



# BUILDING MARKHAM'S FUTURE TOGETHER

## 2020 – 2023 Strategic Plan



**Special General Committee  
Meeting – 2023 Budget**  
**January 23<sup>rd</sup>, 2023**



## Agenda

1. 2023 Budget Process and Communication Plan
2. Economic Scan and New Legislative Impacts
3. 2023 Preliminary Consolidated Budget
4. 2023 Preliminary Capital Budget
  - a. Funding Sources
  - b. Budget Pressures
  - c. Life Cycle Reserve Update
5. 2023 Preliminary Operating Budget
  - a. COVID-19 Funding Update
  - b. Funding Sources
  - c. Property Tax Distribution
  - d. Day-to-Day Budget Pressures
  - e. Additional New Budget Items
  - f. Long-term Forecast Pressures
  - g. Long-term Forecast
6. Next Steps



## 1. 2023 Budget Process and Communication Plan

### How the City builds its Budget



<https://youtu.be/AtzN8J6apyc>



# 1. 2023 Budget Process and Communication Plan

## Building Markham's Future Together: 2020 – 2023 Strategic Plan

### Strategic Plan

- Exceptional Services by Exceptional People
- Engaged, Diverse, Thriving & Vibrant City
- Safe, Sustainable, & Complete Community
- Stewardship of Money & Resources

### Business Plan

- Commission Business Plans
- Other Plans such as:
- Diversity Action Plan/ Anti-Black Racism Plan
  - Integrated Leisure Master Plan
  - Municipal Energy Plan
  - Stormwater Management Plan

### Budget

- Staff, Commissioner and CAO
- Budget Committee
- Public Meeting
- Council



## 1. 2023 Budget Process and Communication Plan

### Planning & Engagement

- Economic/Fiscal scan ✓
- Community Engagement
- Business Plans ✓
- Reserve Studies ✓
- Master Plans
- Development Charges
- Background Study ✓
- Legislative Changes ✓

### Staff Review

Proposed 2023 Budget  
Staff, Commissioner & CAO  
Review

### Deliberation & Consultation

Budget Committee Meetings  
Public Consultation meeting

### Approval

General Committee  
Council Decision

**March - June**

**July - December**

**January - February**

**Council Decision  
March**

2024 Budget is scheduled to be approved in December 2023 (approval of 2 budgets in 2023)







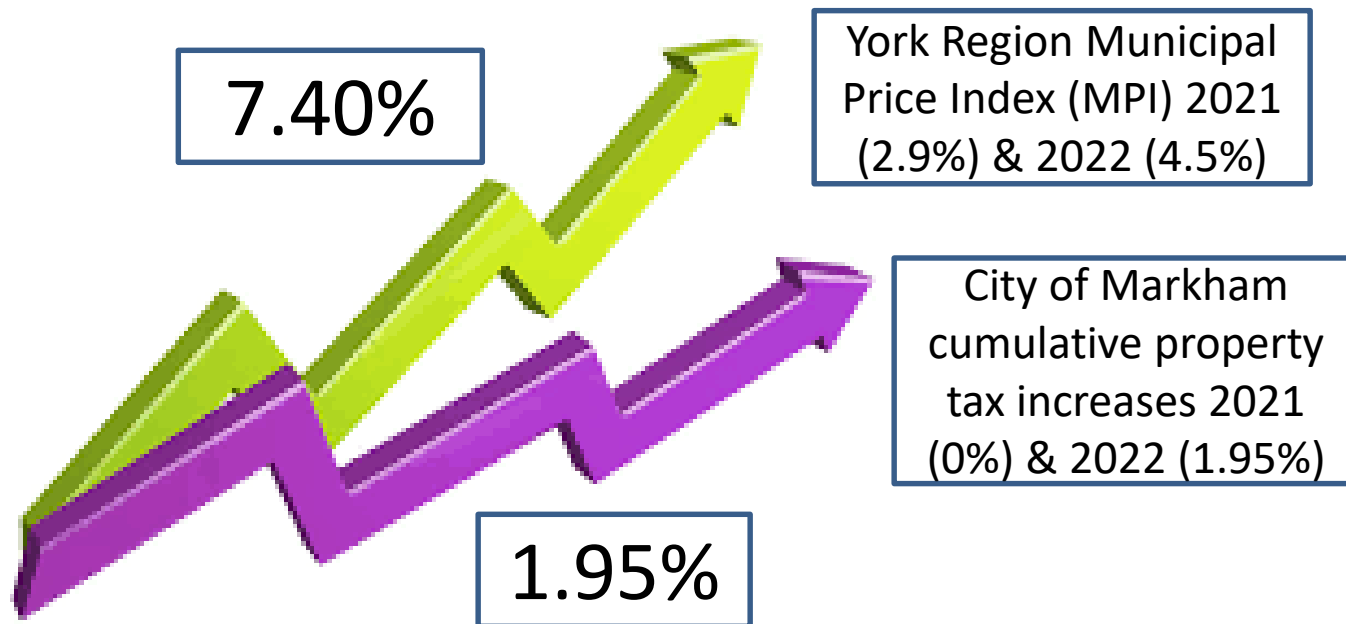
## 1. 2023 Budget Process and Communication Plan

	Date	Description
Special GC Meeting	Monday, January 23	Budget process, economic scan, overview of the Operating and Capital budgets
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Budget Press Conference	Friday, March 24	



## 2. Economic Trends

### 2021 and 2022 Inflation vs. Markham's Tax Rate increases



2021-2022 historical tax levy increases have been lower than MPI. Combined with supply chain disruption, labour shortages and legislative changes, the City's purchasing power has been eroded.





## 2. New Legislative Impacts

### Bill 23 – More Homes Built Faster (2022)

- Reduction in Development Charge (DC) Collections
- Reduction in Parkland Dedication/Cash In Lieu
- Reduction in DC funding for staffing related to studies

### Bill 109 - More Homes for Everyone Act (2022)

- Risk of refunding fees for applications if timelines are not met
- Potential requirement for new staff to meet timelines

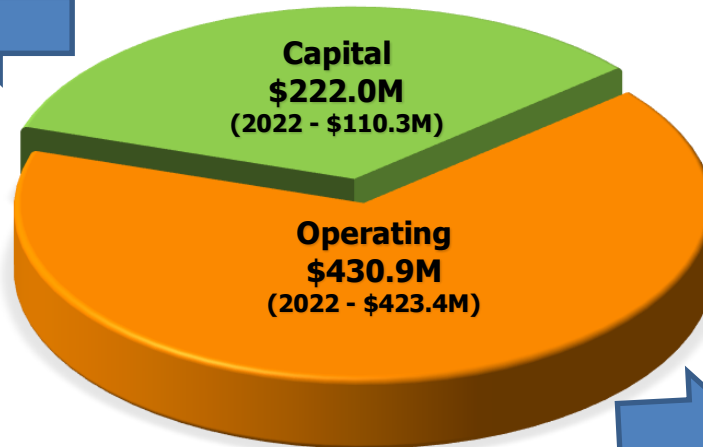


### 3. 2023 Preliminary Consolidated Budget

#### **CAPITAL**

Building new infrastructure to accommodate growth and keeping existing infrastructure in a state of good repair – managed through City's Reserves

**Total  
\$652.9M**



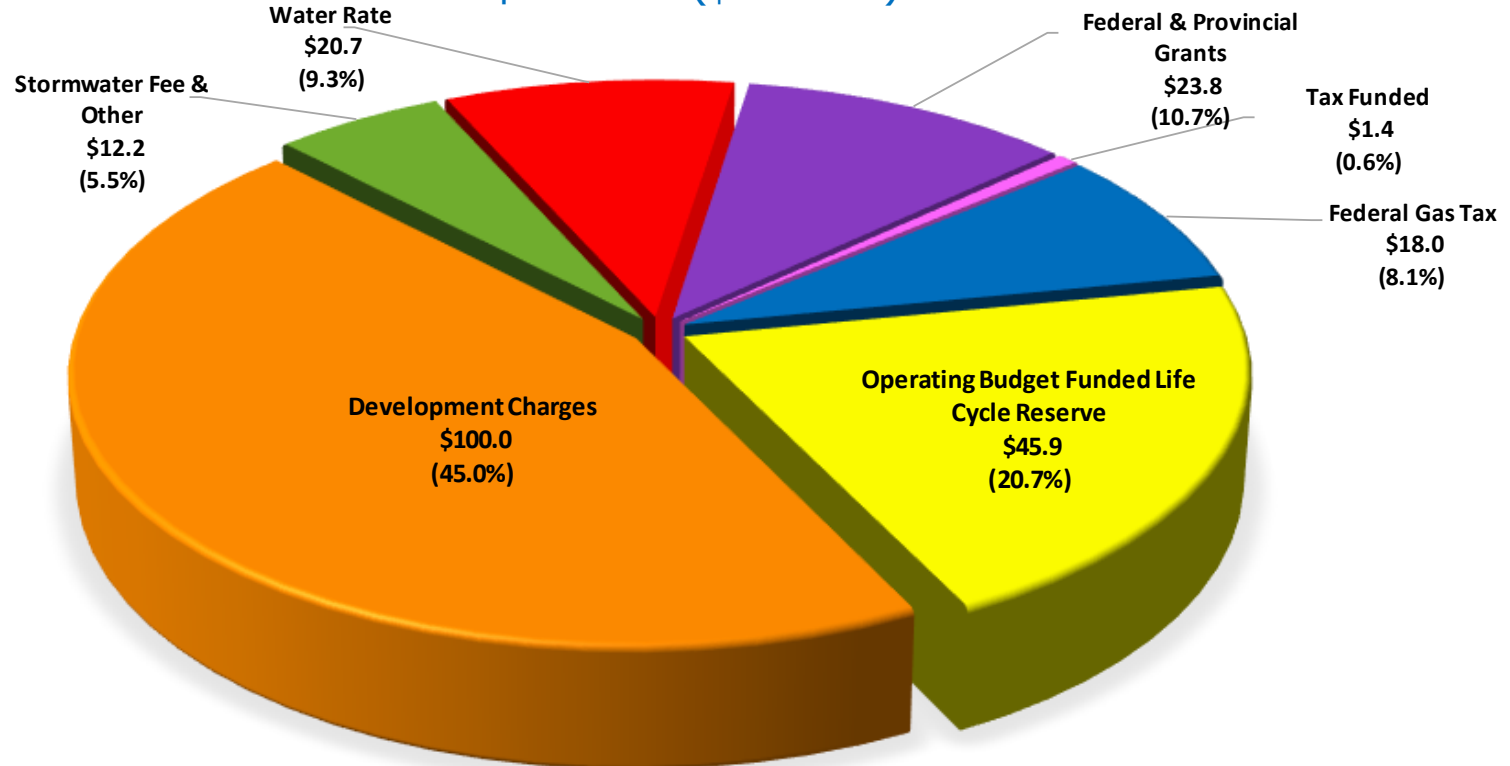
#### **OPERATING**

Maintaining service levels for day to day operations – waste, winter maintenance, information technology, recreation, utilities, insurance, etc.



## 4a. 2023 Preliminary Capital Budget Funding Sources

**Total \$222.0M (\$ millions)**





## 4b. 2023 Preliminary Capital Budget Pressures



### Growing Infrastructure

- Bill 23 *More Homes Built Faster Act*, 2022 impact dissolving the concept of “growth paying for growth”, resulting in service level adjustments or other funding required to support select growth-related projects



### Existing Asset Rehabilitation

- Rising inflationary costs resulting in contract awards exceeding approved budgets
- Continually growing asset base adds pressure to the existing Life Cycle



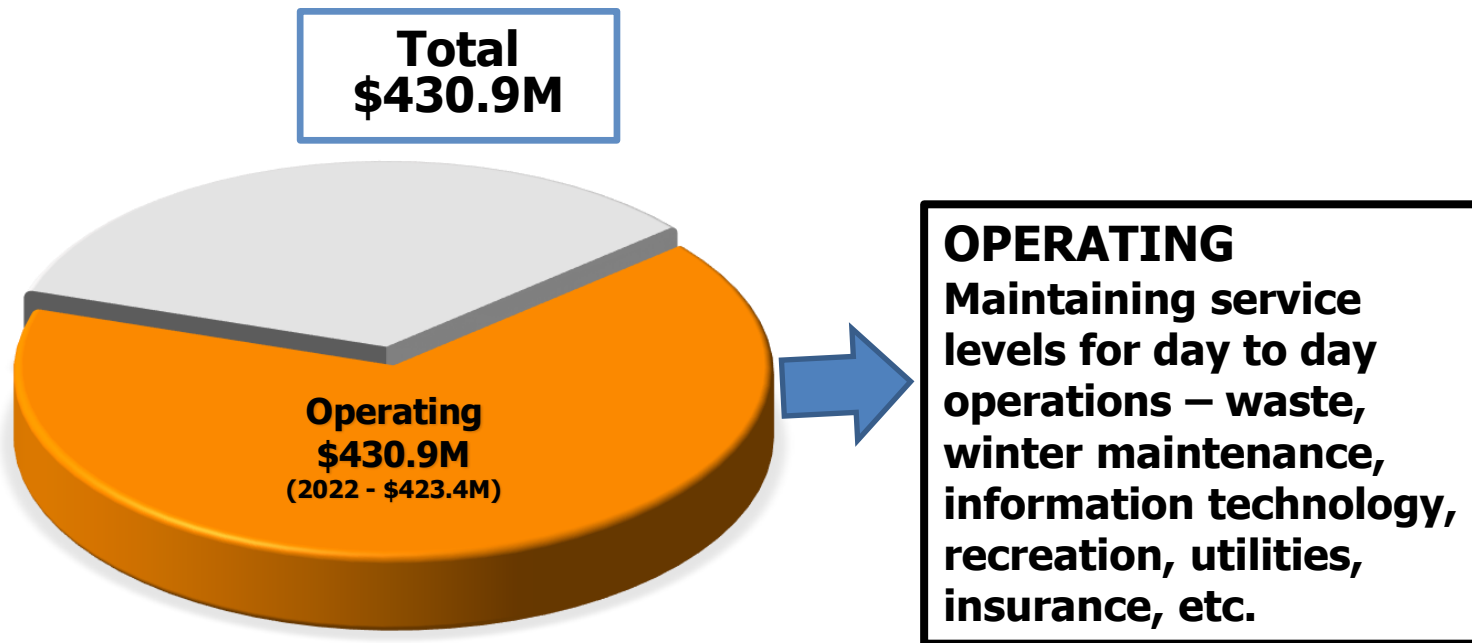
## 4c. Life Cycle Reserve Update

### Life Cycle Process Overview

- Markham formally established the Life Cycle Replacement and Capital Reserve in 2004 to address the on-going capital replacements and preventative maintenance of capital assets
- The adequacy of the Life Cycle Reserve is reviewed annually using the remaining Council term + 25-year planning horizon based on known inflows and outflows
- Annual updates of the reserve study have identified funding shortfalls over the Reserve planning period due to inflation, past growth and new assets
- To ensure that there are sufficient funds in the Reserve for the rehabilitation and replacement of infrastructure over the next 25 years, Council agreed to an additional 0.5% infrastructure investment annually from 2017 to 2022
- Council committed to increasing the annual infrastructure investment to 1% annually by ramping up from 0.5% to 1% over 5 years
- The 2023 impact is a 0.6% infrastructure investment as part of the 2023 Operating Budget



## 5. 2023 Preliminary Operating Budget







## 5a. COVID-19 Funding Update

### Safe Restart and COVID-19 Recovery Funding Availability as of Dec 2022

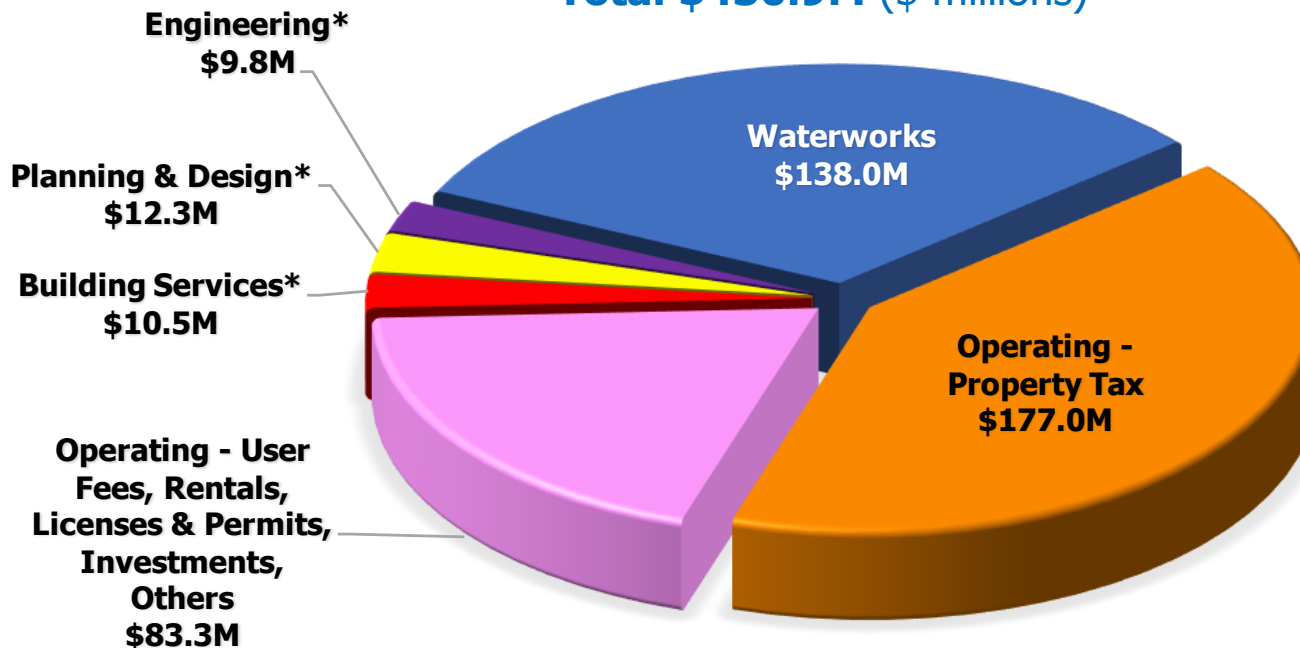
	2020	2021	2022	2023/24	Total
<b>Funding Received</b>					
Safe Restart Agreement Phase 1 Allocation (Federal)	6.65	-	-	-	6.65
Safe Restart Agreement Phase 2 Allocation (Provincial and Federal)	2.82	-	-	-	2.82
2021 Provincial COVID-19 Recovery Funding for Municipalities	-	9.00	-	-	9.00
	<b>9.47</b>	<b>9.00</b>	<b>-</b>	<b>-</b>	<b>18.47</b>
<b>Use or Proposed Use of Funding</b>					
Recreation, Culture, and Other COVID impacts	4.44	1.27	5.39	-	11.10
Provision for future tax appeals	1.30	-	-	-	1.30
COVID Recovery funding to address 2023/24 budget issues	-	-	-	6.07	6.07
	<b>5.74</b>	<b>1.27</b>	<b>5.39</b>	<b>6.07</b>	<b>18.47</b>

The City has received \$18.47M in Safe Restart & COVID-19 Recovery funding. By the end of 2022 \$12.40M will have been allocated, with the remaining balance of \$6.07M to be allocated in 2023 and 2024 as required.



## 5b. 2023 Preliminary Operating Budget Funding Sources

**Total \$430.9M** (\$ millions)



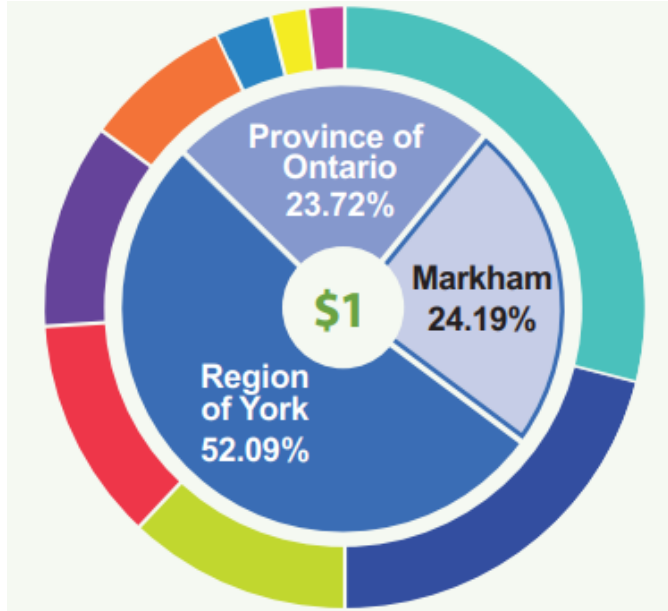
\*Engineering, Planning Design, and Building Services are self funded through developer fees



## 5c. Property Tax Distribution

### Where Does Your Current City Tax Dollar Go? Markham's Portion Only (2022)

**For every \$1.00 of tax  
revenue Markham collects...**



- Fire & Emergency Services | \$0.30
- Roads, Bridges & Sidewalks | \$0.21
- Library Services | \$0.12
- Parks Maintenance | \$0.11
- Waste, Recycling & Environmental Management | \$0.10
- Recreation Services | \$0.09
- Arts & Culture | \$0.03
- Traffic Operations | \$0.02
- Bylaw Enforcement & Licensing | \$0.02



## 5d. Day-to-Day Budget Pressures



### Personnel

- CUPE & Markham Professional Firefighters Association Settlements (MPFFA), Non-Union Cost of Living Adjustments (COLA)
- New Staffing Requests
- Full Time/Part Time Grid Movements



### Growth

- Additional 7.9km of roads, 15.8km of sidewalks, 1.1km of rear lanes
- Additional 5.75 hectares of parks, 25 hectares of Storm Water Maintenance Ponds/natural areas
- Additional streetlights and households for waste collections
- Infrastructure investment



### Other

- Corporate Rate Payback
- Winter maintenance and waste contract escalations
- Insurance
- Diminishing opportunities for Excellence Through Efficiency and Effectiveness (E3) Savings



## 5e. Additional New Budget Items 1% Tax Rate Increase = \$1.695M



### Personnel

- 2022 In-Year resourcing for major ITS projects EAM and CLASS replacement \$0.7M or 0.4% Tax Rate Impact
- 2022 In-Year resourcing for HR strategic reorganization \$0.7M or 0.4% Tax Rate impact
- Reduction of DC funded salary recoveries \$1.7M or 1.0% Tax Rate impact



### Other

- Full payback to the Corporate Rate Stabilization Reserve draw from 2021 Budget \$3.15M or 1.9% tax rate impact
- 1% provision for future Bill 23 Parkland, Growth Studies, and reduced DC Collection impacts





## 5f. Long-term Forecast Budget Pressures



### Personnel

- MPFFA (Fire) settlement set to expire Dec 2023
- CUPE settlement set to expire Mar 2024
- Phase out of DC funding for studies
- Changing staffing needs to meet new legislative targets (e.g. Bill 109, Bill 23)



### Other

- Bill 23 impacts on DC Funded Projects and Parkland Acquisitions
- Inflationary pressures on existing and future contracts
- Life Cycle Reserve requires additional funding
- Provision for Tax Deferral Program for Seniors







## 5g. Long-term Forecast 2023-2026

	2023	2024-26	TOTAL
Day-to-Day Operations	2.9%	9.0%	11.9%
New Staffing, CUPE/MPFFA Settlement, COLA	0.1%	4.4%	4.5%
In-Year Staffing (ITS and People Services)	0.8%		0.8%
Investment Income	(1.9%)		(1.9%)
Payback of Corporate Rate Stabilization (Yr 2 of 5)	0.5%		0.5%
Infrastructure Investment	0.6%	2.4%	3.0%
Sub-total Tax Increase from Day-to-Day Operations	3.0%	15.8%	18.8%
Payback of Remaining Corporate Rate Stabilization	1.4%		1.4%
Bill 23 Salary Recoveries Impact	1.0%		1.0%
Bill 23 Impact on Parkland, DC Collection, Growth Studies	1.0%		1.0%
Sub-total Tax Rate Increase excl. Future Impacts & Provisions	6.4%	15.8%	22.2%
Bill 23 Future Impacts Provision		78.0%	78.0%
Transition of Blue Box Program to Producers		(1.0%)	(1.0%)
Seniors' Tax Deferral Program Provision		0.5%	0.5%
Tax Rate Increase incl. Future Provisions	6.4%	93.3%	99.7%



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