future, and no longer needs an in-house Animal Care Unit.

### Licensing Fees

Staff advised that the City requires cats and dogs to be licensed in Markham. The City is always looking for new ways to educate residents on the requirement. The funds raised from licensing fees are already allocated in the base budget.

Staff will provide more information on the City Licensing Fees for cats and dogs.

### OSPCA Vehicles

Staff explored purchasing the OSPCA animal care vehicles, but the vehicles are at the end of their lifecycle.

### **Discussion**

Staff's preference is to have the decision made as soon as possible so that recruitment for the supervisor position can start.

Further discussion on the Legislative Services – Animal Service Delivery Model was deferred to the November 20, 2020 Budget Committee meeting, with a report to the General Committee for November 30, 2020, if necessary.

#### **4.5 INFORMATION TECHNOLOGY – PORTAL UPDATE**

Rob Cole, Acting Chief Information Officer presented Capital Budget Project 21186 – Portal Platform.

Staff provided the following responses to inquiries from the Committee:

##### Cost

Staff advised that if the City continues with the current portal the cost will increase significantly, as York Region will no longer be sharing the cost. There is an anticipated operating savings of \$82,500 per year after the City switches to the Drupal Platform.

York Region has agreed to include Markham in its RFP. This will help Markham negotiate the same price as York Region.

##### Content Transfer

Staff advised that the City's current web content will be moved to the new Drupal Platform, but that the look and feel of the website will remain the same. The new Drupal Platform will provide content authors with more flexibility in designing their web pages. Refreshing the design of the website would be considerably more expensive, and there is not enough time to do this before the transferring of the content. The website is not scheduled to be redesigned for another 4 to 5 years.

##### Cloud Service

When selecting a Cloud Service provider, there is a strong preference to use companies with Canadian based data centres, such as AWS (Amazon Web Services). ITS always looks for provider who will store our data in Canada and subject to Canadian Laws.

##### Timelines

The timelines of this project are tight, as the project was accelerated by York Region.

Moved by Councillor Andrew Keyes

Seconded by Councillor Reid McAlpine

- 1) That the Capital Budget Project 21186, Portal Platform be approved in the amount of \$407,000, and be funded from the Life Cycle Reserve Fund; and,
- 2) That the identified operating budget savings be incorporated into the 2022 Operating Budget; and further,
- 3) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Carried

#### **4.6 2021 PROPOSED BUILDING, PLANNING & DESIGN ENGINEERING AND WATERWORKS**

Joel Lustig, Treasurer presented the proposed 2021 Building, Planning & Design, Engineering, and Waterworks Budgets.

The following was discussed:

##### Building Operating Budget

Staff advised that building fee revenue is anticipated to increase to \$11.6M in 2021 due to: 1) the anticipated number of building permits (based on 2020 development activity); and 2) changes to the Building Code pertaining to stairways that will likely lead to more applications being submitted prior the legislation coming into affect. When forecasting building fee revenue, construction activity, and a conservative estimate of the number of building permits anticipated is considered. It is not unusual for building fees to fluctuate from year to year.

Staff noted that some of the development community was consulted on the 5% building fee increase, and that it supported the increase.

Markham's Development Fees are determined based on a cost recovery model.

##### Planning and Design Operating Budget

Staff presented a high level overview of the 2021 Planning and Design operating budget.

##### Engineering Operating Budget

Staff presented a high level overview of the 2021 Engineering operating budget.

##### 2021 Waterworks Operating Budget

Staff presented a high level overview of the 2021 Waterworks operating budget.

Committee requested that "Net Surplus" be referred to as "Contribution to Reserve", as the surplus is derived from deliberate policy decisions to put funds into the Waterworks Reserve to ensure there is enough funds in the reserve to repair and replace infrastructure when required.

#### **4.7 STATUS OF THE 2021 OPERATING BUDGET**

Joel Lustig, Treasurer provided an update on the Status of the 2021 Operating Budget. The tax rate increase is currently is at 1.8%, which includes the animal services impact.

Staff provided the following response to inquiries from the Committee:

##### Other Municipalities Budgets

Staff were not aware of any neighbouring municipalities that have approved their 2021 Budgets. Vaughan is targeting a 0% tax rate increase, Richmond Hill is targeting a 0.5% tax rate increase and Brampton is targeting a 0.9% tax rate increase.

#### **4.8 CORPORATE RATE STABILIZATION RESERVE**

Joel Lustig, Treasurer explained the purpose, and approved uses of the Corporate Rate Stabilization Reserve.

Staff provided the following responses to inquiries from the Committee:

##### Previous 0% Budgets

Staff advised that there were no draws from the Corporate Rate Stabilization Reserve in 2009, 2010 and 2011 when the tax rate increase was 0%. The tax rate was kept at 0% by staff finding efficiencies, and new revenue sources.

Committee advised that reserves have been used prior to this period to reach a 0% budget increase, or to reduce the tax rate increase, noting this practice needs to be used cautiously, as it can put strain on future budgets.

##### Funding Sources for the Reserve

Staff advised that year-end Operating Budget Surpluses (if any) are transferred into the Corporate Rate Stabilization Reserve. The City strives to maintain 15% of the local tax levy in the reserve. Once the target of 15% is met, Operating Budget Surpluses will be transferred to the Life Cycle Reserve Fund. The 2020 Budget Surplus transfer to the Corporate Rate Stabilization Reserve will help offset the amount taken from the reserve.

##### Grant Received From Other Levels of Government

Staff advised that the \$6.7 million grant received from other levels of government, and measures taken by staff helped reduce the 2020 budget shortfall. In 2021, staff will continue to monitor revenue, and make adjustments if required.

##### Recreation and Culture Departments

Staff advised that it is the goal that Recreation and Culture departments be on budget with receiving the same subsidy provided in 2020 in 2021. Other measures are also being taken to ensure additional funds

are not needed to support these departments in 2021. Variances from budget will be monitored and reported throughout the year.

#### Tax Collection Rate

The City has collected 93.9% of the 2020 property taxes to-date. This average rate was 96.5 % in the previous four years.

#### **Discussion**

Given the financial challenges the pandemic has created for residents and businesses, Committee supported using the Corporate Rate Stabilization Reserve to reduce the tax rate increase to 0%.

Staff noted that amount transferred from the reserve is still subject to change, pending outcome from the Animal Services Delivery Model discussion.

Moved by Mayor Frank Scarpitti

Seconded by Councillor Khalid Usman

- 1) Consistent with the Corporate Rate Stabilization Reserve purpose, staff recommend funding the 2021 operating budget shortfall with a one-time \$2,940,000 transfer from the Corporate Rate Stabilization Reserve, resulting in a 0% property tax rate increase
- 2) Due to this one-time draw from the Corporate Rate Stabilization Reserve, \$2,940,000 will need to be recovered in a future year's budget, or phased in over multiple years.

Carried

#### **5. Next Steps**

Joel Lustig reviewed the remainder of 2021 Budget Schedule.

#### **6. Next Meeting Date**

The next meeting of the Budget Committee will be held on Friday, November 20, 2020.

#### **7. New Business**

There was no new business.

#### **8. ADJOURNMENT**

The Budget Committee Adjourned at 12:50 PM