



BUILDING MARKHAM'S FUTURE TOGETHER

2020 – 2023 Strategic Plan



2021 Budget
Budget Committee Meeting #4
November 17, 2020

Heintzman House



Agenda

1. Approval of Minutes from November 10, 2020 Budget Committee Meeting #3
2. Responses to Budget Committee Questions
3. Culture – Art Gallery Lobby Maintenance (project 21007)
4. Engineering Services – additional capital projects
5. Legislated Services – Markham Animal Services
6. Information Technology – Portal Platform
7. 2021 proposed Building, Planning & Design, Engineering and Waterworks Operating Budgets
8. Status of 2021 Operating Budget
9. Corporate Rate Stabilization Reserve
 - a) Purpose
 - b) Approved Uses
10. 2021 Operating Budget Recommendation
11. Next Steps



2. Responses to Budget Committee Questions

- a) Ditching Program Locations (project 21106)
- b) Toogood Pond Stairway Location (project 21135)
- c) Toogood Pond Geese Fencing (related to project 21162)
- d) Recycling Containers (project 21131)



3. Gallery Lobby Maintenance

Gallery Lobby Maintenance (project 21007, reduced amount)



4. Engineering – Additional Capital Projects

- a) 2022 Development Charges Background Study Update (new project 21182)
- b) City Wide Water and Wastewater Servicing Update (new project 21183)



5. Markham Animal Services

Presentation from: Martha Pettit, Deputy City Clerk



5. City of Markham Animal Services

- The City has an animal services budget of \$724,056 and currently contracts with the following providers:
 - Domestic animal sheltering & enforcement – OSPCA (\$578,056)
 - Cat Adoption & Education Centre (CAEC) – OSPCA (\$106,000)
 - Wildlife rehabilitation & education – Shades of Hope Wildlife (\$40,000)
- Current staffing levels include 2 Officers on patrol - 8 AM – 8 PM Monday thru Friday and 8 AM - 4:30 PM Saturday and Sunday.
- The OSPCA's domestic animal shelter is open a minimum of 54 hours per week to allow for reunifications and adoptions.
- A third party review of the City's animal services program in 2012 identified that Markham was a leader in animal services, with one of the lowest costs per resident among Ontario municipalities.
- On January 20, 2020, Staff presented a report to General Committee requesting a one year extension of the OSPCA contract to March 31, 2021, (with no option to renew) which was approved.



5. City of Markham Animal Services

- At that time, Council was advised that Staff would report back later in 2020 on a proposed new animal services delivery model, as a result of new Provincial animal welfare legislation and related changes in the role of OSPCA.
- Based on the new provincial legislation, the OSPCA Board has restructured its organizational mandate to focus exclusively on domestic animal sheltering & public education – and will no longer provide enforcement services.
- OSPCA is prepared to continue to provide domestic animal shelter services and operate the CAEC at the Thornhill Community Centre on behalf of Markham.
- The City has extended its wildlife services contract with Shades of Hope at the same cost, for one additional year to December 31, 2021. Staff have found the services provided by Shades of Hope to be excellent. This has been supported by feedback received by the public.



5. Markham Domestic Animal Services – Options

Staff investigated 3 options for the City's future animal service delivery model:

- 1: External Private Agency** – Contracted domestic animal sheltering & enforcement services procured with an external agency through an RFP process.
 - **Not recommended** as there is only one potential provider, with limited capacity, located at a significant distance from Markham.
- 2: Municipal Partnership** - Domestic animal sheltering & enforcement services to be provided by another municipality through a municipal partnership agreement.
 - **Not recommended at this time** – as potential municipalities currently do not have the capacity to provide domestic sheltering and enforcement services to meet the City timelines and would require significant operating and capital investment to ramp up service.
 - A shared animal services model among York Region municipalities may provide opportunities for efficiencies in the future. Staff recommend that work be initiated with other York Region municipalities to actively pursue a shared service model for domestic animal enforcement and sheltering. This could also include a shared Cat Adoption and Education Centre.



5. Markham Domestic Animal Services – Options (cont'd)

3: Hybrid Model – Contract with OSPCA for domestic animal sheltering, and the management of the Cat Adoption and Education Centre, and establish in-house enforcement services.

- **Recommended**, based on staff's research and the limited service options immediately available.
- Staff request approval for Option 3 as an interim measure for the next 3 years:
 - Sole source contract with the OSPCA for domestic animal sheltering services and the continued management of the CAEC (3 year contract with potential for 2 additional years if required).
 - Establish new Animal Services enforcement unit staffed by an Animal Care Supervisor and Animal Care Officers (ACOs).
 - The potential for a shared service model among YR municipalities will be actively explored during the interim period.



5. Option 3 – Financial Considerations

Operating Budget Impact

Program Operating Costs	2021 Initial Year	2022 Annualized
Base Contract		
OSPCA Contract (sheltering and enforcement) - January 1 to March 31, 2021	\$144,514	\$0
Animal Sheltering cost - April 1, 2021 and onwards	138,750	185,000
Subtotal Base Contract	283,264	185,000
Personnel In-house Enforcement (including benefits)		
1 Supervisor - starts on January 1, 2021	122,948	122,948
4 FT Officers - ramp up start on February 1, 2021	346,080	377,542
2 PT Officers - starts on April 1, 2021	55,494	73,992
Subtotal Personnel In-house Enforcement	524,522	574,482
Non-personnel In-house Enforcement		
Non-personnel costs (Uniforms, annual training, cell phones, vehicle fuel and maintenance)	25,230	26,400
Subtotal Non-personnel In-house Enforcement	25,230	26,400
Total Operating Costs (A)	833,016	785,882
Sources of Funding		
Operating Budget	578,056	578,056
Total Sources of Funding (B)	578,056	578,056
Operating Budget Shortfall (A)-(B)	\$254,960	\$207,826



5. Option 3 – Financial Considerations (cont'd)

Operating Budget Impact

Enforcement Staffing

Enforcement Staff now required as enforcement services will no longer be provided by the OSPCA after March 31, 2021. In order to provide the current level of service, the City will need to hire 1 full-time Animal Care Supervisor, 4 full-time Animal Care Officers, and 2 part-time Animal Care Officers.

Position Title	No. of Positions	Salary Pro-rated for 2021 \$	Salary Annualized (for 2022) \$
<u>New Position Requests - Full-Time</u>			
Animal Care Supervisor	1	96,241	96,241
Animal Care Officer - Full Time	4	270,904	295,532
<i>Total New Position Requests - Full-Time</i>	5	367,145	391,773
<u>New Position Requests - Part-Time</u>			
Animal Care Officer - Part-Time	2	51,241	68,321
<i>Total New Position Requests - Part-Time</i>	2	51,241	68,321
Benefits		106,136	114,388
<i>TOTAL TAX FUNDED POSITIONS</i>	7	524,522	574,482



5. Option 3 – Financial Considerations (cont'd)

Capital Budget Impact

Enforcement Vehicle Purchase

In the first year of operation, \$142,464 will be required for the one-time capital purchase & outfitting of 2 Animal Care vehicles, to be funded as follows:

- \$17,695 from public Animal Services donations.
- Remaining balance using Ramp-Up Reserve. Subsequent vehicle replacements (estimated at every 7 years) will be included in the Life Cycle Reserve Study.

Program Capital Costs	2021
Initial Purchase of Animal Control Officer Vehicles @ \$70,000 + HST Impact/van with a replacement life of 7 years.	\$142,464
Donations Received	(17,695)
Total Capital Costs	\$124,769



5. Markham Animal Services Staff Recommendations

1. That Council approve an increase in 2021 operating budget for Animal Services of \$254,960 to accommodate the change in service delivery; and,
2. That Council approve a new 2021 capital budget request of \$142,464 for the procurement of 2 animal care enforcement vehicles with funding as follows: \$124,769 from the Ramp-Up Reserve and \$17,695 from donations; and,
3. That staff be authorized to enter into a 3 year contract (plus possible 2 year extension) with the OSPCA for domestic animal sheltering services and CAEC management services, subject to the satisfaction of the City Clerk and City Solicitor; and,
4. That staff be authorized to hire 1 full-time Animal Care Supervisor, 4 full-time Animal Care Officers, and 2 part-time Animal Care Officers at a cost of \$524,522 for 2021 and \$574,482 annually for 2022 for the delivery of the City's animal enforcement services to maintain current service levels; and
5. That staff be directed to continue to explore opportunities with other municipalities for future shared domestic animal services delivery; and further,
6. That staff be directed to do all things necessary to give effect to this resolution.



6. Portal Platform

Presentation from: Robert Cole, Acting CIO



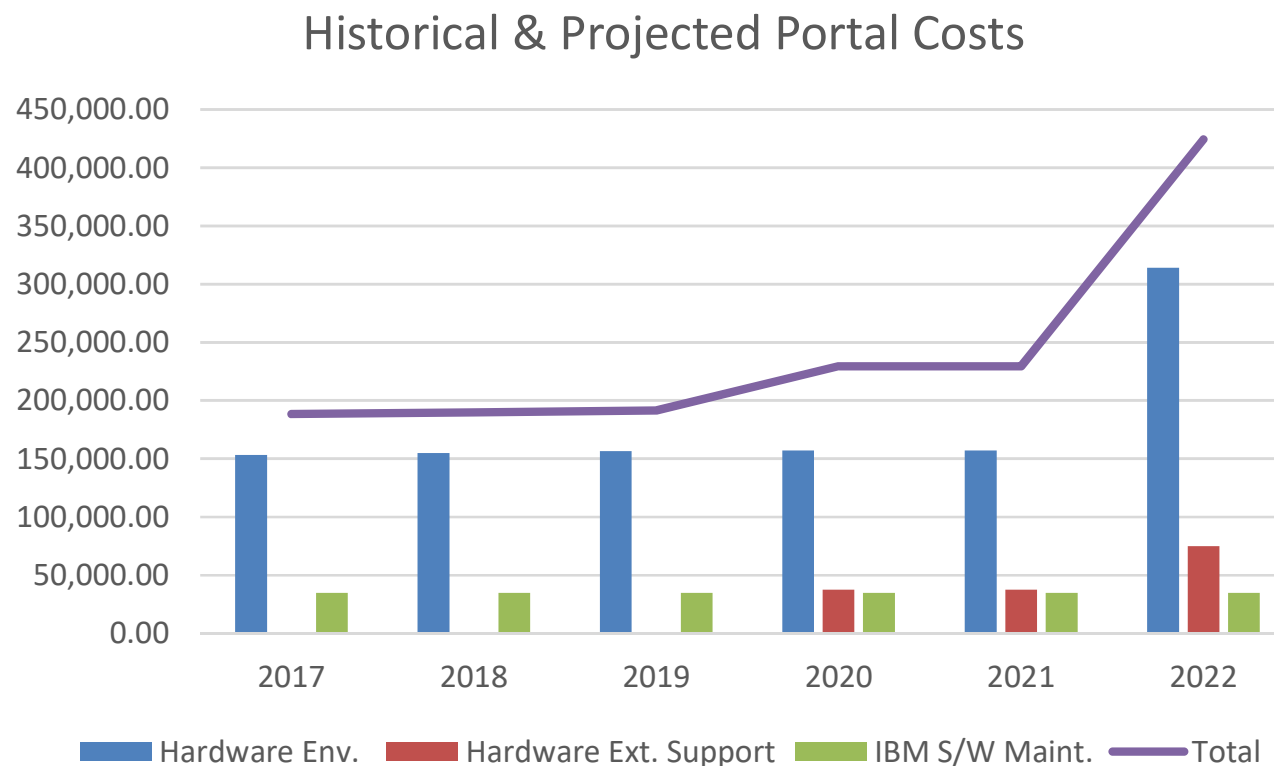
6. Current State of Markham Portal

- Markham and York Region entered into a 5 year joint partnership for the Portal Environment to share costs in 2014-15
- The Joint Portal Platform hosts York Region (York.ca) and Markham.ca public websites
- Markham did a website (Software) refresh in 2017/18
- The Joint Portal Hardware Environment was at end of life between December 2019 – April 2020
- York and Markham entered into an Extended Support Contract with Compugen, extending the life of the environment to March 31, 2022
- York currently owns the relationship with the Portal – Markham is essentially “subletting” the environment from York
 - Currently Markham is dependent on the York relationship with Compugen
 - Beyond 4/2022 York plans to move off the platform to another more modern platform – using Drupal Technology
 - If Markham is to stay on this platform, we will need to re-negotiate our own contract with Compugen – which will increase costs significantly – including implementing required platform refresh
 - York placed the project on hold due to Covid-19. They have since revised the program and have released an RFP
- Markham needs to make a decision about its own future on the existing platform, given York Region’s decision to move forward



6. Current Portal Budget and Related Costs

- Current annual operating cost of the Compugen Joint Portal environment is shared between York Region and Markham. Markham's share is 50%. Costs below reflect Markham's current and projected costs
- Beyond 2022, Markham's costs will increase significantly if we do not follow York and exit the current Platform





6. Options Considered

- Option 1 – Extend the current platform
 - not recommended
- Option 2 – Refresh the hardware platform
 - not recommended
- Option 3 – Move to a new Digital Experience Platform
 - recommended



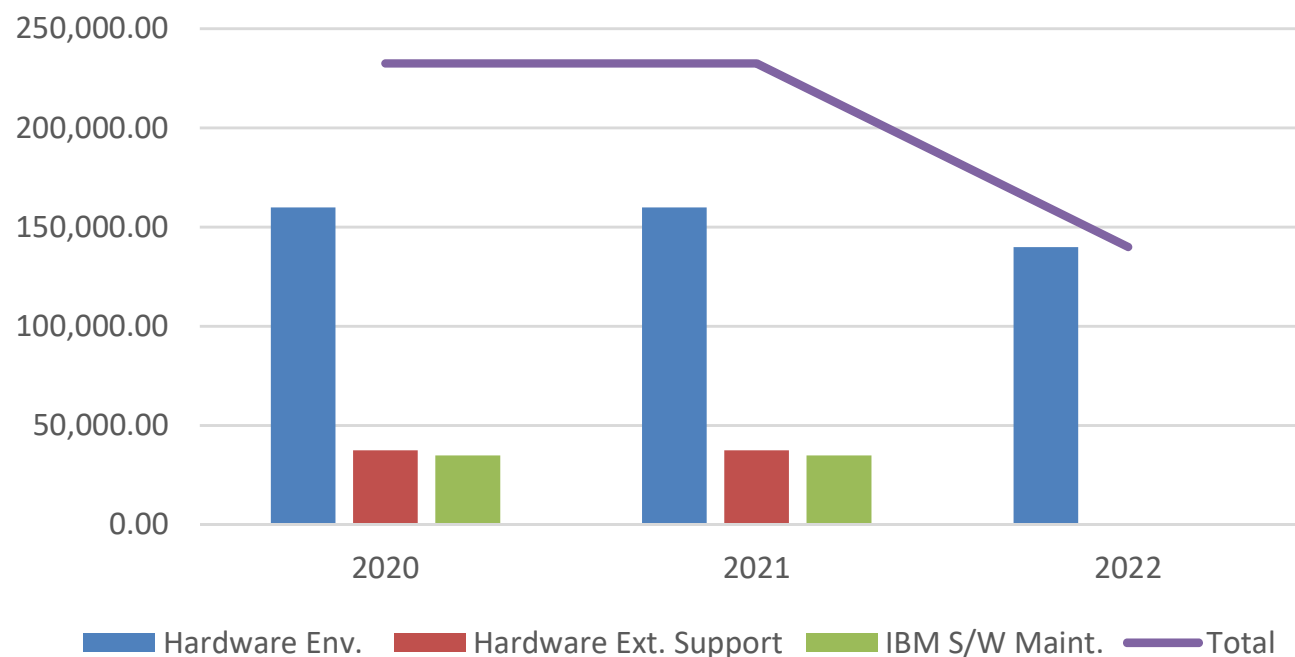
6. Staff Recommendation: Build New Platform

Similar to York Region, Markham recommends proceeding to rebuild our public website on a new Drupal Platform

Estimated Costs

Operational Costs: ~\$150k / year (projected based on similar sized municipality)

Opt 3. Annual Operating Cost



Capital Costs: \$407k implementation costs



6. Staff Recommendation: Build New Platform

Similar to York Region, Markham recommends proceeding to rebuild our public website on a new Drupal Platform

Benefits:

- Will reduce operating costs by up to \$82.5k / year, once transition from old platform is complete
 - No IBM software licensing costs (\$35k/year savings)
 - No extended maintenance support costs (\$37.5k future savings if we stay on the current platform)
 - Reduction of annual platform operating cost from \$160k to <\$150k
- New supported technology; providing > 7 year lifespan
- Easier for non-technical people to manage changes/updates to the environment (Content Authors)
- Software as a Service (SaaS) - based service, so no future life cycle investment will be required for hardware replacement (currently \$469k in Life Cycle for portal environment)
- Drupal is an open source platform. Drupal 9 released in Oct 2019

Risks:

- Failure to approve funding will mean further investment in the old WebSphere Platform
- Aggressive timeline for re-building platform (~1.5 years) some further costs may be required to further extend the life of the platform until Markham can cleanly exit



6. Financial Impact

Capital Budget Request

Implementation & Consulting \$407,000

Operating Budget Impact

	Current Annual	New Annual	Annual Saving
Platform Cost	\$160,000	\$150,000	\$10,000
Hardware Support			
- negotiated extended support	\$37,500	\$0	\$37,500
Software Support	\$35,000	\$0	\$35,000
Subtotal	\$232,500	\$150,000	\$82,500



6. Portal Platform Staff Recommendations

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



6. Next Steps

- Collaborate with York Region to procure a portal platform and host
- Develop and issue RFP for Markham Implementation Partner
- Implement new platform and begin build for transition by April 1, 2022



7. 2021 proposed Building, Planning & Design, Engineering and Waterworks Operating Budgets

Presentation from: Joel Lustig, Treasurer



7. 2021 Building Operating Budget \$ in millions

	2020 Budget \$	2020 Forecast \$	2021 Budget \$	Budget 2021 vs. 2020 Increase/ (Decrease) \$ Change %	
Revenue	7.14	6.00	11.26	4.12	57.7%
Personnel	6.29	5.98	6.41	0.13	2.0%
Non-Personnel	<u>3.25</u>	<u>3.13</u>	<u>3.32</u>	<u>0.06</u>	<u>2.0%</u>
Total Expenses	9.54	9.10	9.73	0.19	2.0%
Net Revenues/(Expenditures)	(2.40)	(3.10)	1.53	3.93	163.9%
Transfer (to)/from Reserves	2.40	3.10	(1.53)		
Net Revenues/(Expenditures) after transfer from reserve	0.00	0.00	0.00		

The 2021 Budget includes
a proposed 5% fee increase



7. Building Fee Reserve \$ in millions

	2020 Year End Forecast	2021 Budget
Opening Balance	10.36	6.94
Transfer to Capital and Interest Income	(0.32)	0.03
Projected Transfer to/Draw (from) Reserves	(3.10)	1.53
Building Reserve Ending Balance	6.94	8.50



7. 2021 Planning & Design Operating Budget \$ in millions

	2020 Budget \$	2020 Forecast \$	2021 Budget \$	Budget 2021 vs. 2020 Increase/ (Decrease) \$ Change %	
Revenue	10.57	14.22	13.50	2.93	27.7%
Personnel	6.03	5.93	6.15	0.12	2.0%
Non-Personnel	<u>3.92</u>	<u>3.87</u>	<u>4.00</u>	<u>0.08</u>	<u>2.0%</u>
Total Expenses	9.95	9.80	10.15	0.20	2.0%
Net Revenues/(Expenditures)	0.62	4.42	3.35	2.73	443.9%
Transfer to Reserves	(0.62)	(4.42)	(3.35)		
Net Revenues/(Expenditures) after transfer from reserve	0.00	0.00	0.00		

The 2021 Budget includes a proposed 5% fee increase



7. 2021 Engineering Operating Budget \$ in millions

	2020 Budget \$	2020 Forecast \$	2021 Budget \$	Budget 2021 vs. 2020 Increase/ (Decrease) \$ Change %	
Revenue	8.79	8.13	8.84	0.06	0.6%
Personnel	5.71	5.00	5.82	0.12	2.0%
Non-Personnel	<u>2.96</u>	<u>2.87</u>	<u>3.01</u>	<u>0.05</u>	<u>1.8%</u>
Total Expenses	8.66	7.86	8.83	0.17	1.9%
Net Revenues/(Expenditures)	0.13	0.27	0.01	(0.11)	-88.5%
Transfer to Reserves	(0.13)	(0.27)	(0.01)		
Net Revenues/(Expenditures) after transfer from reserve	0.00	0.00	0.00		

The 2021 Budget includes a proposed 5% fee increase



7. Development Fee Reserve

\$ in millions

	2020 Year End Forecast	2021 Budget
Opening Balance	(0.52)	3.87
Transfer to Capital and Interest Charges	(0.30)	(0.18)
Transfer to Reserves		
Planning & Design	4.42	3.35
Engineering	0.27	0.01
Planning & Engineering Reserve Ending Balance	3.87	7.04



7. 2021 Waterworks Operating Budget \$ in millions

	2020 Budget \$	2020 Forecast \$	2021 Budget \$	Budget 2021 vs. 2020 Increase/ (Decrease) \$ Change %	
Sales & Purchases of Water					
Sales	139.17	137.43	135.58	(3.58)	-2.6%
Purchases	<u>109.35</u>	<u>106.62</u>	<u>104.31</u>	<u>(5.04)</u>	<u>-4.6%</u>
Water/Wastewater Sale Net of Purchase	29.81	30.81	31.27	1.46	4.9%
Operations					
Other Revenues	1.50	1.50	1.50	-	0.0%
Other Expenditures					
Personnel	8.02	8.02	8.18	0.16	2.0%
Non-personnel	<u>7.68</u>	<u>7.68</u>	<u>7.59</u>	<u>(0.08)</u>	<u>-1.1%</u>
Total Other Expenditures	15.70	15.70	15.77	0.08	0.5%
Net Surplus	15.62	16.62	17.00	1.39	8.9%
Transfer to Reserve	<u>(15.62)</u>	<u>(16.62)</u>	<u>(17.00)</u>	<u>(1.39)</u>	<u>8.9%</u>
Surplus after Transfer to Reserve	-	-	-	-	0.0%

York Region's component of the water rate is currently not known.

The City is proposing to increase the 2021 water rate by the same percentage as the Region.

The 2021 Budget includes a proposed 2.9% water rate increase, assuming the Region's increase is 2.9%.



7. Waterworks Reserve \$ in millions

	2020 Year End Forecast	2021 Budget
Opening Balance	61.85	67.06
Transfer to Capital	(12.68)	(15.72)
Interest Income	0.70	0.70
Transfer from closed capital projects	0.57	0.50
Transfer to Reserve	16.62	17.00
Waterworks Reserve Ending Balance	67.06	69.54



8. Status of 2021 Operating Budget

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

(\$ Millions)	2020 \$	2021 \$	Increase/ (Decrease) \$	Tax Rate Increase/ (Decrease) %
Revenues	240.96	244.02	3.06	(1.88%)
Expenditures				
Personnel	141.34	142.90	1.56	
Non-Personnel	99.62	103.24	3.62	
Total Expenditures	240.96	246.15	5.19	3.18%
Shortfall: Day-to-day operations	-	2.12	2.12	1.30%
Infrastructure Investment	-	0.82	0.82	0.50%
Net Shortfall	-	2.94	2.94	1.80%



9a. Corporate Rate Stabilization Reserve – Purpose

- Established: pre-2000
- Purpose is to:
 - Maintain the City's cash flow
 - Minimize the need for short-term borrowing
 - Fund urgent expenditure requirements
 - Minimize changes in the tax or rate levy, and to smooth out fluctuations due to one-time expenditures.
- Source: year-end operating surplus
- Target: 15% year local tax levy
- Balance: \$23.29M (currently at 15%)



9b. Corporate Rate Stabilization Reserve – Approved Uses

The Reserve has been used in the past to fund:

- Operating budget deficits
- 2013 ice storm costs
- August 19, 2005 rain storm costs
- Financial Assistance: Markham Interchurch Committee for Affordable Housing, Old Kennedy Co-Operative Development, and East Markham Non-Profit Homes
- Seneca College Campus grant
- Election Rebate funding shortfall



10. 2021 Operating Budget Recommendations

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.



11. Next Steps

- Public Meeting: Wednesday, November 25 – 7:00 p.m.
- Council Decision: Wednesday, December 9 – 1:00 p.m.
- Press Conference: Thursday, December 10 – 1:00 p.m.



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Discussion

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