



# BUILDING MARKHAM'S FUTURE TOGETHER

## 2020 – 2023 Strategic Plan

Markham  
2022 Budget



MARKHAM

**2022 Budget**  
**Budget Committee Meeting #6**  
**November 2, 2021**



# **2022 Proposed Building, Planning & Design, Engineering and Waterworks Operating Budgets**

**November 2, 2021**



## 2022 Budget - Agenda

1. Building Operating Budget
2. Planning and Design Operating Budget
3. Engineering Operating Budget
4. Waterworks Operating Budget
5. Next Steps: Primary Operating Budget to be presented on November 9, 2021



## 2022 Building Operating Budget \$ in millions

	2021 Budget \$	2021 Forecast \$	2022 Budget \$	Budget 2022 vs. 2021 Increase/ (Decrease) \$      Change %	
Revenue	11.26	13.20	9.63	(1.63)	(14.4%)
Personnel	6.44	6.09	6.53	0.09	1.4%
Non-Personnel	<u>3.27</u>	<u>3.22</u>	<u>3.35</u>	<u>0.08</u>	<u>2.6%</u>
<b>Total Expenses</b>	<b>9.71</b>	<b>9.32</b>	<b>9.88</b>	<b>0.17</b>	<b>1.8%</b>
<b>Net Revenues/(Expenditures) Before Reserve Contributions</b>	<b>1.55</b>	<b>3.88</b>	<b>(0.25)</b>	<b>(1.80)</b>	<b>(116.1%)</b>
Contributions (to)/from Reserves	(1.55)	(3.88)	0.25	<div>The 2022 Budget includes a proposed 5.0% fee increase</div>	
<b>Net Revenues/(Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>		



## **Building Fee Reserve** **\$ in millions**

	<b>2021 Year End Forecast</b>	<b>2022 Budget</b>
<b>Opening Balance</b>	6.38	10.27
<b>Transfer to Capital and Interest Income</b>	0.01	0.03
<b>Projected Contribution to/(from) Reserves</b>	3.88	(0.25)
<b>Building Reserve Ending Balance</b>	<b>10.27</b>	<b>10.06</b>



## 2022 Planning & Design Operating Budget \$ in millions

	2021 Budget \$	2021 Forecast \$	2022 Budget \$	Budget 2022 vs. 2021 Increase/ (Decrease) Change \$ %	
Revenue	13.50	13.28	12.83	(0.67)	(5.0%)
Personnel	6.05	5.05	6.14	0.08	1.4%
Non-Personnel	<u>4.23</u>	<u>4.18</u>	<u>4.33</u>	<u>0.10</u>	<u>2.4%</u>
<b>Total Expenses</b>	<b>10.28</b>	<b>9.23</b>	<b>10.47</b>	<b>0.18</b>	<b>1.8%</b>
<b>Net Revenues/(Expenditures) Before Reserve Contributions</b>	<b>3.22</b>	<b>4.04</b>	<b>2.36</b>	<b>(0.85)</b>	<b>(26.5%)</b>
Contribution (to)/from Reserves	(3.22)	(4.04)	(2.36)		
<b>Net Revenues/(Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>		

The 2022 Budget includes a proposed 3.3% fee increase



## 2022 Engineering Operating Budget \$ in millions

	2021 Budget \$	2021 Forecast \$	2022 Budget \$	Budget 2022 vs. 2021 Increase/ (Decrease)      Change \$                      %	
Revenue	8.84	16.75	10.16	1.32	14.9%
Personnel	5.83	5.44	6.08	0.25	4.3%
Non-Personnel	<u>3.01</u>	<u>2.93</u>	<u>3.13</u>	<u>0.11</u>	<u>3.8%</u>
<b>Total Expenses</b>	<b>8.84</b>	<b>8.37</b>	<b>9.20</b>	<b>0.36</b>	<b>4.1%</b>
<b>Net Revenues/(Expenditures) Before Reserve Contributions</b>	<b>0.00</b>	<b>8.37</b>	<b>0.96</b>	<b>0.95</b>	
Contribution (to)/from Reserves	(0.00)	(8.37)	(0.96)		
<b>Net Revenues/(Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>		

The 2022 Budget includes a  
proposed 3.3% fee increase



## Development Fee Reserve \$ in millions

	2021 Year End Forecast	2022 Budget
Opening Balance	9.12	21.31
Transfer to Capital and Interest Charges	(0.23)	0.05
Projected Contribution to Reserves		
Planning & Design	4.04	2.36
Engineering	8.37	0.96
Planning & Engineering Reserve Ending Balance	21.31	24.67





## Markham's Historical Water/Wastewater Rate

### October 18, 2021 - Report to General Committee for Public Meeting Presentation

	2017	2018	2019	2020	2021
Wholesale Rate Increase	9.0%	9.0%	9.0%	0.0%	0.0%
Markham's Water/Wastewater Rate Increase*	7.8%	7.5%	7.8%	0.0%	0.0%
Markham Water/Wastewater Rate (\$/m3)*	\$3.8555	\$4.1442	\$4.4680	\$4.4680	\$4.4680

*\*Includes Region's wholesale rate increase*

**Both the Region and City deferred their scheduled increases in 2020 and 2021. This results in the need for the City to recover lost revenue.**



## **Reserve Recovery - Impact of Not Increasing Rate in 2020 & 2021**

### **October 18, 2021 - Report to General Committee for Public Meeting Presentation**

- As a result of Markham's decision to maintain its 2020 and 2021 water and wastewater rates at the 2019 level, the City's reserve study is showing an additional shortfall at the end of 25 years
- There are 2 options to recover for this additional shortfall:
  - One-time incremental rate increase in 2022 at 1.5% or \$0.0673/m<sup>3</sup>
  - Phase-in over 4 years starting in 2022 at an incremental rate increase of 0.4% or \$0.0184/m<sup>3</sup>

**Staff recommend a 4-year rate phase-in starting in 2022 at an incremental rate increase of 0.4% (or \$0.0184/m<sup>3</sup>) to recover for the gap resulting from 2 years of no rate increases**



## 2022 Waterworks Operating Budget \$ in millions

	2021 Budget \$	2021 Forecast \$	2022 Budget \$	Budget 2022 vs. 2021 Increase/ (Decrease)      Change \$                      %	
<b><u>Sales &amp; Purchases of Water</u></b>					
Sales	132.54	134.54	136.33	3.79	2.9%
Purchases	<u>102.12</u>	<u>104.31</u>	<u>105.45</u>	<u>3.33</u>	<u>3.3%</u>
<b>Water/Wastewater Sale Net of Purchase</b>	30.41	30.23	30.88	0.47	1.5%
<b><u>Operations</u></b>					
<b>Other Revenues</b>	1.50	1.69	1.53	0.02	1.5%
<b>Other Expenditures</b>					
Personnel	8.19	7.61	8.33	0.14	1.7%
Non-personnel	<u>7.58</u>	<u>6.72</u>	<u>7.67</u>	<u>0.09</u>	<u>1.2%</u>
<b>Total Other Expenditures</b>	15.77	14.34	16.00	0.23	1.4%
<b>Net Revenues Before Reserve Contributions</b>	<b>16.15</b>	<b>17.59</b>	<b>16.41</b>	<b>0.26</b>	<b>1.6%</b>
Contributions to Reserve	<u>(16.15)</u>	<u>(17.59)</u>	<u>(16.41)</u>	<u>(0.26)</u>	<u>1.6%</u>
<b>Net Revenues/Expenditures</b>	-	-	-	-	-

York Region's component of the water rate increase is 3.3%.

The City's component of the water rate increase is 3.7%, including a 0.4% incremental increase (year 1 of a 4 year phase-in)



## Waterworks Reserve \$ in millions

	2021 Year End Forecast	2022 Budget
Opening Balance	69.66	75.91
Transfer to Capital	(15.73)	(15.80)
Interest Income	0.59	0.59
Transfer from closed capital projects	3.80	0.50
Projected Contribution to Reserves	17.59	16.41
Waterworks Reserve Ending Balance	75.91	77.61



## Next Steps

- Primary Operating Budget to be presented on November 9, 2021





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