

# **Town of Markham – 2006 Budget**

## **February 14, 2006 Council Meeting**



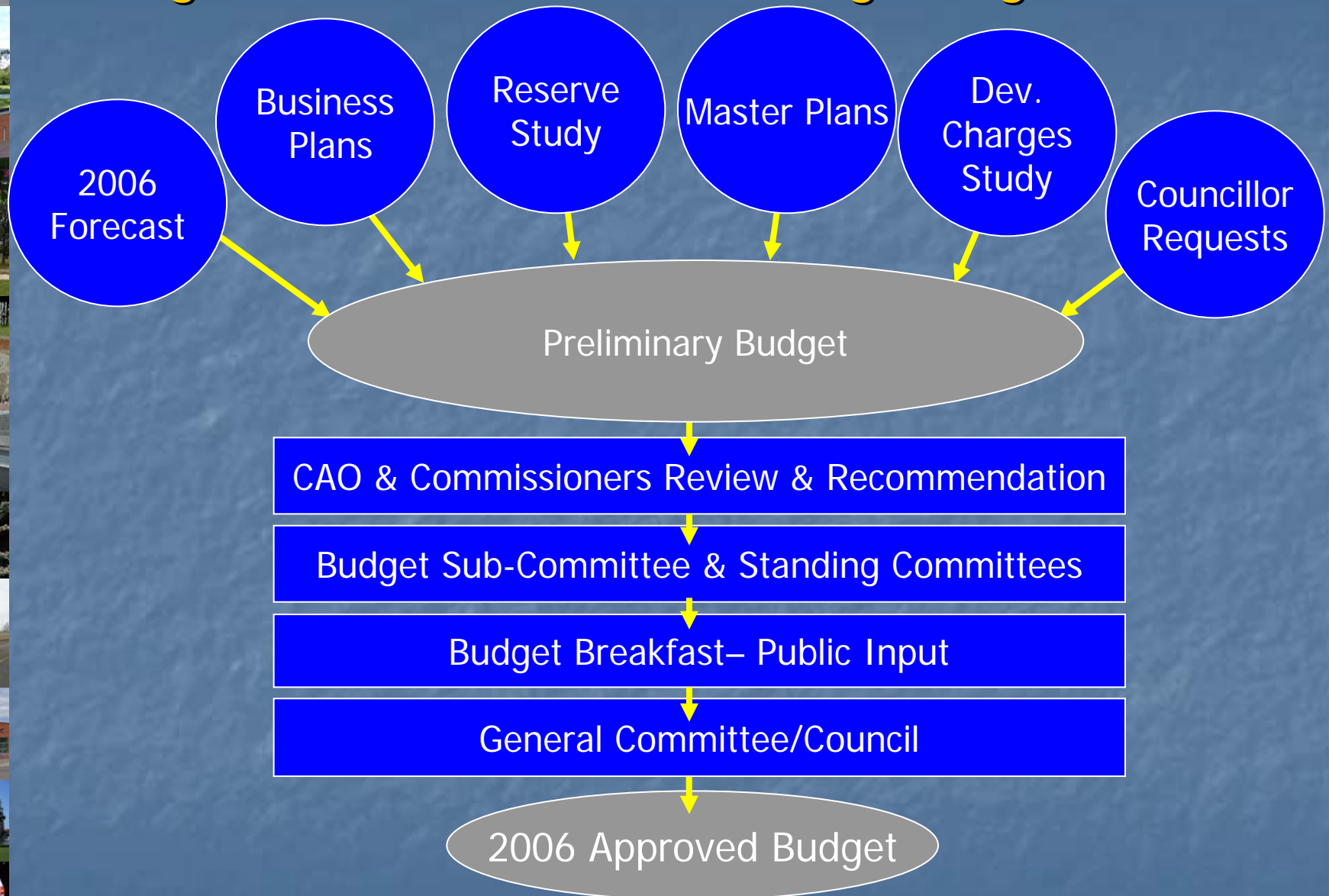
**Dan Horchik, Budget Chief**

**Andy Taylor, Commissioner of Corporate Services**

Centennial C.C.



# Integration of Business Planning/Budget Process



# Economic Environmental Scan - Budget Pressures

## Wage Settlements

- **Negotiated Wage Settlements**
- **Cost of Living Increases**
- **Grid Movement, Annualization**
- **Ontario Municipal Employees Retirement System (OMERS) pension rate increase**





# Economic Environmental Scan - Budget Pressures

Wage Settlements

Municipal Service  
Contracts



- Waste Collection & Winter Maintenance contracts linked to CPI
- Phase-in of Winter Maintenance budget
- Price escalations on Multi-year Contracts and contract renewals



# Economic Environmental Scan - Budget Pressures

Wage Settlements

Municipal Service  
Contracts

Infrastructure



- Capital costs associated with replacing aging infrastructure such as existing roads, vehicles, facilities, parks, bridges
- Operating costs associated with aging infrastructure include higher repair/ maintenance costs



# Economic Environmental Scan - Budget Pressures

Wage Settlements

Municipal Service  
Contracts

Infrastructure

Growth



- Increased costs related to more:
  - Households – Waste Collection
  - Kilometres of road – Sweeping, Winter Maintenance
  - New parks – Park Maintenance
- Ramp-up for costs related to new facilities – Fire Station & Community Centre
- Staffing resources related to growth



# Economic Environmental Scan - Budget Pressures

Wage Settlements

Municipal Service  
Contracts

Infrastructure

Growth

Provincial Legislation



- **Bill 124 – First full year impact legislation related to Building Permit revenue**
- **Bill 175 – Work related to costing water/ waste water service delivery & asset replacement**
- **Bill 195 – Increased inspection costs due to Safe Water Drinking Act**





# Economic Environmental Scan - Budget Pressures

Wage Settlements

Municipal Service  
Contracts

Infrastructure

Growth

Provincial Legislation

Economic Trends



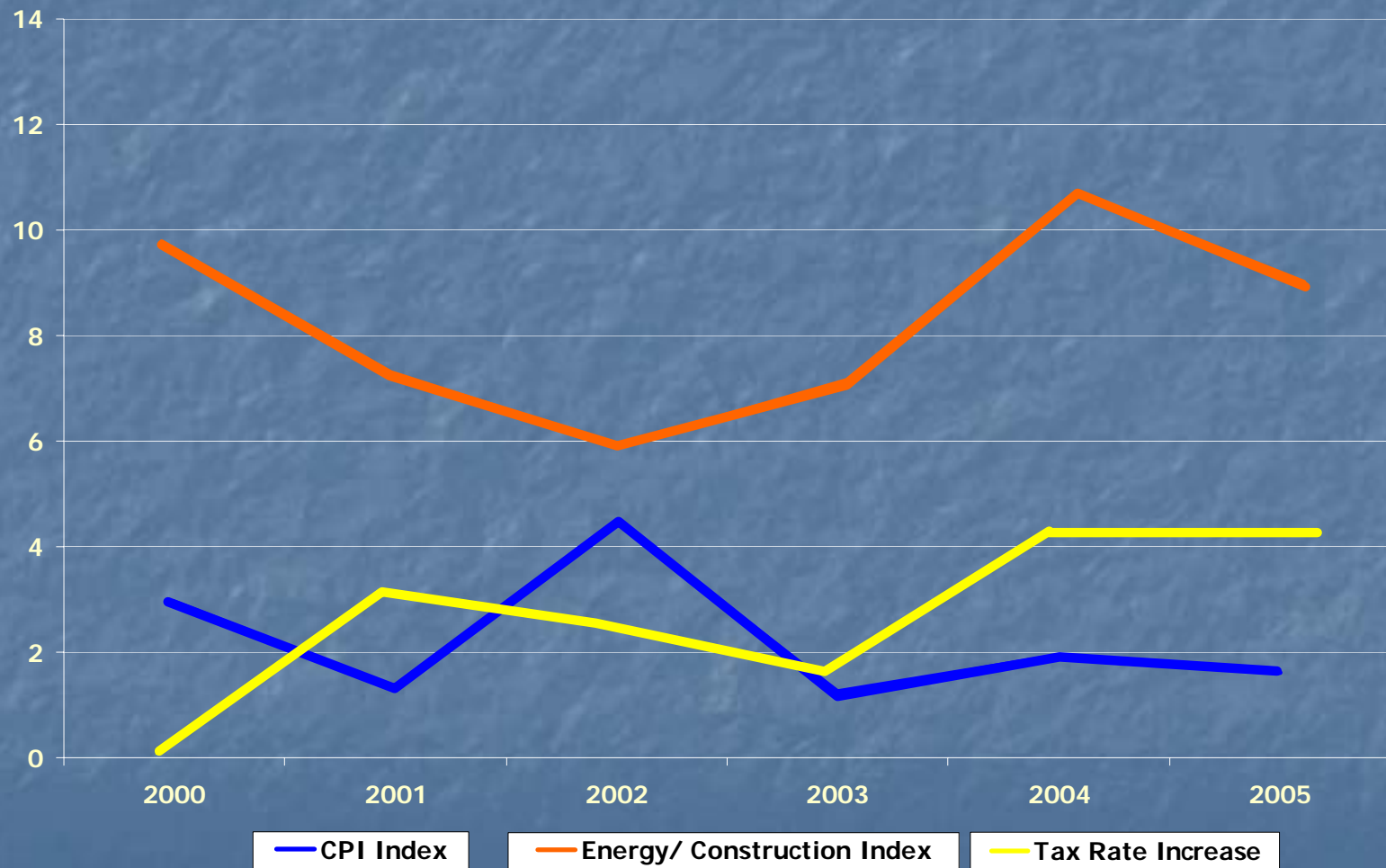
- Interest Rate fluctuations
- Higher Insurance Costs
- Inflation:
  - 2.2% CPI, Canada, All Items (Dec '04 to '05)
    - Basket of goods includes: Food, Shelter, Household operations/furnishings, clothing, transportation, health & personal care
  - 10.2% Energy Index (Dec '04 to '05)
  - 4.8% Non-Residential Construction Price Index (3rd Quarter '04 to '05)
    - measures contractors' price changes of new non-residential construction
    - relates to both general and trade contractors' work and excludes the cost of land, design and real estate fees







# Index vs. Tax Rate Increases



# Economic Environmental Scan - Budget Pressures

Wage Settlements

Municipal Service  
Contracts

Infrastructure

Growth

Provincial Legislation

Economic Trends

New/ Enhanced  
Programs



- National Communities in Bloom
- Continued implementation of Safe Streets Strategy
- Opening of Thornhill Community Centre Senior's Centre & expanded Rec.
- Markham Energy Conservation Office
- Design of new Ward Building as part of the Museum Master Plan
- Continued roll-out of Mission Green waste diversion program





# Economic Environmental Scan - Budget Pressures

Wage Settlements	Municipal Service Contracts	Infrastructure
Growth	Provincial Legislation	Economic Trends
	New/ Enhanced Programs	



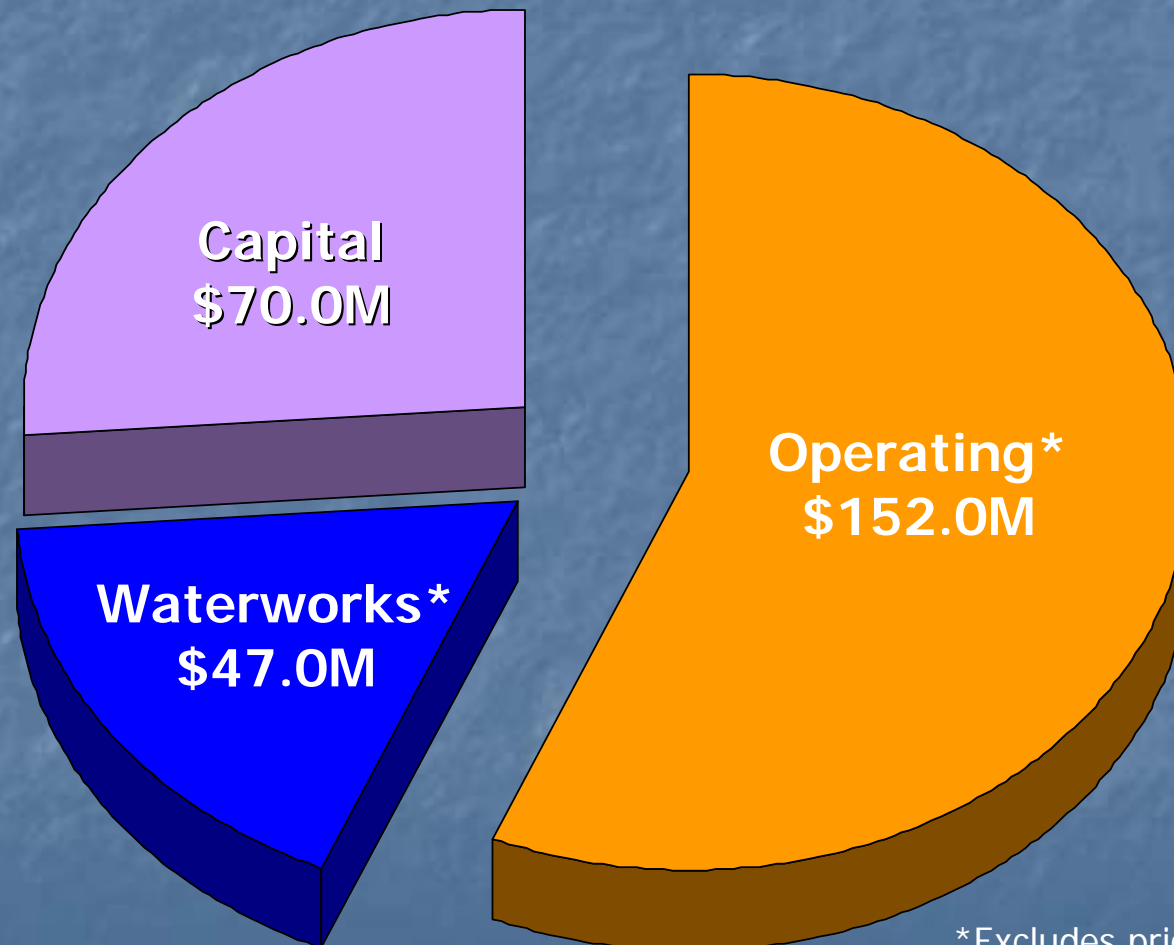
**Operating Impact of  
Budget Pressures  
\$14.6M**





# 2006 Budget Summary

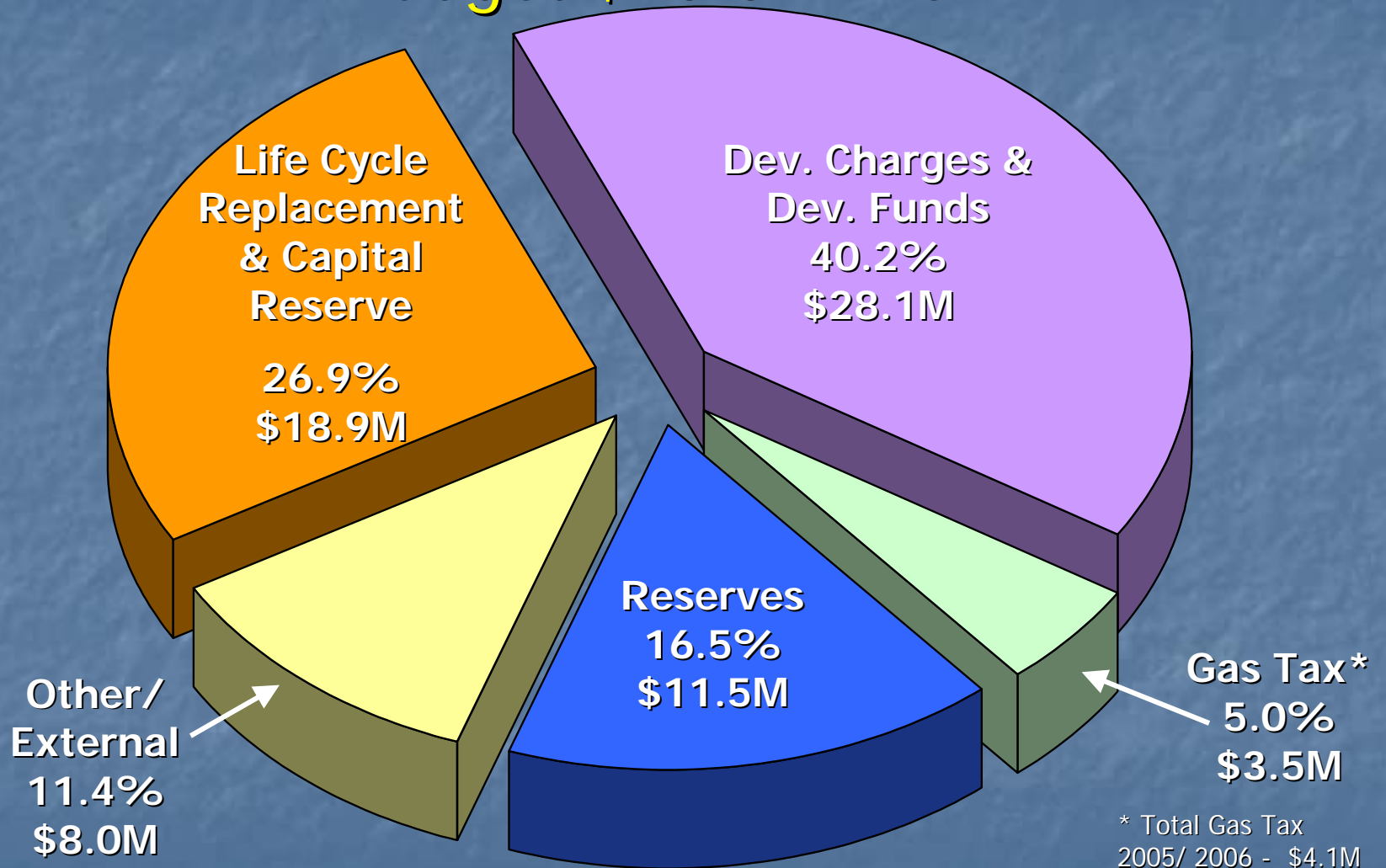
Total Budget Recommended for Approval  
**\$269.0 Million**



\*Excludes prior year surplus

# 2006 Sources of Capital Funding

## Budget \$70.0 Million





# Capital Projects funded by Federal Gas Tax

(\$000's)

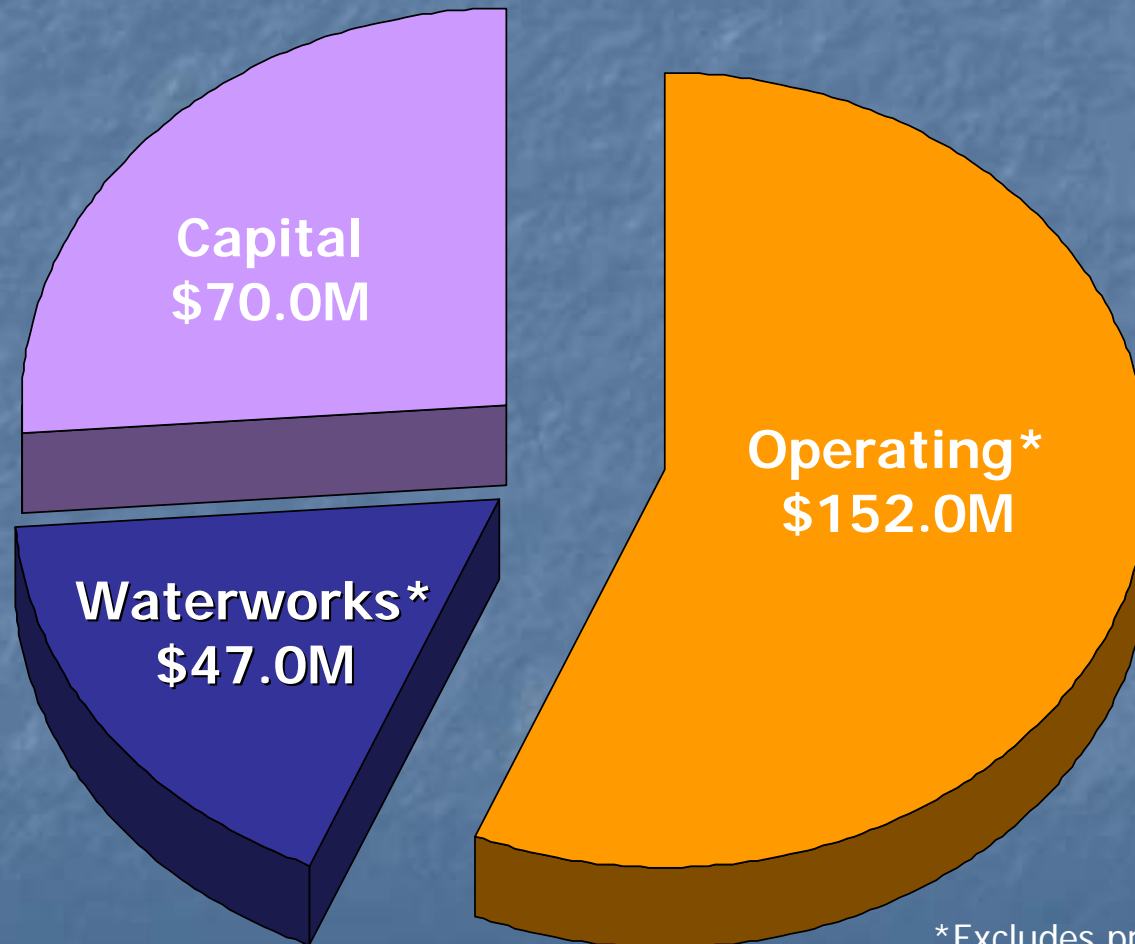
Gas Tax Category / Capital Projects Funded by Gas Tax	Federal Gas Tax Funding
<b>Public Transit</b>	
Bike Lanes & Pathways	\$500
Sidewalk replacement/ New sidewalks along exist. Roads	\$489
<b>Water Distribution Systems and Wastewater Systems</b>	
Watermain replacement	\$250
<b>Solid Waste, Waste Diversion</b>	
Sabistan Landfill	\$700
<b>Community Energy Systems</b>	
Markham District Energy	\$500
Green Roof at Civic Centre	\$125
<b>Local Roads, Bridges, Tunnels and Bike Lanes</b>	
Bridge Repairs (19th Ave. Bridge) & Add'l Funding for Reesor Road Bridge Replacement	\$932
<b>Total Cost of Projects</b>	<b>\$3,496 (A)</b>
<b>Total Gas Tax Funding Received 2005-2006</b>	<b>\$4,068 (B)</b>
<b>Unallocated Funding - Staff to Report on other Cap. Proj.'s</b>	<b>\$572 (B) - (A)</b>





# 2006 Budget Summary

Total Budget Recommended for Approval  
**\$269.0 Million**



\*Excludes prior year surplus



# 2006 Waterworks Operating Budget

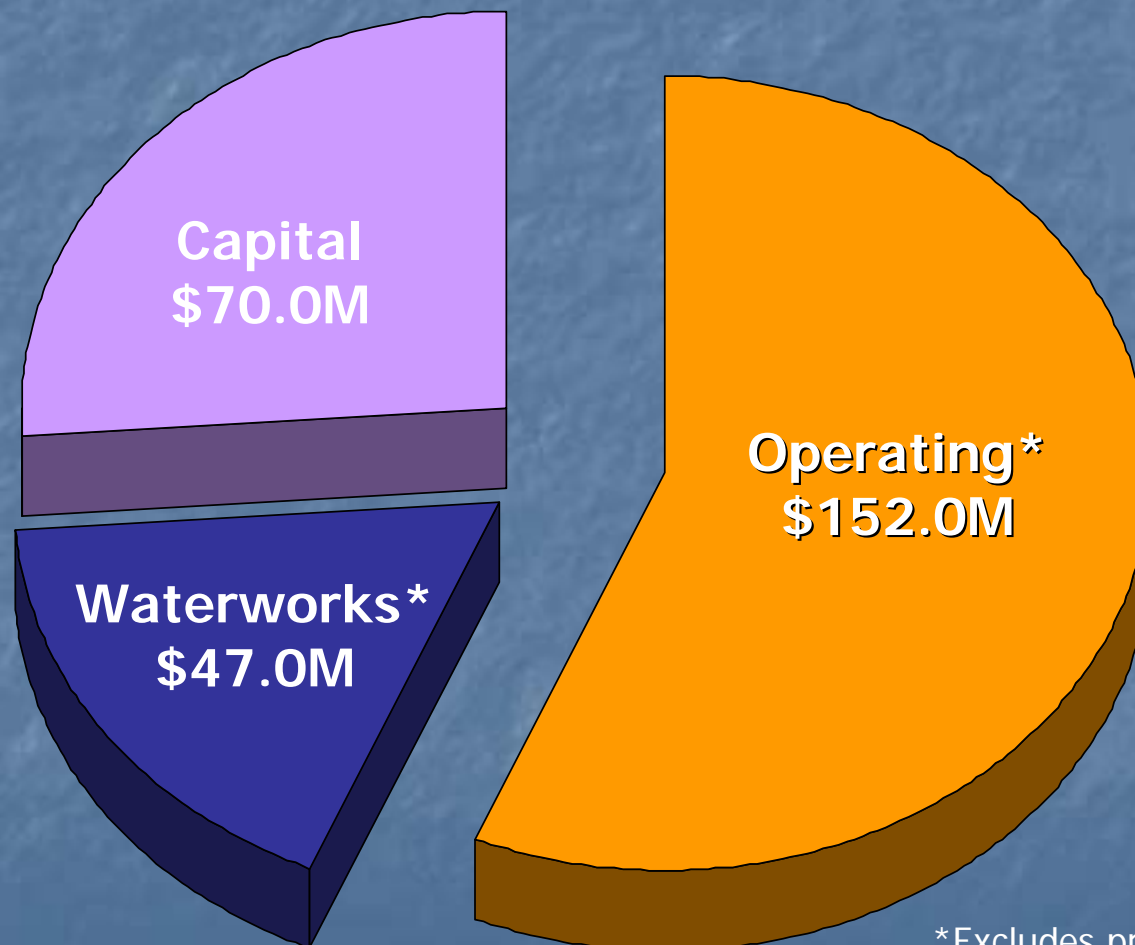
## Budget \$47.0 Million

- Waterworks is funded from water/wastewater revenues
- Following a public meeting on December 13, 2005, Markham's water and wastewater rate was increased by 6.1% effective January 1, 2006
- The increase will help offset the following Waterworks pressures:
  - higher wholesale water costs from the Region
  - the Waterworks Department's Phase 3 Organizational and Staffing Plan
  - higher cost of contracted water meter reading and water billing services
  - increased capital programs related to the Town's aging water/wastewater infrastructure



# 2006 Budget Summary

Total Budget Recommended for Approval  
\$269.0 Million



\*Excludes prior year surplus





# Base Operating Budget

## Budget \$152 Million

### REVIEW 2005 BASE BUDGET

- Detailed Analysis of 2005 Budget – Confirming 2005 base budget levels with adjustments for the following:

### REVENUES

- Forecasted increase in Assessment Growth (4.0%)
- Investment Income increase due to higher portfolio balances
- Annualization of fee increases

### EXPENDITURES

- Increased Salary & Benefits of existing Staff – CUPE, COLA, MPFFA, grid movement, annualization
- Increase in benefit rate to 24% primarily due to OMERS rate increase
- Continued Ramp-up for new Fire Station & Community Centre
- Contract Price Escalations - Waste contract, Winter maintenance and higher utility & fuel costs
- Growth - new parks, additional streetlights, additional households for waste collection, & more kilometres of roads
- Operating Budget Contribution to Capital



# 2006 Operating Budget Summary

(\$ Millions)

	2005 Approved Budget	2006 Proposed Budget	Change Increase / (Decrease)
REVENUES	137.4	147.9	10.5
EXPENDITURES	137.4	152.0	14.6
Current Operating Budget Shortfall			<u>(4.1)</u>



# 2006 Operating Budget

## Comparison of Revenues – 2005 to 2006

(\$ Millions)

	<u>2005</u>	<u>2006</u>	<u>Increase</u>	
	\$	\$	\$	%
<b>Total Budgeted Revenues</b>	<u><b>137.4</b></u>	<u><b>147.9</b></u>	<u><b>10.5</b></u>	<u><b>7.6%</b></u>
Assessment Growth of 4%			3.3	2.4%
Investment Income			0.4	0.3%
Increase in Winter Maint. Recoveries from Region			0.1	0.1%
Change in Rec. Programs & Annualization of fee increase			0.4	0.3%
Add'l Planning/Design & Eng. Rev. (offset with exp.)			4.9	3.6%
Increase in Other Revenues			<u>1.4</u>	<u>1.0%</u>
<b>Total Change in Budgeted Revenues</b>			<u><b>10.5</b></u>	<u><b>7.6%</b></u>

Excludes prior year surplus





# 2006 Operating Budget

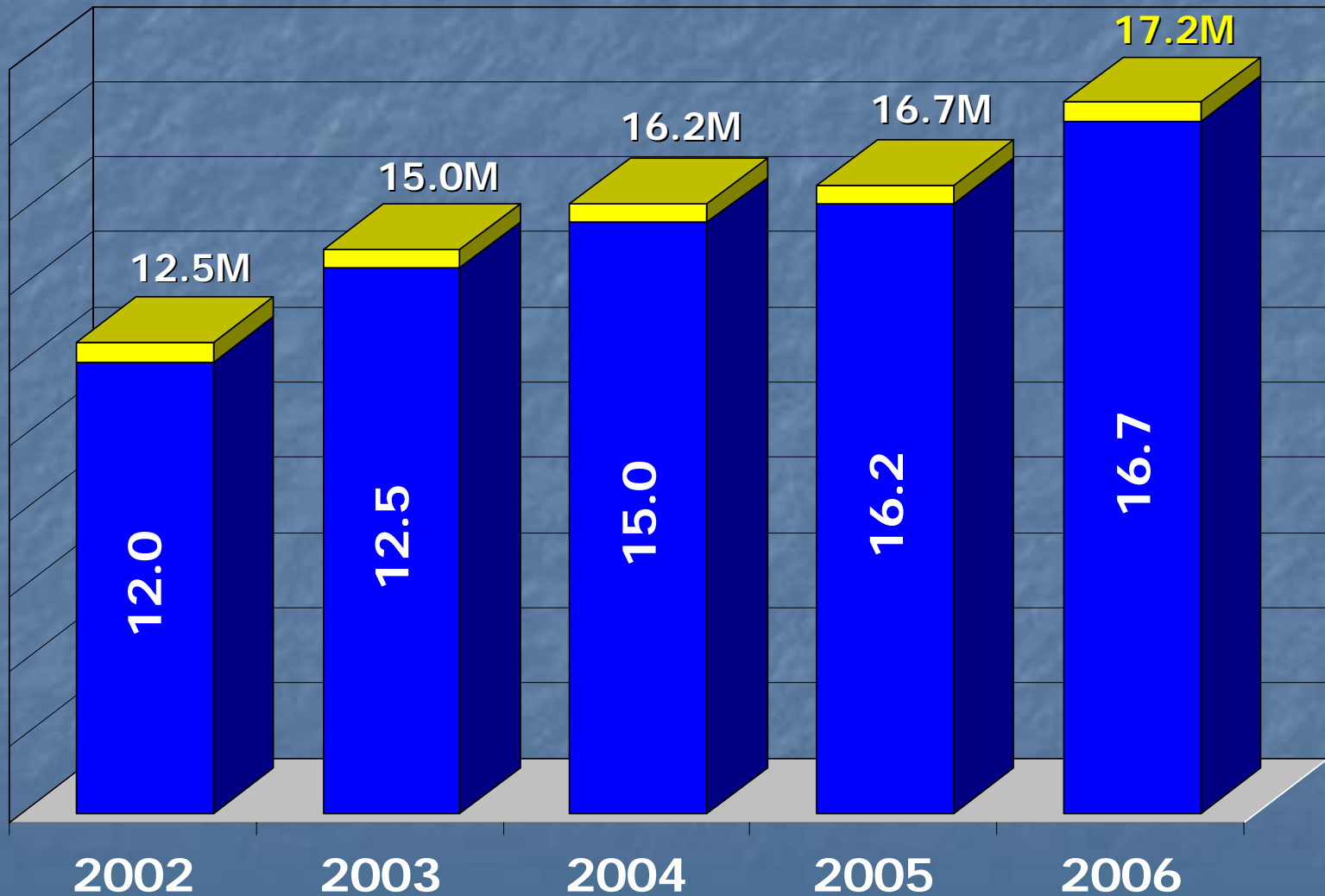
## Comparison of Expenditures – 2005 to 2006

(\$ Millions)

	<u>2005</u>	<u>2006</u>	<u>Increase</u>	
	\$	\$	\$	%
<b>Total Budgeted Expenditures</b>	<u><b>137.4</b></u>	<u><b>152.0</b></u>	<u><b>14.6</b></u>	<u><b>10.6%</b></u>
Wage Settlements			2.5	1.8%
Annualization/Grid Movement & OMERS			1.8	1.3%
Staffing costs for additional programs & growth			1.7	1.2%
Growth & Contract Increases			1.6	1.1%
Utility Increases			0.7	0.5%
Ramp-up (New Fire Station & Community Centre)			0.6	0.4%
Waste Collection (incl. Fuel Escalation)			0.6	0.4%
Operating Budget Contribution to Capital			0.5	0.4%
Implementation of Bill 124 (offset by revenues)			3.0	2.2%
Increase in Other Expenditures			1.6	1.2%
<b>Total Change in Budgeted Revenues</b>			<u><b>14.6</b></u>	<u><b>10.6%</b></u>

Excludes prior year surplus

# 2006 Operating Budget Contribution to Capital Reserves



# 2006 Operating Budget

Increase in Revenues	\$10.5 M
Increase in Expenditures	<u>\$14.6 M</u>
Current Funding Shortfall	<u><u>\$(4.1) M</u></u>

**\$4.1 Million shortfall translates into an increase of 4.88% in the net tax rate**





# Proposed 2006 Operating Budget (\$ Millions)

	<u>Shortfall</u>	<u>% Tax Rate Increase</u>
October 11, 2005 - Budget Sub-Committee #1	\$ 7.368	8.86%
CAO & Commissioners Committee Reductions	-3.638	-4.37%
December 6, 2005 Operating Shortfall/Tax Rate Increase	\$ 3.730	4.48%
<b>Dec. 6th Adjustments - Approved by Budget Sub-Committee</b> (incl. wint. maint., attraction & retention strat., streetlight hydro, Celebrate Markham, and insurance increase)	0.846	1.02%
January 9, 2006 Operating Shortfall/Tax Rate Increase	\$ 4.576	5.50%
<b>Reductions - As directed by Budget Sub-Committee</b> (Phase-in of f.f. overtime, wint. maint., attraction & retention strat., and Insurance increase)	-0.519	-0.62%
February 14, 2006 Op. Shortfall/Proposed Tax Rate Increase	\$ 4.057	4.88%



# 2006 Operating Budget

## Impact of Markham Tax Rate Increase on an Average Household

Average Current Value of a Household in Markham = \$403,000

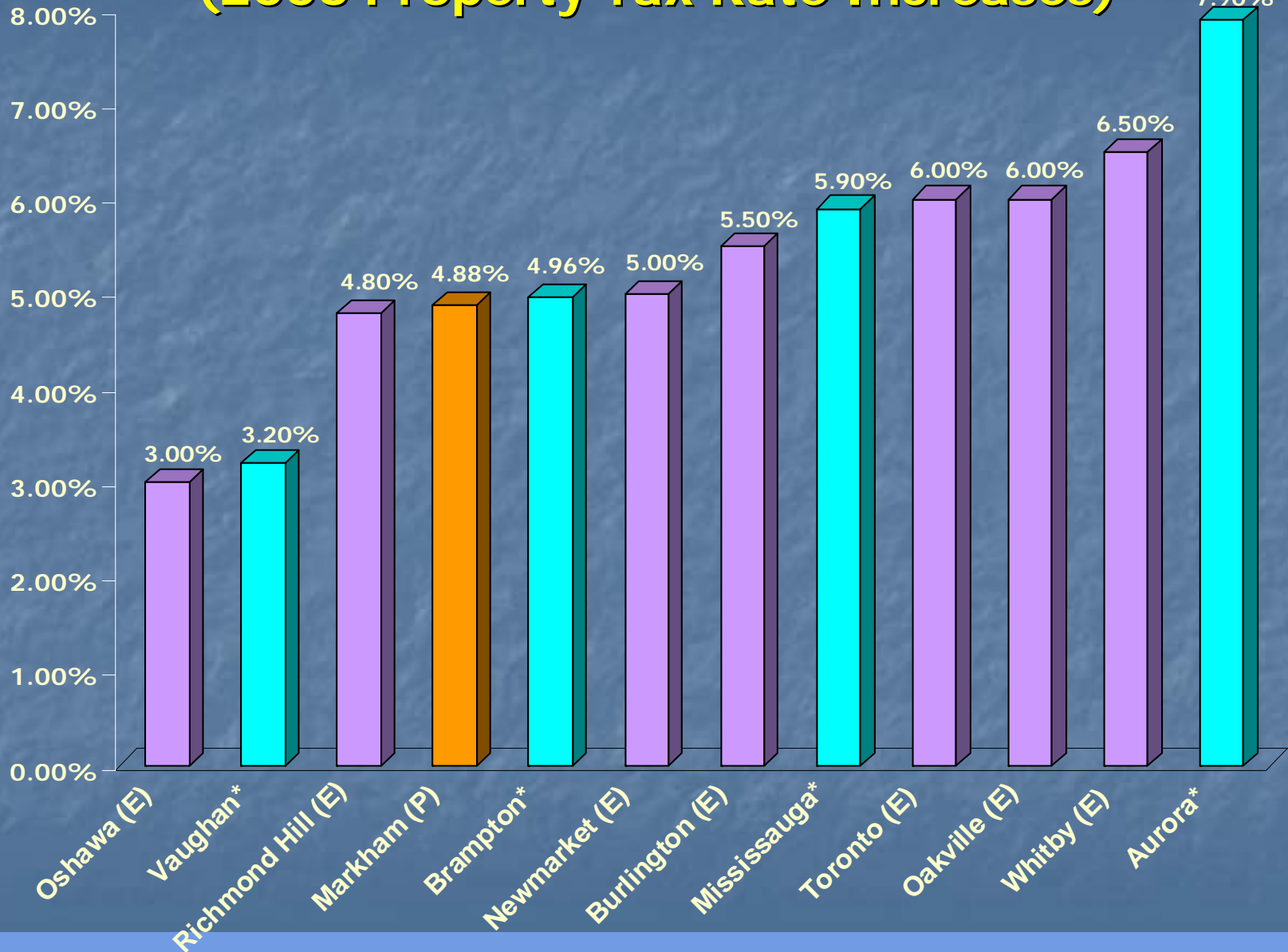
### Approximate Tax Dollar Impact per Household

4.88% Tax Rate Increase = \$36.04





# Comparison to Other Municipalities (2006 Property Tax Rate Increases)





# Town of Markham – 2006 Budget



**February 14, 2006**

Centennial C.C.

