



**FIRST MEETING OF THE  
2016 BUDGET COMMITTEE  
CANADA ROOM, MARKHAM CIVIC CENTRE  
October 13, 2015**

**MINUTES**

**Attendance:**

<p><b>Members Present:</b> Mayor Frank Scarpitti (ex-officio) Deputy Mayor Heath (ex-officio) Councillor Logan Kanapathi, Chair Councillor Amanda Collucci, Vice-Chair Regional Councillor Nirmala Armstrong Councillor Alex Chiu Councillor Don Hamilton Councillor Alan Ho Councillor Karen Rea</p> <p><b>Guests:</b> Regional Councillor Jim Jones Councillor Valerie Burke Councillor Colin Campbell</p>	<p><b>Staff Present:</b> Andy Taylor, Chief Administrative Officer Jim Baird, Commissioner of Development Services Trinela Cane, Commissioner of Corporate Services Joel Lustig, Treasurer Stephen Chait, Director of Economic Development Peter Loukes, Director of Environmental Services Andrea Tang, Manager of Financial Planning Laura Gold, Council/Committee Coordinator</p>
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The Budget Committee convened at 9:10 a.m. with Councillor Logan Kanapathi presiding as Chair.

**1. 2016 Budget Presentation**

Andrea Tang, Manager of Financial Planning, provided a presentation on the 2016 Budget. The presentation included the following: (1) an overview of the 2016 Budget Process and Communication Plan; (2) an economic scan and a financial condition assessment for Markham; (3) an overview of the 2016 operating budget; (4) an overview of the capital budget, life cycle reserve study, and development charges cash flow update; (5) the 2016 capital budget highlights; and (6) the next steps.

The Committee discussed/requested the following:

Budget Process and Communication Plan

*Requested*

- Provide Councillors with an insert on the 2016 budget process to include in the Councillors' newsletters.

Economic Scan

*Requested*

- Provide a status update on Markham's LED streetlight conversion program
- Investigate whether LED streetlights have been installed at 16<sup>th</sup> Avenue and Longwater Chase.

Markham Financial Condition Assessment

*Discussed*

- Markham's financial condition assessment, from 2011-2014, relative to other local municipalities with a population over 150,000 in the Greater Toronto Hamilton Area (GTHA).

*Requested*

- Provide Richmond Hill's growth rate during the period from 2011 to 2014.
- Provide details of the financial assets and financial liabilities shown on slide 12.
- Compare City of Vaughan and Markham's regional tax levy in relation to the cities' respective population.
- Investigate whether the Region's growth forecast are consistent with the data presented on slide 10 of the 2016 Budget Presentation.

2016 Budget Overview

*Discussed*

- Staff provided an status update on the City's ice storm recovery submission to the Province.
- It was noted that the tax rate increase being presented is a proposed tax rate increase, and could be subject to change.

*Requested*

- Provide a status update on collective bargaining, specifically the firefighter contract negotiations
- Provide a status update report to General Committee on the pilot project that uses external contractors to maintain some of Markham parks. The update should include a list of the parks being maintained: 1) internally by staff; and 2) externally by a contractor.

- Provide a breakdown by components on the forecasted increase in electricity costs.
- Circulate to Members of Council a copy of the City's position on *Bill 73*.
- Consider using different wording or provide a definition for the term "assessment growth" in the 2016 Budget Presentation being presented to the public, as residents sometime misunderstand this term.

#### Life Cycle Reserve Fund

##### *Discussed*

- The background on the establishment of the Lifecycle Replacement and Capital Reserve in 2004, and the life cycle reserve study has been updated annually, using a 25-year rolling planning horizon, to determine whether there's sufficient reserve to sustain the future replacement and rehabilitation requirements of the City's existing assets based on projected inflows.
- The existing lifecycle reserve study identifies the replacement and rehabilitation requirements of existing assets over the 25 year period.
- Staff identified the need to determine the replacement and rehabilitation requirements of existing assets beyond the 25 year period. Staff will report back on the financial implications in 2016 as part of the 2017 budget process.
- In addition, Staff identified that the City's asset base will grow by approximately \$78M per year from 2016 to 2031 totalling \$1.16B through developer initiated subdivision internal works and City initiated capital projects which could translate to an approximate 1% tax rate increase every year until 2031.
- There is a requirement for the submission of an asset management plan by December 31, 2016 in order to qualify for the Federal Gas Tax funds. The plan is being requested by the Province to ensure municipalities have a plan for replacing capital assets. Staff are working on the asset management plan, and it is Markham's goal to submit the plan prior to December 31, 2016.
- There were discussions relating to Council's intergenerational responsibility with respect to planning for the replacement of capital assets that have a lifecycle greater than 25 years.
- The City's preparedness for managing damage to infrastructure caused by extreme weather. Staff are currently looking at the affects of climate change on infrastructure, and at how the City can build its infrastructure to be more resilient. The City would use emergency reserve funds such as the Corporate Rate Stabilization Reserve, and/or other funding sources to pay for damage to infrastructure caused by extreme weather rather than the Life Cycle Replacement and Capital Reserve fund.
- There were discussions on bringing forward a comprehensive report to General Committee in 2016 on the financial implications relating to the replacement requirements from the anticipated growing asset base from 2016 to 2031, as well as the financial implications on the replacement requirements from the existing assets with replacement requirements that are outside of the 25 year period.

Development Charges

*Discussed*

- Staff provided a status update on the Development Charges cash flow. As part of the Gas Tax Framework, Council in October 2013 approved gas tax funding for the unfunded portion of growth related projects commencing in 2018 at \$4.0M per annum, upon completion of the gas tax funding allocation to MDEI at the end of 2017.

*Requested*

- Circulate a copy of the 2013 Development Charges Background Study Report to the Budget Committee.
- Analyze the need for the \$4.0M of gas tax funds per annum to be reallocated to fund the unfunded portion of growth related projects commencing in 2018 (upon completion of MDEI allocation in 2017).

Next Steps

*Discussed*

- A question was raised about the potential impact of the potential merger of PowerStream on the 2016 budget and future budgets, and the value it may provide to residents. Staff reported that the impact on the 2016 budget would be minimal.

*Requested*

- Conduct a comprehensive strategic review of Markham's properties once the new property manager is hired. Staff committed to the undertaking of this project, as one of the top priorities of the new property manager.

**Moved by Councillor Amanda Collucci**

**Seconded by Regional Councillor Armstrong**

**That the 2016 Budget Presentation be received.**

**CARRIED**

**2. ADJOURNMENT**

The Budget Committee adjourned at 12:22 p.m.