



**2023 Budget**  
**Budget Committee Meeting #1**  
**January 27<sup>th</sup>, 2023**





## Agenda

1. 2023 Budget Process and Communication Plan
2. 2023 Proposed Capital Budget
  - a) Pre-Approval vs. Regular submissions
  - b) Capital Budget Overview
  - c) Funding Sources
3. Development Charges
4. Life Cycle Reserve
  - a) Funding Challenges
5. 2023 Proposed Capital Budget Highlights
6. Review of 2023 Proposed Capital Budget by Exception
  - a) 2023 Capital Projects over \$5.0 Million



## 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                                       |
| Meetings #1 - 2         | Friday, January 27<br>Monday, January 30   | Capital Budget and funding overview, highlights of proposed budget, and Capital Budget project review by exception |
| Meeting #3              | Monday, February 6                         | Presentation of Water Rate; Approval of Presentation for Public Meeting  |
| General Committee       | Tuesday, February 7                        | GC endorsement of Water rate and public meeting  |
| Public Meeting          | Monday, February 13                        | Water Presentation to the Public   |
| Meeting #4              | Wednesday, February 15                     | Primary Operating Budget, Building, Planning, Engineering and Waterworks Operating Budgets                         |
| <b>Council</b>          | <b>Wednesday, February 22</b>              | <b>Council decision on 2023 Waterworks Budget</b>  |
| Meetings #5 - 6         | Friday, February 17<br>Monday, February 27 | Additional meetings as required  |
| General Committee       | Tuesday, March 7                           | Budget presentation for the Public Meeting   |
| Public Meeting          | Thursday, March 9                          | 7pm to 9pm – open to the public by Zoom  |
| <b>Council</b>          | <b>Wednesday, March 22</b>                 | <b>Council decision on 2023 Consolidated Budget</b>  |
| Budget Press Conference | Friday, March 24                           |  |

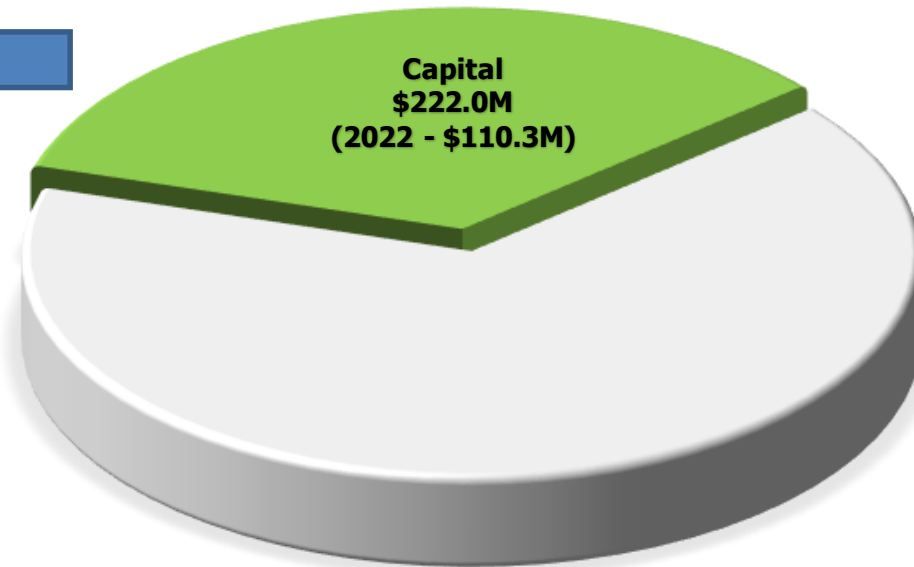
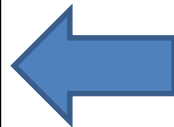


## 2. 2023 Proposed Capital Budget

**Total: \$222.0M**

### **CAPITAL**

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





## 2a. Pre-Approval vs. Regular Capital Submissions

- The 2023 Capital submissions can be divided into two parts:
  - i. Pre-approval projects
  - ii. Regular submission projects
- To ensure the timely commencement of the procurement process, 50 Pre-approved projects totaling \$50,405,700 were approved by Council on September 6, 2022

| Commission                               | No.       | Pre-Approved Budget |
|--|-----------|---------------------|
| Development Services                     | 3         | 630,800             |
| Corporate Services                       | 8         | 3,751,100           |
| Community Services                       | 39        | 46,023,800          |
| <b>2023 Capital Budget Pre-approvals</b> | <b>50</b> | <b>\$50,405,700</b> |

- The remaining regular submission projects will be reviewed by exception at the end of this presentation



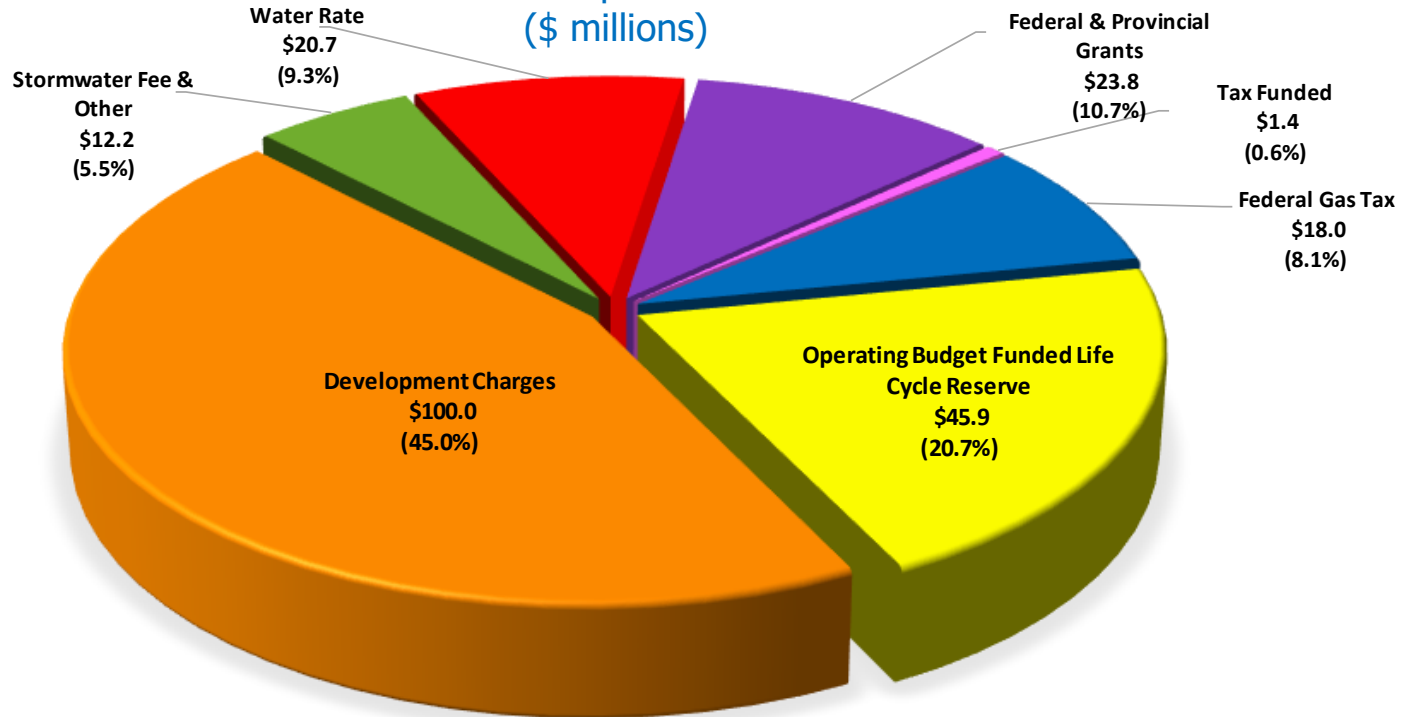
## 2b. Capital Budget Overview

- The 2023 Capital Budget maximizes use of Development Charges, government grants, and Life Cycle Reserve funding
- Capital submissions prioritize:
  - Maintenance of existing City facilities, infrastructure and road network in a state of good repair
  - Infrastructure and road network projects to support growth
  - Flood control and storm water management infrastructure program
  - Climate action (Net Zero) project implementation



## 2c. 2023 Proposed Capital Budget Funding Sources

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



~\$29M IS TRANSFERRED ANNUALLY FROM THE OPERATING BUDGET TO LIFE CYCLE



### 3. Development Charges

- A Development Charge (DC) is a fee charged to new development to finance the cost of new growth-related capital facilities and infrastructure (e.g., roads, community centres, fire stations, libraries and parks)
- Council approved the latest Development Charges Background Study update on May 31, 2022
- The City supports the principle that “growth should pay for growth”; recent legislative changes have significant financial implications for the City and erode this principle
- The maintenance and replacement of facilities and infrastructure are funded through tax dollars (Life Cycle Reserve) and not Development Charges



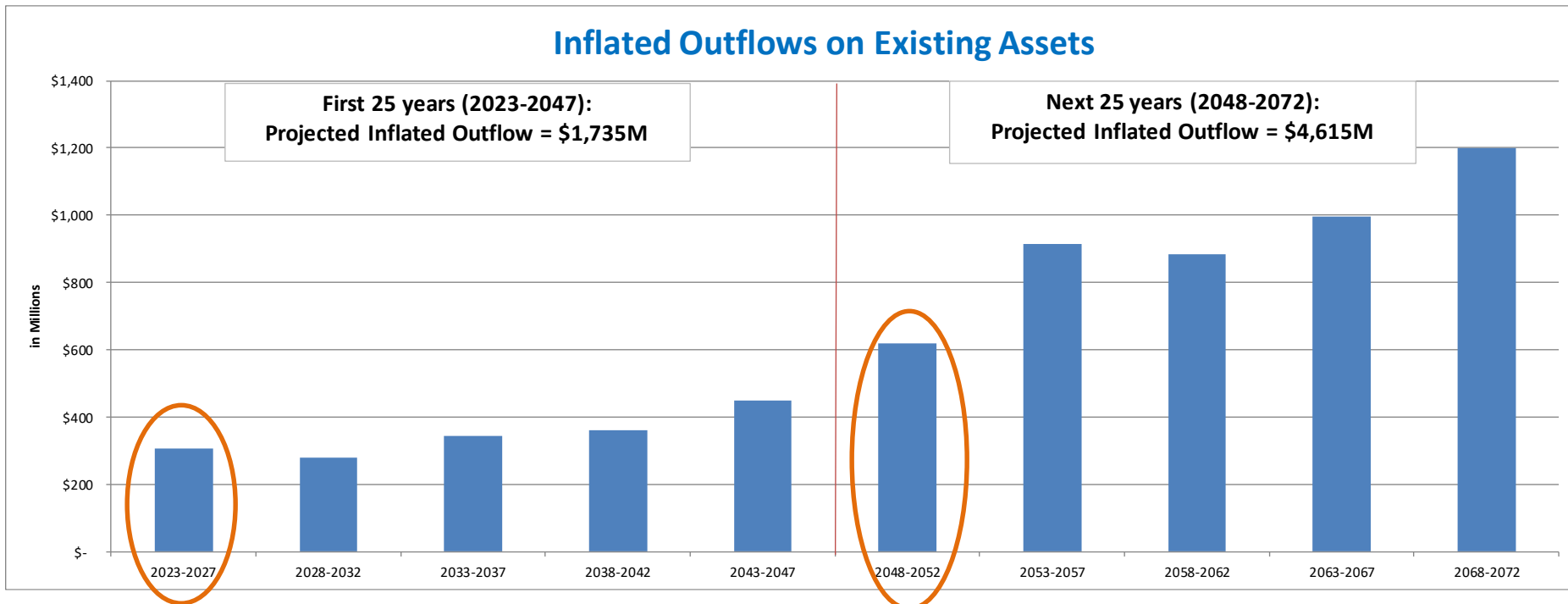


## 4. Life Cycle Reserve

- 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 a remaining Council term + 25-year planning horizon based on known inflows and outflows
- To ensure that there are sufficient funds in the Reserve for the rehabilitation and replacement of infrastructure over the next 25 years, Council approved an additional 0.5% infrastructure investment annually from 2017 to 2022
- Council committed to increasing the annual infrastructure investment to 1% each year 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



## 4a. Life Cycle Reserve Funding Challenges



**Asset growth and inflation requires an additional 1% infrastructure investment each year.**



## 5. 2023 Proposed Capital Budget – \$222,018,100

Prior to Budget Committee, Staff conduct extensive reviews of the proposed Capital projects with Directors and the Executive Leadership Team

| Commission                 | No.        | Total Capital Budget<br>(including pre-approvals) |
|----------------------------|------------|---|
| Development Services       | 66         | 101,607,100                                       |
| CAO's Office               | 15         | 2,413,100   |
| Corporate Services         | 44         | 43,710,100  |
| Community Services         | 142        | 74,287,800  |
| <b>2023 Capital Budget</b> | <b>267</b> | <b>\$222,018,100</b>                              |



## 5. Proposed 2023 Capital Budget Highlights

**\$99.5M**

New road construction, repairs and rehabilitation and traffic improvements



**\$25.7M**

Flood control, stormwater management, ponds and culverts



**\$20.5M**

Water and wastewater system replacement/upgrade, and water billing transition



**\$20.4M**

Green initiatives and climate strategies



**\$16.8M**

Parks construction and maintenance



**\$12.1M**

Implementation of ITS infrastructure



**\$10.9M**

Exterior and interior facility improvement program



**\$8.5M**

Fleet replacement and repairs



**\$7.6M**

Replacement of day-to-day City assets



## 5. Proposed Capital Budget Highlights Engaged, Diverse and Thriving City (\$ in Millions)

- |  |       |
|--|-------|
| 1. Ada Mackenzie Park Phase 3 Design and Construction<br>(Ward 8, completion: Q2 2025, 1.8 ha.)          | \$3.6 |
| 2. Villages of Fairtree East Neighbourhood Park - Construction<br>(Ward 7, completion: Q4 2024, 3.0 ha.) | 1.5   |
| 3. South Cornell Parkette - Design and Construction<br>(Ward 5, completion: Q3 2024, 0.4 ha.)            | 1.1   |
| 4. Berczy Glen West & NW Parkettes Design and Construction<br>(Ward 2, completion: Q3 2024, 1.8 ha.)     | 1.0   |
| 5. Russell Carter Tefft Pedestrian Bridge Design and Construction<br>(Ward 4, completion: Q2 2024)       | 0.8   |





## 5. Proposed 2023 Capital Budget - Highlights

### Safe and Sustainable Community (\$ in Millions)

#### **Flood Control Program**

- A 30 year, City-wide initiative to make stormwater infrastructure more resilient.
- Storm sewer capacity upgrades have progressed in several West Thornhill priority areas including the Bayview Glen neighbourhood and the Grandview neighbourhood
- Markham Village Area flood control implementation phase 1 design project to upgrade the storm sewer system to 100 year level of protection is in progress and construction is planned for 2024-2026
- Phases 2 and 3 of the Markham Village area are planned for 2027-2030 and includes Unionville Main Street

#### **2023 Flood Control Projects:**

- |   |         |
|---|---------|
| 1. Continuation of construction in the West Thornhill area (Phase 4B) | \$14.5M |
| 2. Maintenance of stormwater infrastructure and structures            | \$7.4M  |
| 3. Don Mills Channel Flood Control – Culverts #1 & #2 design          | \$1.0M  |





## 5. Proposed Capital Budget Highlights Safe and Sustainable Community (\$ in Millions)

- |   |        |
|---|--------|
| 1. Highway 404 Mid-Block Crossing, North of 16 <sup>th</sup> Avenue (Construction)  | \$53.6 |
| 2. Victoria Square Boulevard – Phase 1 Construction   | 21.4   |
| 3. Net-Zero emissions retrofits to Centennial, Thornhill and Clatworthy community centres   | 20.4   |
| 4. Existing roads/bridges repairs and maintenance   | 6.7    |
| 5. Fire equipment and fleet replacement   | 4.4    |
| 6. Exterior and interior facility repairs/replacements at Community Centres, Libraries, Fire Stations, Civic Centre and other City facilities | 4.1    |
| 7. New traffic signals construction, traffic assets replacement, operational improvements and other traffic initiatives                       | 1.2    |





## 5. Proposed Capital Budget Highlights

### Exceptional Services by Exceptional People (\$ in Millions)

- |  |        |
|--|--------|
| 1. ITS asset replacements, initiatives, and portal extensions and upgrades | \$12.1 |
| 2. Water Billing Transition Project  | 5.5    |
| 3. Library collections & e-resources                                       | 2.9    |
| 4. Playstructure and waterplay replacement                                 | 2.0    |
| 5. Recreation and sportsfield equipment replacement                        | 0.2    |







## 6. Review of 2023 Proposed Capital Budget by Exception

- Staff have conducted extensive reviews of the proposed Capital projects with Directors and the Executive Leadership Team
- All projects being brought forward for Budget Committee consideration support the City's strategic priorities or are considered essential to maintain service levels
- Review of Capital project forms by exception, following the Commission order below

| Commission                 | Capital Budget<br>(Regular<br>Submissions) | Pre-approved<br>Budget | Total Capital Budget<br>(including<br>pre-approvals) |
|----------------------------|--|------------------------|--|
|                            | (A)  | (B)                    | (C) = (A) + (B)                                      |
| Development Services       | 100,976,300                                | 630,800                | 101,607,100  |
| CAO's Office               | 2,413,100                                  | -                      | 2,413,100.00   |
| Corporate Services         | 39,959,000                                 | 3,751,100              | 43,710,100   |
| Community Services         | 28,264,000                                 | 46,023,800             | 74,287,800   |
| <b>2023 Capital Budget</b> | <b>\$171,612,400</b>                       | <b>\$50,405,700</b>    | <b>\$222,018,100</b>                                 |



## 6a. Review of 2023 Capital Projects over \$5 Million

### **Development Services - Engineering**

- Project #23099 – Highway 404 Mid-block Crossing North of 16<sup>th</sup> Avenue (Construction)
- Project #23113 – Victoria Square Boulevard – Phase 1 Construction

### **Corporate Services – ITS**

- Project #23134 - IT Lifecycle Asset Replacement – 2

### **Corporate Services – Finance**

- Project #23138 - Water Billing Transition Project

### **Corporate Services – Sustainability and Asset Management**

- Project #23143 - Centennial Near Net-Zero Emissions Retrofit Pilot