



**SIXTH MEETING OF THE
2012 BUDGET SUB-COMMITTEE
CANADA ROOM, MARKHAM CIVIC CENTRE
February 6, 2012**

MINUTES

Attendance:

Members Present:

Mayor Frank Scarpitti (ex-officio)
Deputy Mayor Heath (ex-officio)
Regional Councillor Gord Landon, Chair
Regional Councillor Jim Jones
Regional Councillor Joe Li
Councillor Valerie Burke
Councillor Alex Chiu
Councillor Colin Campbell
Councillor Don Hamilton
Councillor Alan Ho
Councillor Logan Kanapathi
Councillor Carolina Moretti
Councillor Howard Shore

Staff Present:

Gary Adamkowski, Director of Asset Management
Jim Baird, Commissioner of Development Services
Catherine Biss, Chief Executive Officer, Markham Public Libraries
Stephen Chait, Director of Economics
Mary Creighton, Director of Recreation
Catherine Conrad, Town Solicitor
Dennis Flaherty, Director of Communications & Community Relations
Paul Ingham, Director of Operations
Nasir Kenea, Chief Information Officer
Rino Mostacci, Director of Planning & Urban Design
Brenda Librecz, Commissioner of Community & Fire Services
Joel Lustig, Treasurer
Raj Raman, Senior Manager, Financial Reporting and Purchasing
Andrea Tang, Manager of Financial Planning
Andy Taylor, Chief Administrative Officer
Laura Gold, Council/Committee Coordinator

The Budget Sub-Committee convened at 9:13 a.m. with Regional Councillor Gordon Landon presiding as Chair.

1. 2012 BUDGET PRESENTATION

Mr. Andy Taylor, Chief Administrative Officer, introduced the 2012 Budget Presentation and the 2012 recommended tax rate increase of 1.58%. The proposed 2012 budget is a responsible budget when accessing current and future fiscal pressures.

Through the operational excellence program (E3), over \$10M of operational savings and revenue enhancements were identified and captured over the past 3 years

Ms. Andrea Tang, Manager of Financial Planning, provided a presentation entitled 2012 Budget Presentation. The presentation included a summary of the 2012 Budget; the status of the 2012 Operating Budget; the 2012 preliminary operating budget summary; information on assessment and property taxes (residential and non-residential); the impact of a tax rate increase on an average residential property; a tax rate comparison with other municipalities; and the next steps.

DISCUSSION

There was a question regarding what a window street is. Staff explained that a window street is when a residential property backs onto a regional road. It was noted that the Town is responsible for maintenance of the grass from the property line to the regional road.

A Member questioned what the total impact on taxpayers is when you include both the water & waste water rate increase and the proposed tax rate increase. It was reported that the increase will be approximately \$60 per annum based on the average household consumption of 300 cubic metres.

It was questioned if this is the first year for non-personal ramp-up for a future operations work yard. Staff advised this is the second year of non-personal ramp-up for the operations works yard.

There was a discussion on the increase in Work Place Safety and Insurance Board costs. The projected additional cost for 2012 is \$290K based on current and anticipated claims.

Staff provided a review of Markham's reserve funds.

There was a discussion on wage settlement and growth related expenses. It was reported that in accordance with the 2012 preliminary operating budget, personnel expenses will increase by \$5.88 M. Staff advised that the Mayor had wrote a letter to the Province encouraging a freeze on public servant wages, as it is challenging for a municipality to do this in isolation.

A review of 2012 staffing requests was provided. It was noted that these positions were reviewed at the October 25, 2011 Budget Sub-Committee meeting. Staff advised that the net impact of the 2012 staffing requests on the operating budget is \$205 K. It was clarified that this does not include non-tax funded positions and that the staffing requests are required to meet service demands.

There was a discussion on the projected population growth and its impact on service levels. It was anticipated that approximately 8,000 people per annum will move to the Markham area. Staff advised that resident surveys and key performance indicators are used to help determine service levels and community satisfaction. It was noted that Staff are working on providing a

more comprehensive overview of service levels across the Town. A Member suggested that both business and resident satisfaction should be considered when determining service levels.

The impact of hiring additional staff on overtime was questioned. It was reported that overtime typically goes down when you hire additional staff. Staff advised that Markham's Fire & Emergency Services recently experience a reduction in overtime due to hiring of the vacant positions.

It was recommended that going forward there will not be such substantial gaps between Budget Sub-Committee meetings.

A Member questioned how Markham will fund the emerald ash borer tree issue. It was noted that funds have been allocated in the 2012 budget towards a work plan, noting that additional funds will be needed in 2013. Additionally, a request for support is being made with the Provincial and Federal Governments, similar to the request for support that was made with respect to the Asian long-horned beetle issue. Staff are also in the process of investigating the possibility of incorporating Markham's tree inventory into the Life Cycle reserve model.

A Member questioned if funds have been allocated in the budget for technological advances to achieve operational efficiencies. The following was noted: process improvements are continuously being reviewed ; technology related recommendations from the LED Streetlight Task Force could potentially identify some savings; and e-forms are being created for many Markham forms that would create efficiencies throughout the organization (Phase 2 of the Portal).

The Mayor thanked the Budget-Sub-Committee, CAO, the Treasurer; Finance Staff; and other Markham Staff for their hard work throughout the budget process. It was noted that these are difficult financial times and that Markham should be proud of maintaining a 0% tax increase for three consecutive years while improving service levels at the same time. Through hard work \$10M in operational efficiencies and revenue enhancements have been identified and captured over the past 3 years. It was noted that Markham has an entrepreneurial spirit with a low number of employees per capita compared to other municipalities, premier facilities, programs; services, and staff; and Markham has looked after its infrastructure needs through the reserve studies

PLAUSIBLE & NOT RECOMMENDED OPTIONS TO REDUCE THE OPERATING BUDGET SHORTFALL

Staff reviewed the following plausible & not recommended options to reduce the Operating Budget shortfall:

1. **Insurance premium** - Reducing the transfer to the insurance reserve by \$300K. This is possible due to price stability maintained in 2010. Risk and Implications

include: future increases in insurance premiums; 50% less contribution to reserve; staff would analyze and monitor to ensure adequate balance in reserve.

2. **Operating non-life cycle transfer to capital** - Reduce the operating non-life cycle transfer to capital by \$400 K. This is possible due to no impact on the 2012 capital program. Risks and implications include the 2013 capital base budget will be lowered by \$400 K.
3. **Long term disability(LTD) benefits** - reducing the transfer to LTD reserve by \$300K . This is possible due to surplus finds in the reserve base on the actuarial report. Risks and limitations include; less contribution to the reserve; staff would analyze and monitor to ensure adequate balance in the reserve.
4. **Investment income** - increase investment income by \$400 K. This is possible due to 10.2M in investment income forecasted to be achieved in 2012 and 2015. The risks and implications include: concern of sustainability in 2013 &2014; probable need to transfer funds from the capital gains reserve to achieve the budget of 10.2M.
5. **Non-personnel expenditures** - increase the non-personnel expenditure gapping by \$365K . This is possible due to favourable variances in these accounts continuing in 2011. The risks and implications: based on historical trending, there will not be any favourable variances in these accounts; reduces the potential of offsets against unfavourable variances from other non-personal expenditures.

DEPUTATION

Alien- Willowbrook Ratepayer Association

Ms. Alena Gotz, Alien Willowbrook Ratepayer Association, demonstrated concern regarding personal expenditures and asked for clarification regarding the cost of the wage settlement agreements. Staff explained that there is a \$4.57 M increase in expenditures due to wage settlement agreements for existing staff.

It was questioned why Toronto's residential taxes are lower than Markham's. It was explained that the residential tax rate in Toronto is lower than its business tax rate, .

There was an inquiry with respect to York Region's debt. It was reported that York Region has taken on a deficit to ensure the infrastructure is in place to handle its projected growth. It was noted that these infrastructure improvement will be funded through development charges.

Members were questioned if they were prepared for slower economic times and a possible real estate correction. Staff advised that there was a record number of building permits issued in

2011, but noted that Markham is proceeding with caution and is prepared for slower economic growth in the near future.

Ms. Gotz asked about the length of the building permit process. The Commissioner of Development Services was requested to meet with Ms. Gotz to discuss her concerns regarding the building permit process.

Moved by Mayor Frank Scarpitti

Second by Councillor Logan Kanapathi

That the deputation by Alena Gotz, Alien-Willowbrook Ratepayer Association, be received; and,

That the presentation entitled “2012 Budget Sub-Committee Meeting No. 6” be received; and further,

That the Budget Sub-Committee approve a tax rate increase of 1.5%.

CARRIED.

ADJOURNMENT

Moved by Councillor Carolina Moretti

Seconded by Regional Councillor Joe Li

That the Budget Sub-Committee adjourn at 11:13 a.m.

CARRIED.