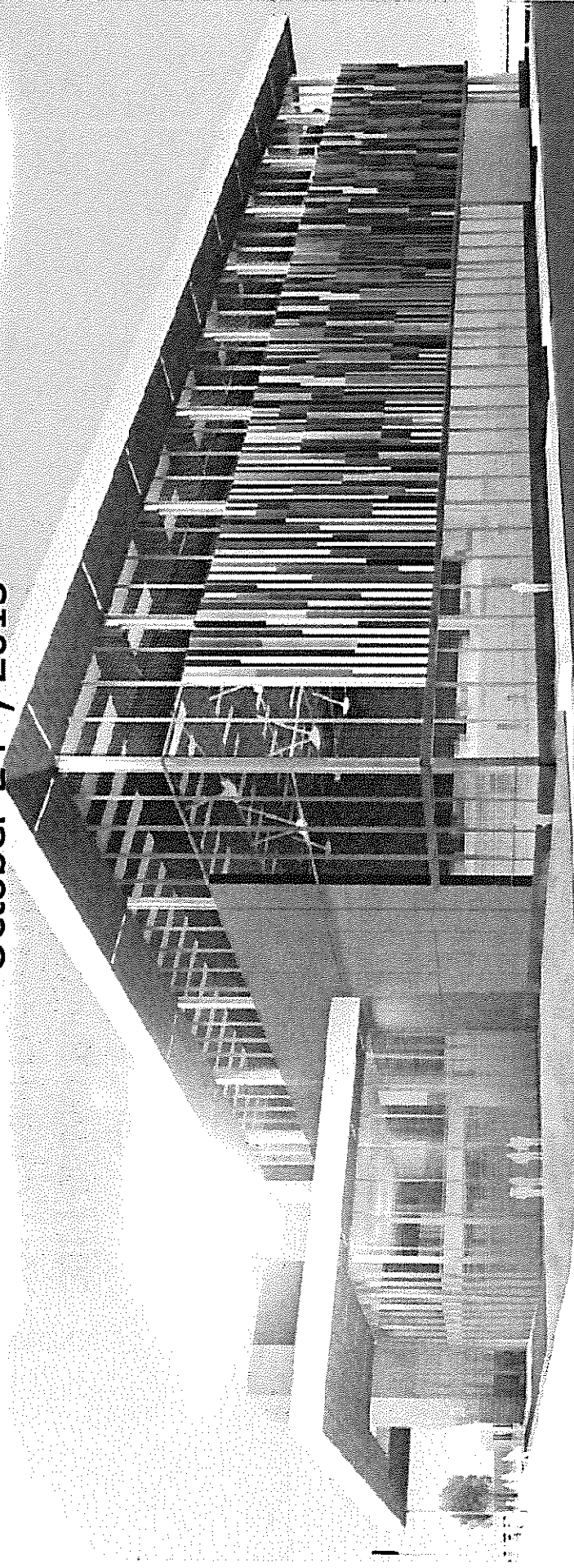


2014 Budget

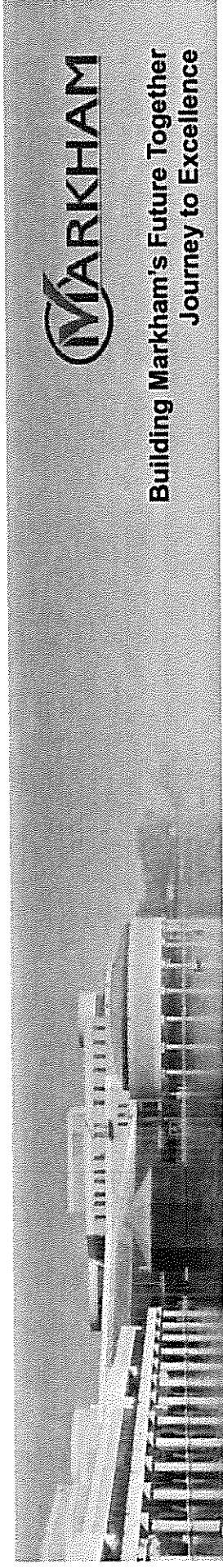
Public Consultation Meeting

October 24th, 2013



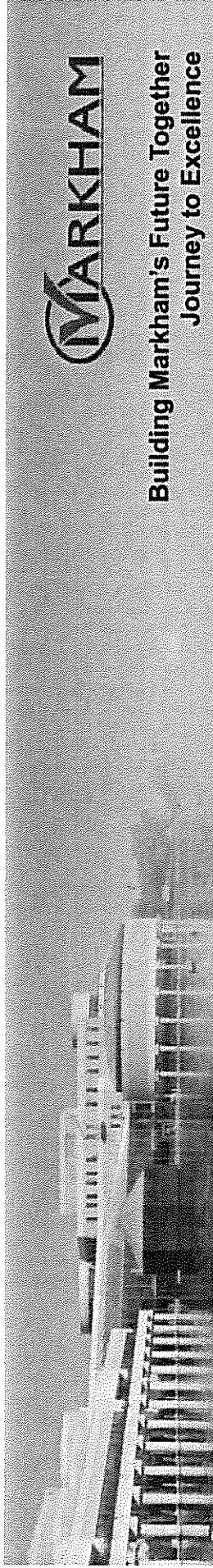
Markham Pan Am Centre



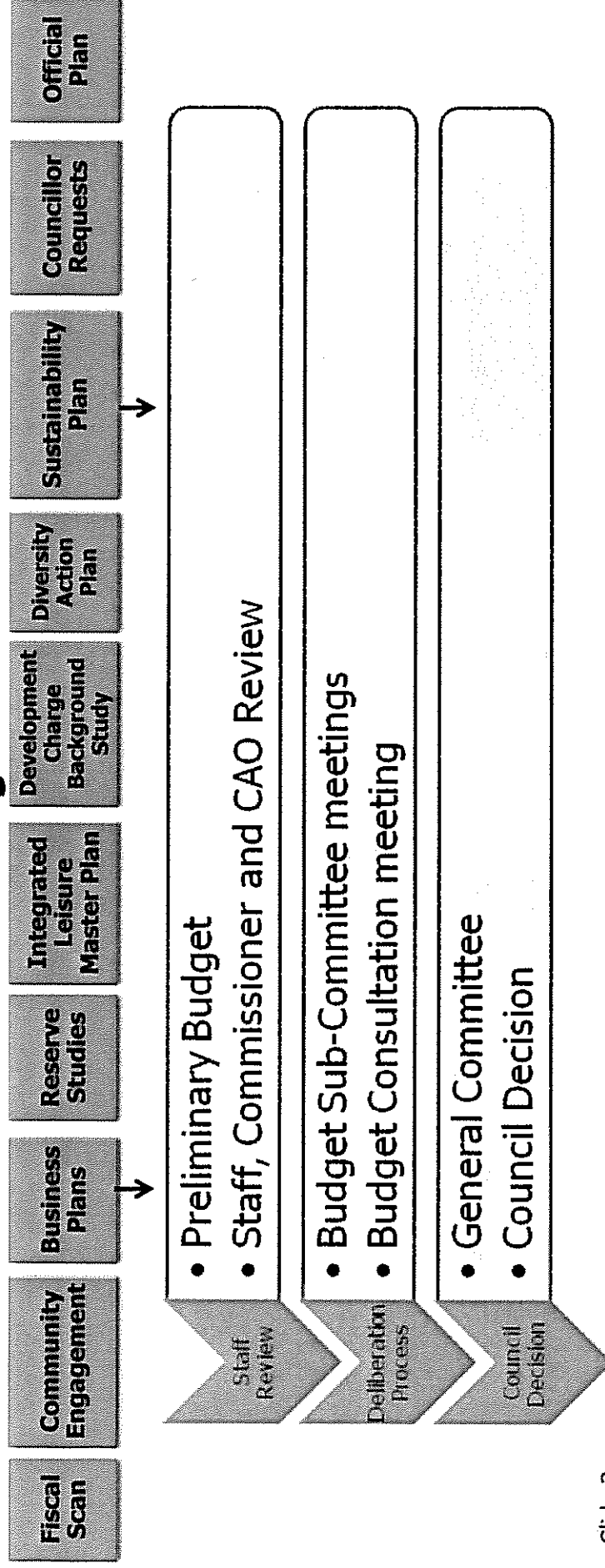


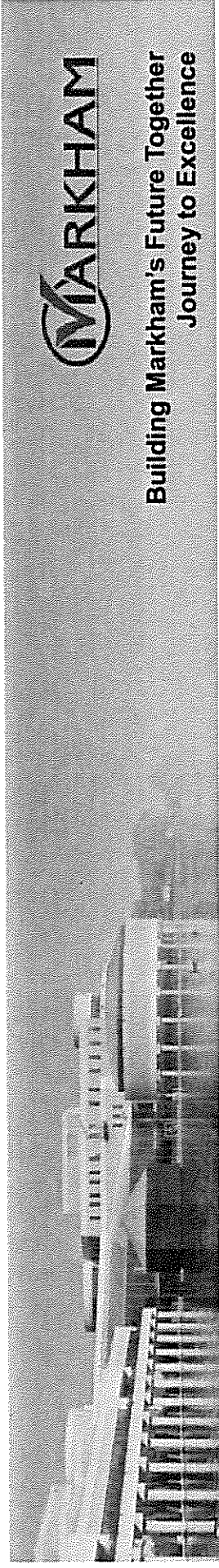
Agenda

- 2014 Budget Process and Communication Plan
- Economic Trends and Fiscal Scan
- 2014 Budget Overview
 - Operating
 - Capital
- 2014 Budget Summary
- 2014 Capital Budget Highlights
- Next Steps



2014 Budget Process





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2014 Budget Process

Seven Budget Sub-Committee meetings are scheduled in October on the 8th, 11th, 15th, 18th, 23rd, 25th and 28th

Once the Budget Sub-Committee and Budget Consultation meetings are complete, the following process will take place to finalize the budget:

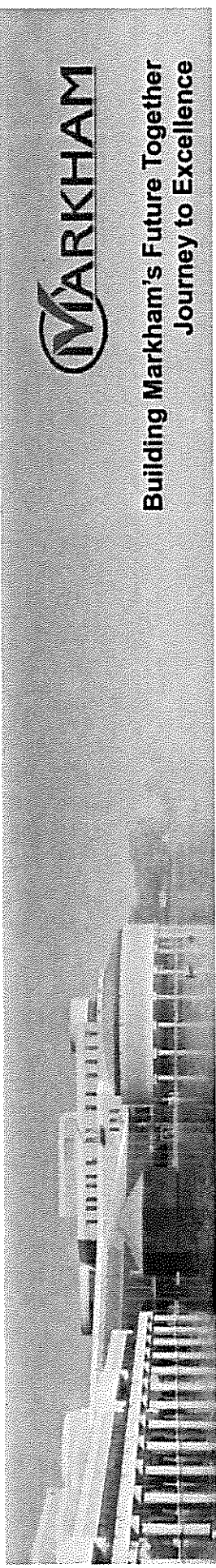
- December 2nd, 2013 General Committee - recommends budget to Council
- December 9th, 2013 Council Decision
- December 10th, 2013 Press Conference



2014 Budget Process (cont'd)

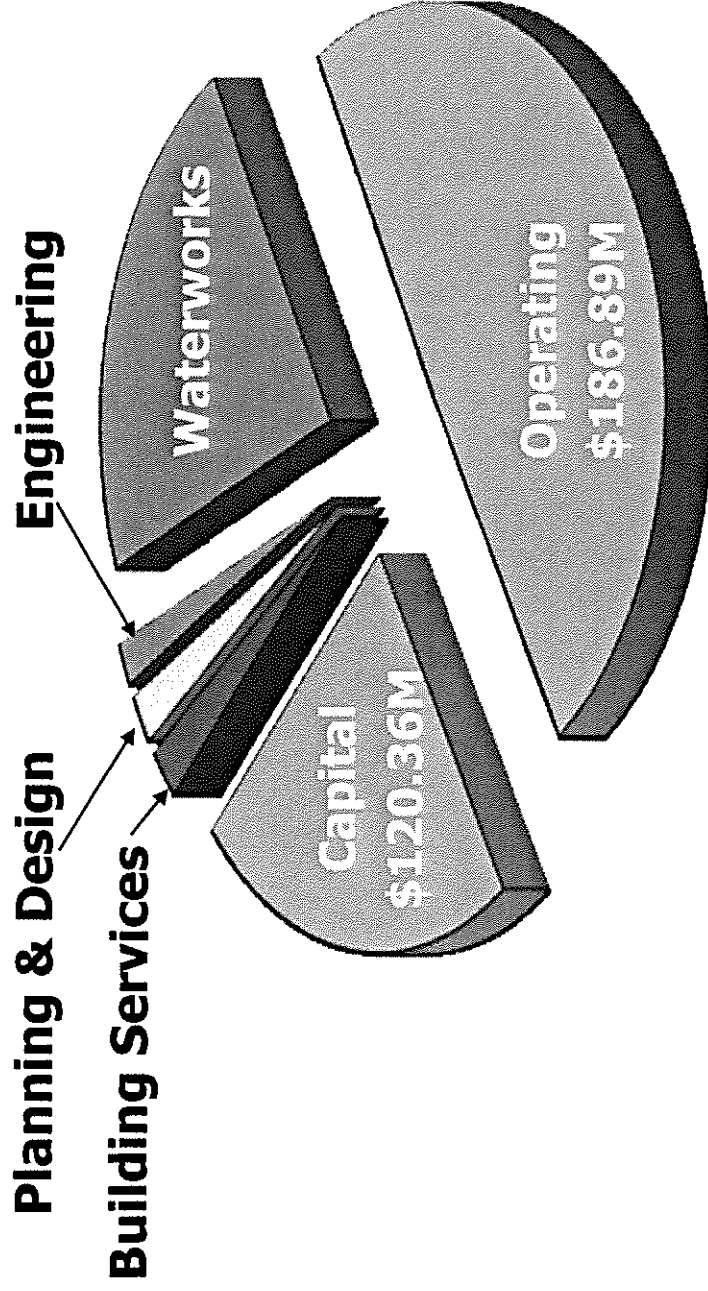
Communication Plan

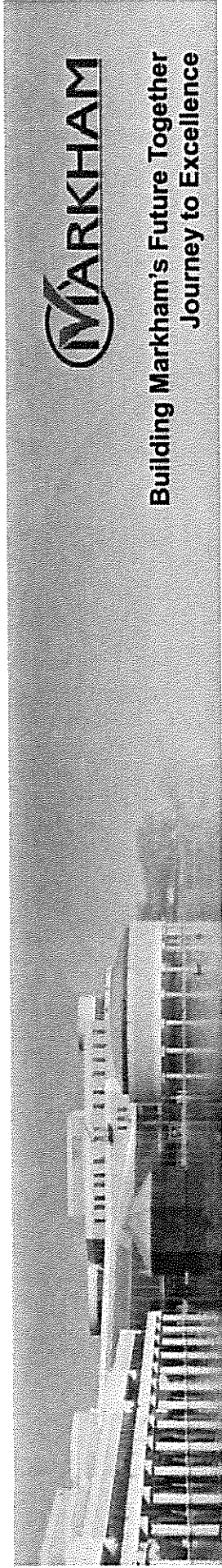
- All Budget Sub-committee meetings are open to public and audio streamed through Markham's website. Notices of the Budget Sub-Committee meetings are advertised in the local newspapers, through social media and on Markham's webpage.
- This year, the City is taking an additional innovative step to engage Markham residents in the budget process, through the Citizen Budget Tool.
- This online tool will help residents better understand how their tax dollars are used for Markham's programs and services. It also provides an opportunity to express their views on how residential tax dollars are used.



2014 Proposed Budget

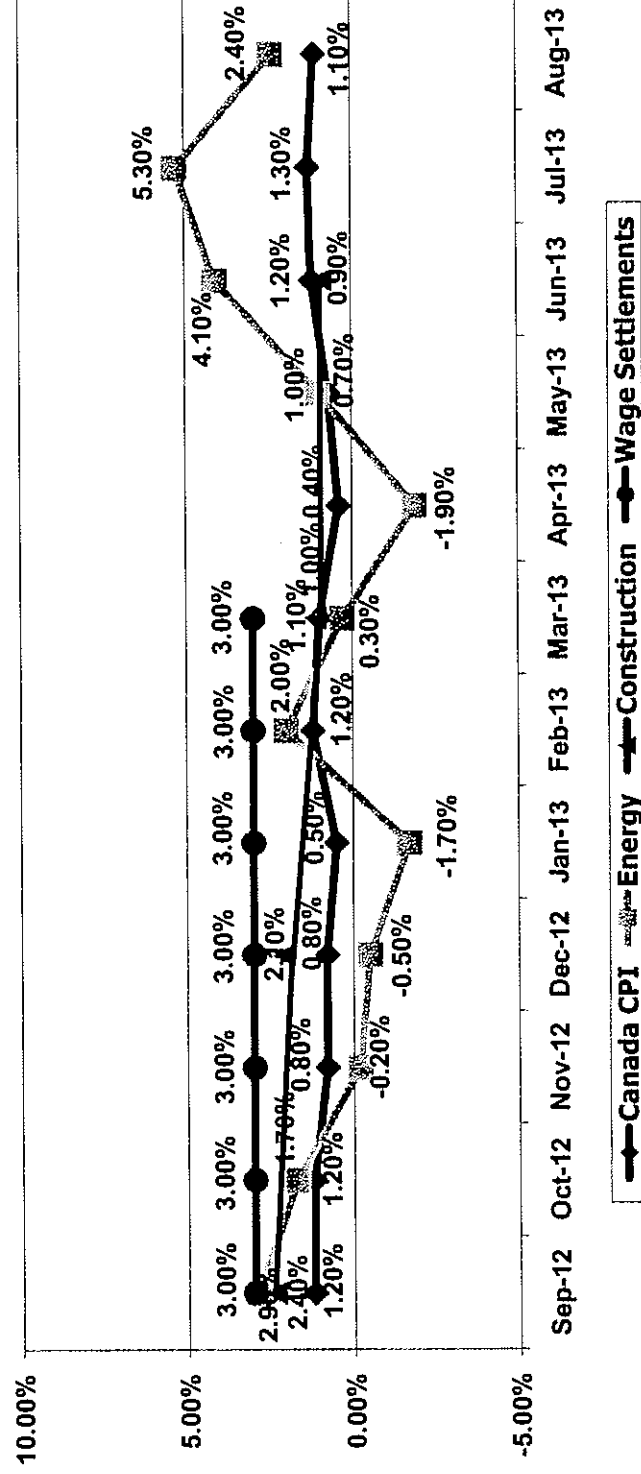
2014 Budget

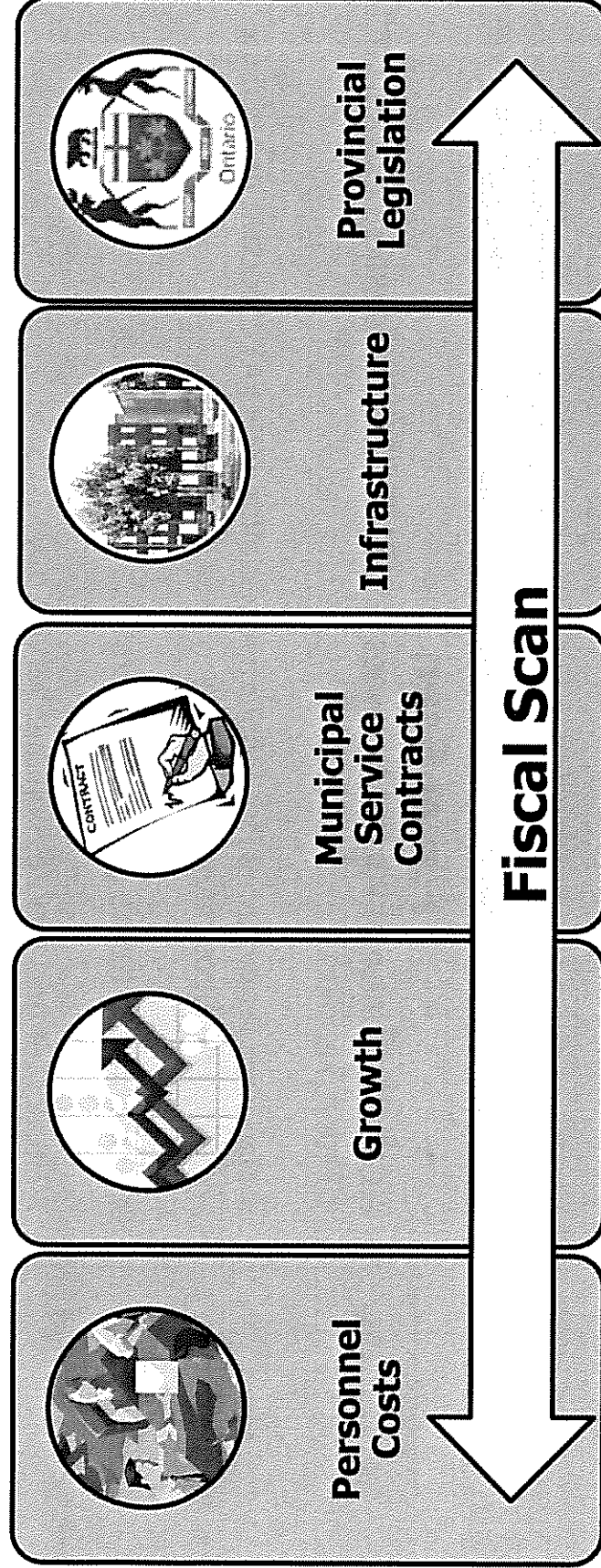
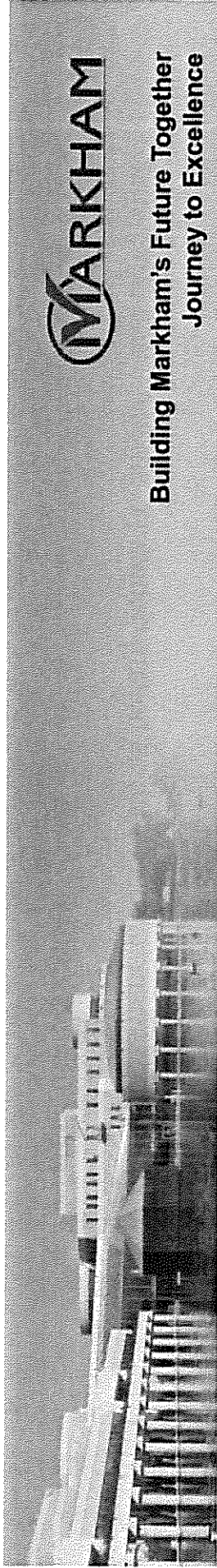


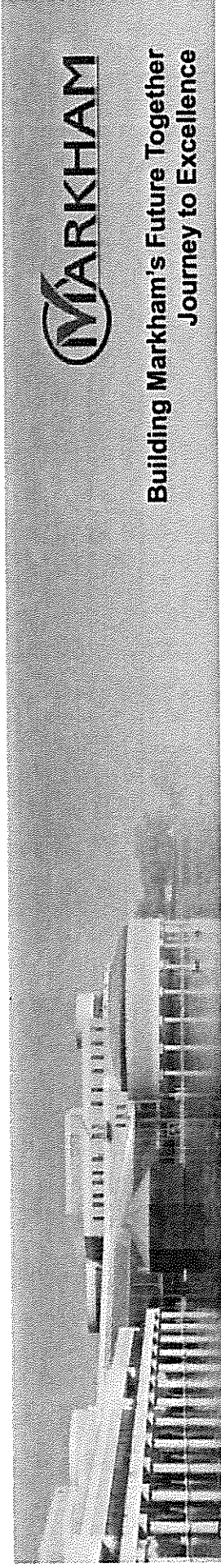


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Economic Trends Indexes Impacting Markham



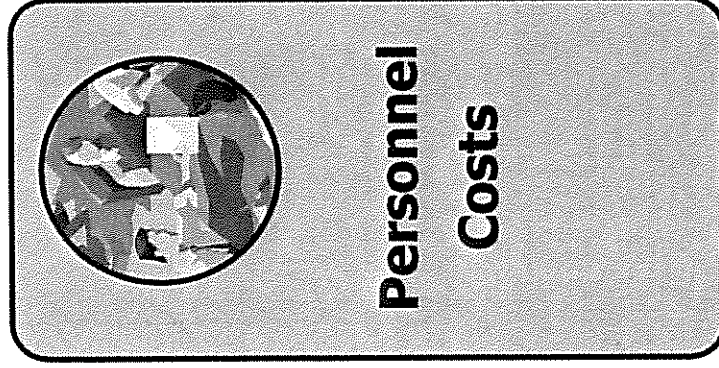


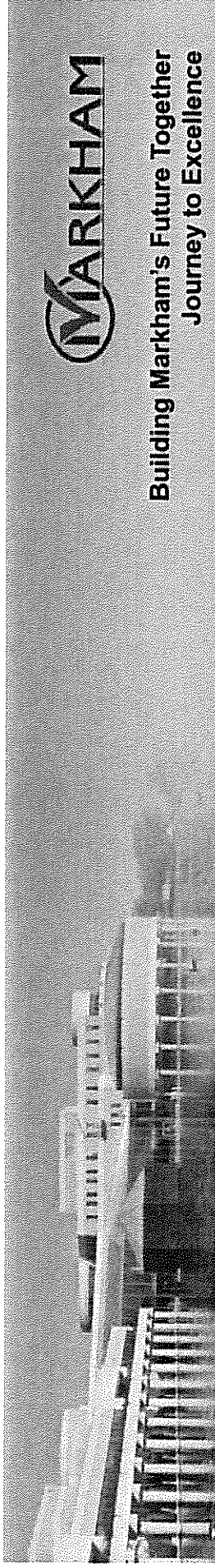


Fiscal Scan

- Canadian Union of Public Employees (CUPE) collective agreement expired on March 31, 2013
- Markham Professional Fire Fighters Association (MPFFA) collective agreement expired on December 31, 2012
- Full-time, part-time grid movements
- Firefighter grid progression and service pay
- New staffing requests
- Includes benefit costs such as health, dental, paramedical and other costs

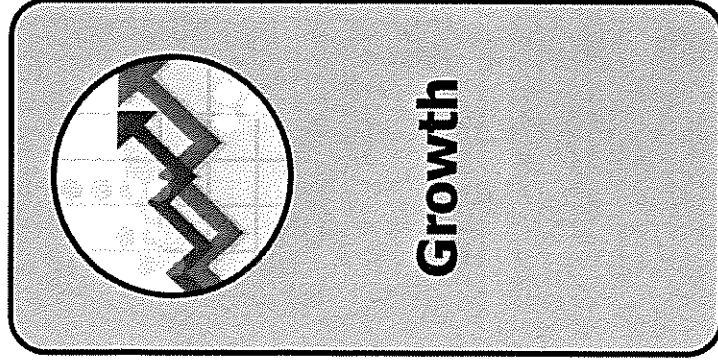
Net Total: \$2.63M

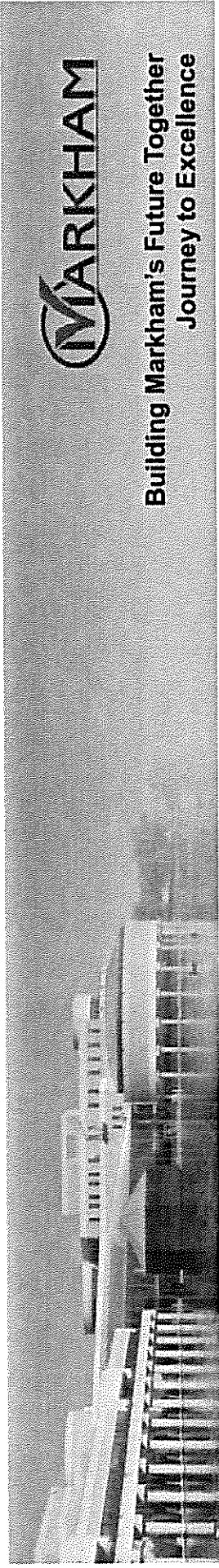




Fiscal Scan (cont'd)

- Personnel ramp-up related to new facilities:
 - Cornell Fire Station
 - 2nd crew at the Cornell Fire Station
 - Southeast Community Centre
 - Markham Pan Am Centre
 - Markham Sports Park
 - Operations Works Yard
 - Milliken Mills Library Expansion
 - Markham Centre Fire Station (new ramp-up)

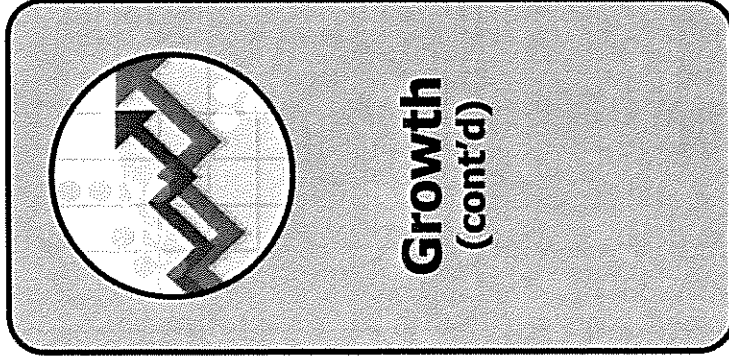




Fiscal Scan (cont'd)

- Increase in costs related to:
 - 3,200 tonnes or 1.8% increase in tonnage – waste collection
 - 30 additional kms of road – maintenance, street & catchbasin cleaning
 - 800 new streetlights to power, maintain & repair
 - 12 additional hectares of parks – park maintenance
 - 30 hectares of park maintenance related to window streets, valleys & natural areas and stormwater management ponds
 - 5,000 litres increase for fleet gasoline volume and 25,000 litres in diesel volume
 - Winter maintenance
- Contribution to capital program
- Ramp-up for Operations Works Yard

Total: \$3.12M





Fiscal Scan (cont'd)

Contract Escalations

- Winter maintenance contract increases and phase-in
- Waste collection contract (CPI and fuel cost increases)
- Fuel cost increase (City-owned vehicles)
- Utility rate increases (facility and streetlight hydro, gas and water)
- Contract escalations

Sub-total: \$1.28M

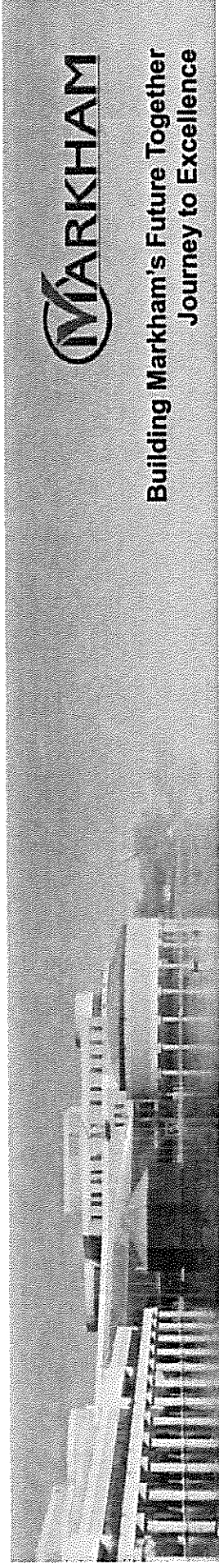
Service Level Enhancements

- Winter Maintenance – Local road service level for rear lanes
- Integrity Commissioner
- Animal Services
- Regional Councillor newsletters

Sub-total: \$0.24M



Municipal Service Contracts



Fiscal Scan (cont'd)

Cost Efficiencies (E3)

- School crossing guard contract (\$0.12M)
- Energy savings (\$0.10M)
- VOIP contract award (elimination of redundant phone lines) (\$0.06M)
- Waste Calendar in Markham Life (\$0.03M)

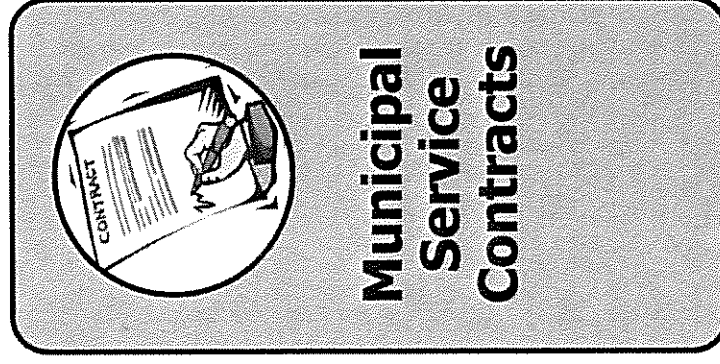
Sub-total: (\$0.31M)

Other Adjustments

- Support services to Building, Planning & Design, Engineering & Waterworks (\$0.42M)
- Roads Asphalt Repairs (\$0.17M)
- Waste expenditure reduction (based on volume) (\$0.28M)
- Other (\$0.04M)

Sub-total: (\$0.83M)

Total: \$0.34M





Fiscal Scan (cont'd)

- The Life Cycle and Water & Wastewater reserve studies are updated annually to address the funding requirements with known inflows for future replacements of existing assets for the next 25 years
- There are infrastructure pressures identified in the following areas:

Life Cycle Reserve Study

- Replacements of future assets
- Stormwater management program

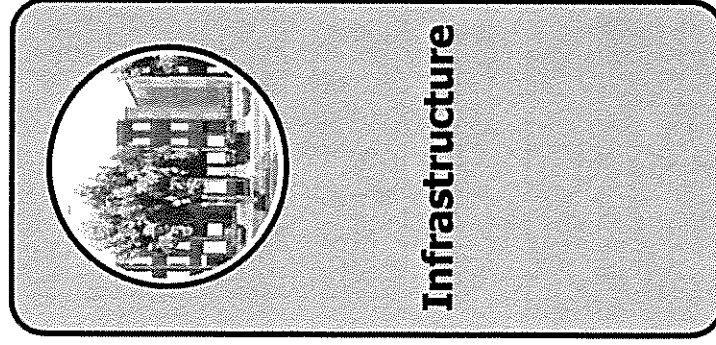
Water and Wastewater Reserve Study

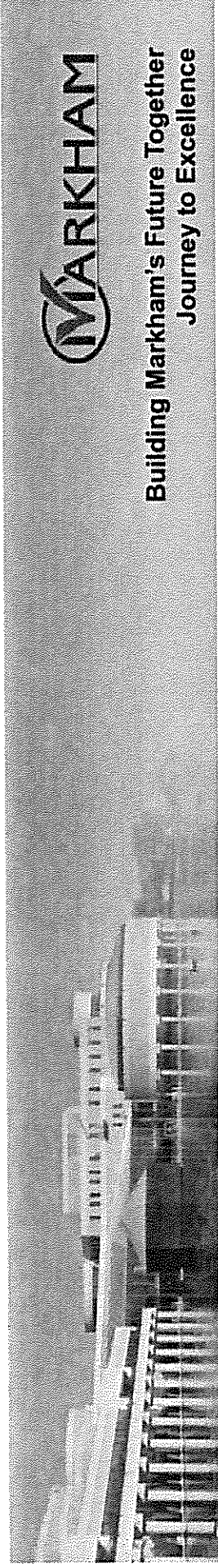
- Projected increases from the Region of York
- Sustainability of future water rates

Development Charges Background Study

- Non-growth portion of City wide hard and soft services

Other potential unfunded Capital Projects





Fiscal Scan (cont'd)

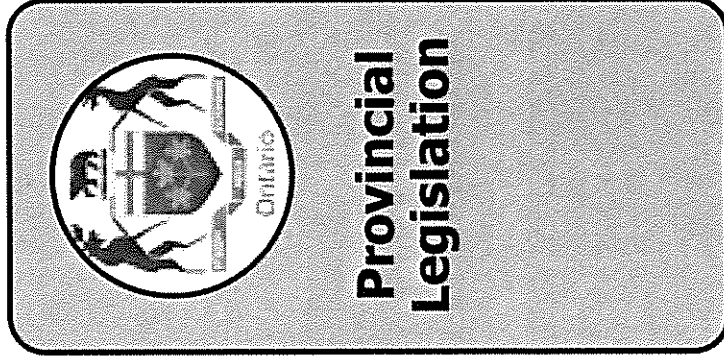
New Official Plan

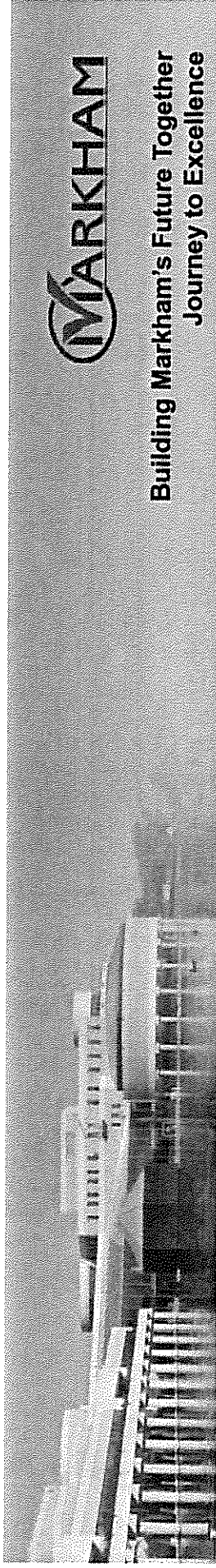
Municipal Official Plans must be brought into conformity with Provincial Plans and the Region of York Official Plan. It is anticipated that work towards a new Official Plan will be completed in 2014

Accessibility

Council approved the Accessible Customer Service Policy effective January 1, 2010 to meet the legislated requirements of the Accessible Customer Service Standard, under the Accessibility for Ontarians with Disabilities Act.

The goal of the Act is to make Ontario fully accessible by 2025 and requires Markham to identify, prevent & remove barriers for people with disabilities. The next phase is compliance with the Integrated Accessibility Regulation under the AODA.



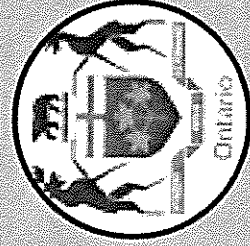


Fiscal Scan (cont'd)

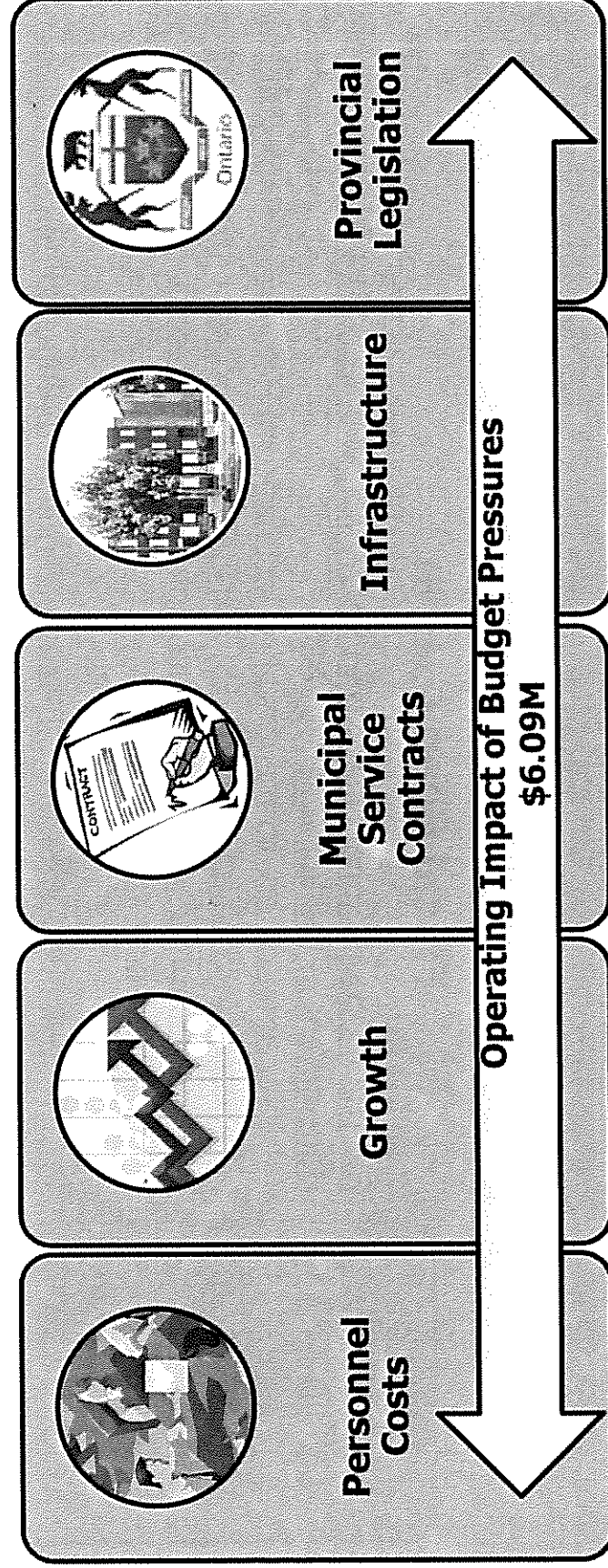
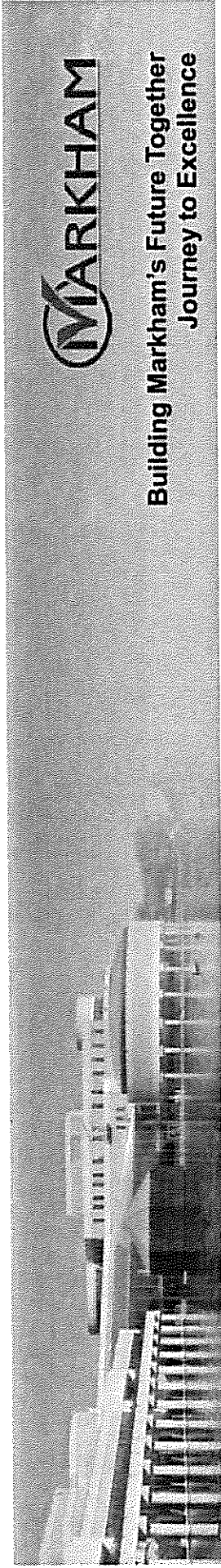
Bill 168 - Occupational Health and Safety Amendment Act (Violence and Harassment in the Workplace) 2009

An amendment to the Ontario Occupational Health and Safety Act came into effect on June 15, 2010. The amendment strengthens the protection of workers against violence and harassment in the workplace.

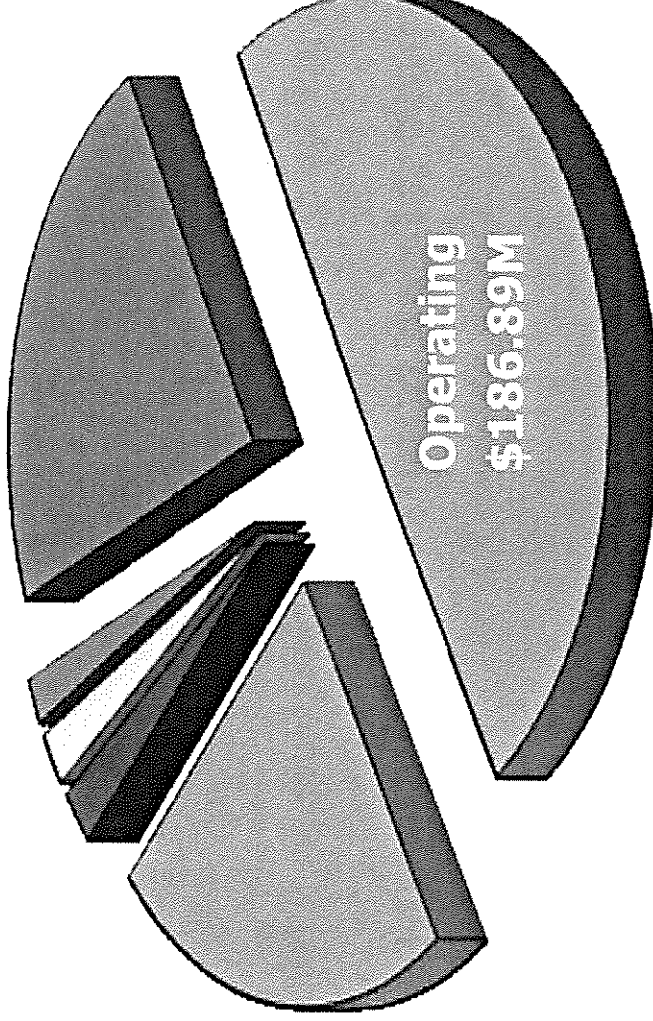
All existing full-time staff have attended training and all new regular full-time staff are required to attend an orientation facilitated by the Human Resources Department which includes health and safety training (inclusive of the Respect in the Workplace policy).

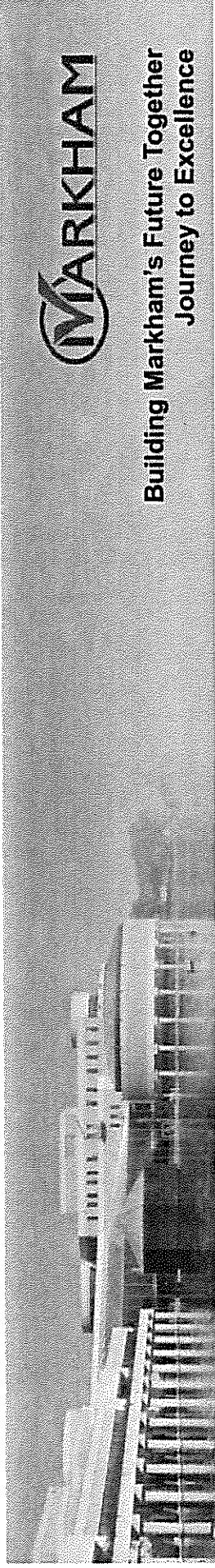


Provincial Legislation (cont'd)



2014 Operating Budget





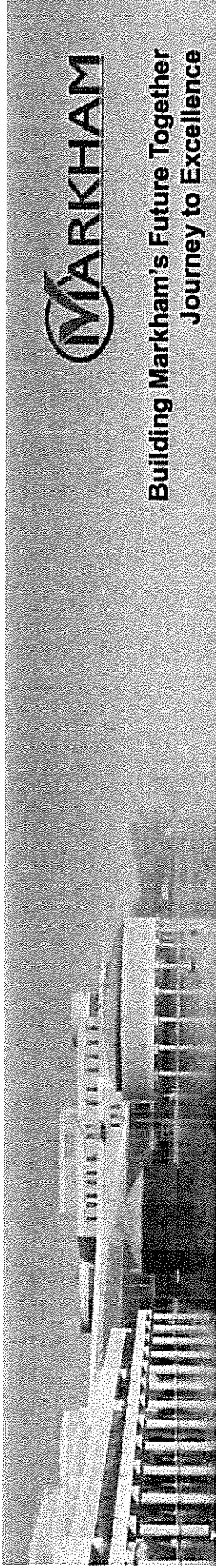
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2014 Preliminary Operating Budget Summary

(\$ in Millions)

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

	2013 \$	2014 \$	Increase/ (Decrease) \$	Tax Rate Increase %
Revenues	180.80	183.68	2.88	
Expenditures				
Personnel	107.57	111.65	4.08	
Non-Personnel	73.23	75.24	2.01	
Total Expenditures	180.80	186.89	6.09	
Net Shortfall	-	3.21	3.21	2.6%
E3 initiatives	-	(0.95)	(0.95)	
Subtotal	-	2.26	2.26	1.9%
Infrastructure Surcharge	-	0.61	0.61	0.5%
Net Shortfall	-	2.87	2.87	2.4%

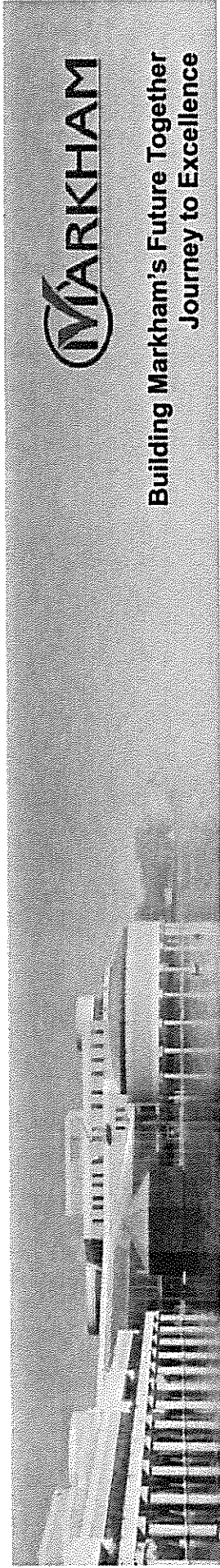


2014 Preliminary Operating Budget - Revenues

(\$ in Millions)

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

	2013	2014	Increase/ (Decrease)
	\$	\$	\$
Total Revenues	180.80	183.68	2.88
Assessment growth (2.5%)			3.02
CPI adjustment for Recreation user and program fees			0.27
User fee volume adjustments			0.14
CPI adjustment for user and program fees			0.04
Recreation revenues (net \$0.22M)			(0.59)
Total Revenue Increase			2.88

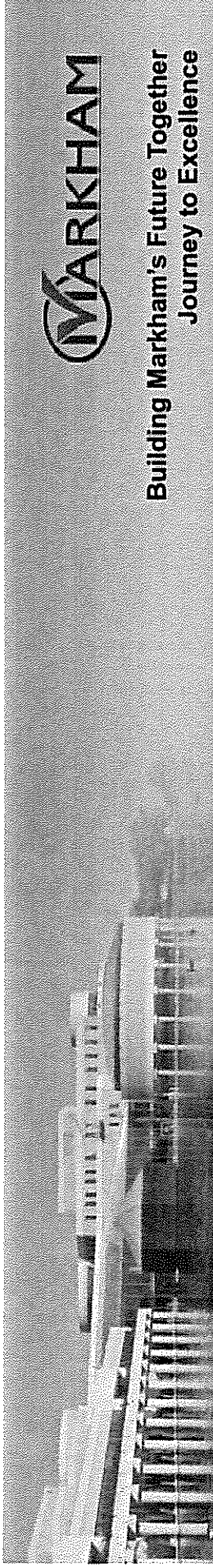


2014 Preliminary Operating Budget - Expenditures

(\$ in Millions)

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

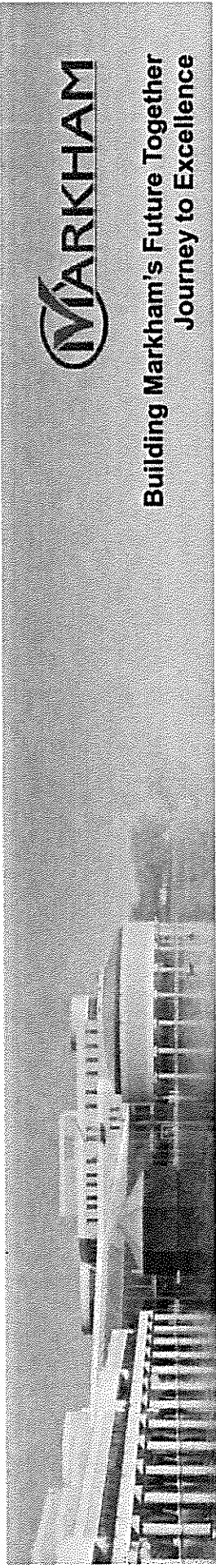
	Increase/ (Decrease) \$
Personnel Costs	
Existing staff / new staffing requests	2.63
Growth	3.12
Future staff ramp-up related to new facilities	1.45
Growth (roads, waste, parks, streetlights and winter maintenance)	0.86
Transfer to Life Cycle Replacement and Capital Reserve Fund	0.50
Capital induced operating costs	0.21
Non-personnel ramp-up for a future operations works yard	0.10
Municipal Service Contracts	0.34
Utility price escalation	0.85
Service level enhancements	0.24
Winter maintenance requirement and phase-in	0.20
Fuel cost Increase	0.13
Other contract escalations	0.10
Waste expenditure reduction	(0.28)
Cost efficiencies (E3)	(0.31)
Support services for Building, Engineering, Planning & Design, Waterworks	(0.42)
Roads - asphalt repairs contract award	(0.17)
Total Expenditures	6.09



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Excellence through Efficiency & Effectiveness (E3)

- As early as 2007, Markham saw signs the economy was faltering. By 2008, it was clear that the City needed to take action to reduce the impact of the impending recession on residents
- During the 2008 budget process, Council made it clear that it was prudent to develop and implement a sustainable process to deliver the lowest possible tax increases in future years
- In an effort to achieve this vision, the project "Excellence through Efficiency & Effectiveness" (E3) was launched in March 2008 and endorsed by Council in June 2008
- The E3 project involves a corporate wide business transformation through the review of services to find as many efficiencies as possible, maximize revenue opportunities and minimize tax rate increases

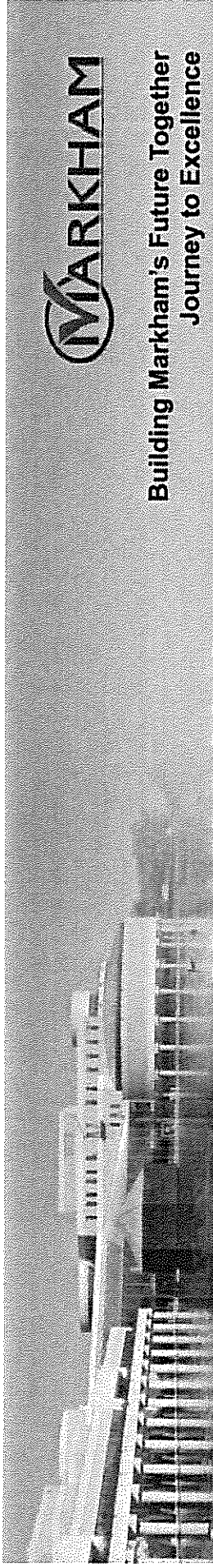


Excellence through Efficiency & Effectiveness (E3)

(\$ in Millions)

	2009	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$	\$
Expenditure reductions	2.9	3.1	0.3	1	0.7	0.5
Revenue enhancements	1.6	1	1.5	0.6	1.3	0.8
Total	4.5	4.1	1.8	1.6	2.0	1.3

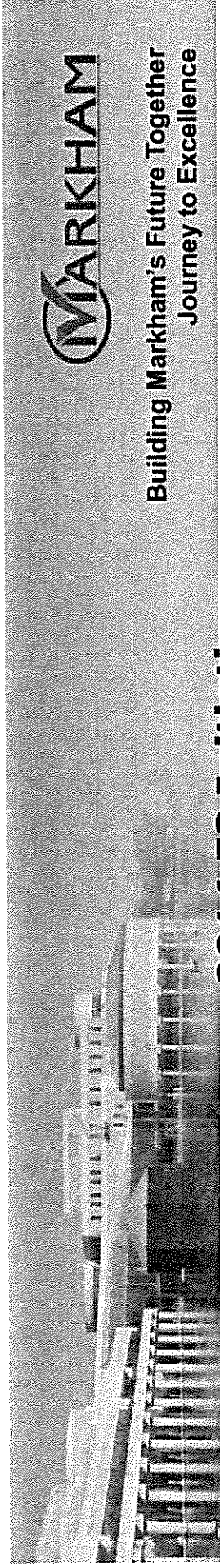
- Over the past five years (2009 – 2013), \$14M of revenue enhancements and expenditure reductions have been implemented to offset potential tax increases
- Otherwise a requirement for a 14% increase in taxes - an increase that would have been paid out year after year by Markham taxpayers
- In addition, other initiatives were implemented that strengthened the organization's ability to serve customers, support staff engagement, avoid future costs, and improve quality of services



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2014 E3 Initiatives (\$ in Millions)

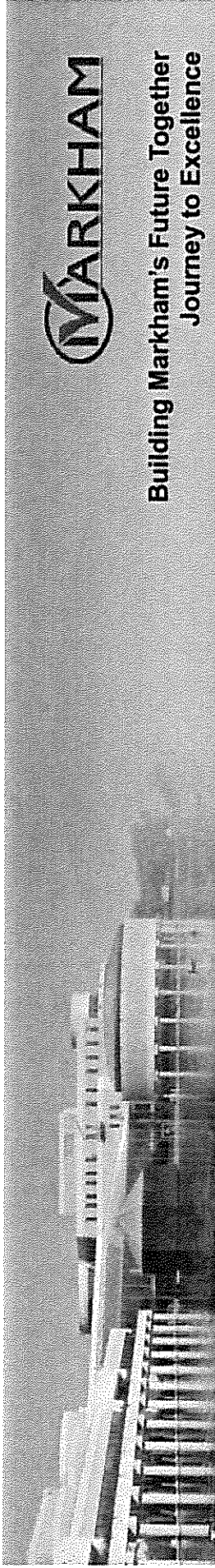
Item	Description	\$ in M's	Tax Rate Impact
<u>Requires Council approval</u>			
A. New fees			
Mortgage administrative fees	9,700 accounts x \$8 x 2 times/year	(0.15)	-0.1%
Property tax overdue notice fees	8,000 accounts x \$5 x 2 times/year	(0.08)	-0.1%
Property service fees	1st inspection \$60, 2nd inspection \$120, final \$250	(0.05)	0.0%
Waste bin replacement	\$5 green bin, \$2 blue bin and \$2 kitchen catcher	(0.03)	0.0%
Other licenses and fees	License wildlife operators and food trucks, noise exemption fee and fence exemption fee	(0.01)	0.0%



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2014 E3 Initiatives (\$ in Millions)

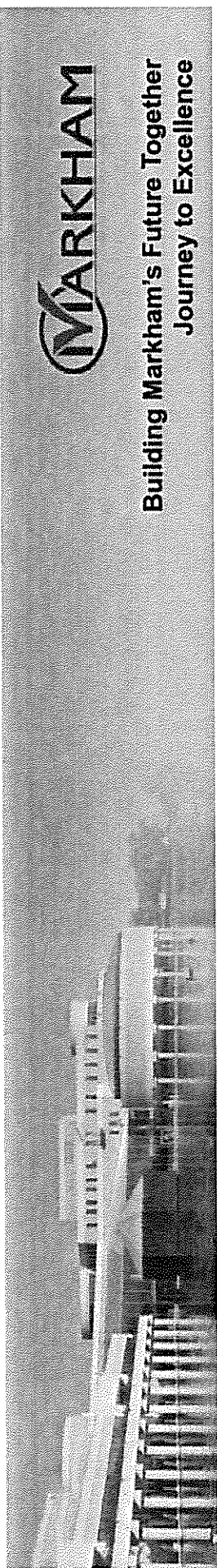
Item	Description	\$ in M's	Tax Rate Impact
B. Increase in existing fees			
Street banner installation	Increase from \$100 to \$250 (volume 70/year) (cost recovery)	(0.02)	0.0%
Film permits	Increase from \$280 to \$750 (volume 18/year for Legislative and Operations)	(0.02)	0.0%
User and license fees	Incremental increase of 3.4% over CPI (total 5% increase) excludes Recreation, Professional Entertainment Series ticket sales and ticket handling charges	(0.14)	-0.1%
Parking fees at Milne park	Per person entry fee and site permit fee	(0.08)	-0.1%
Artificial turf user fees	Increase average rate from \$3.35/hour to \$11.50/hour	(0.06)	0.0%
Sportsfield rental	Increase average rate of \$4.80/hour to \$5.40/hour (volume 68,000 hours/year)	(0.04)	0.0%
Legal fees	New fees and increase in existing fees	(0.08)	-0.1%



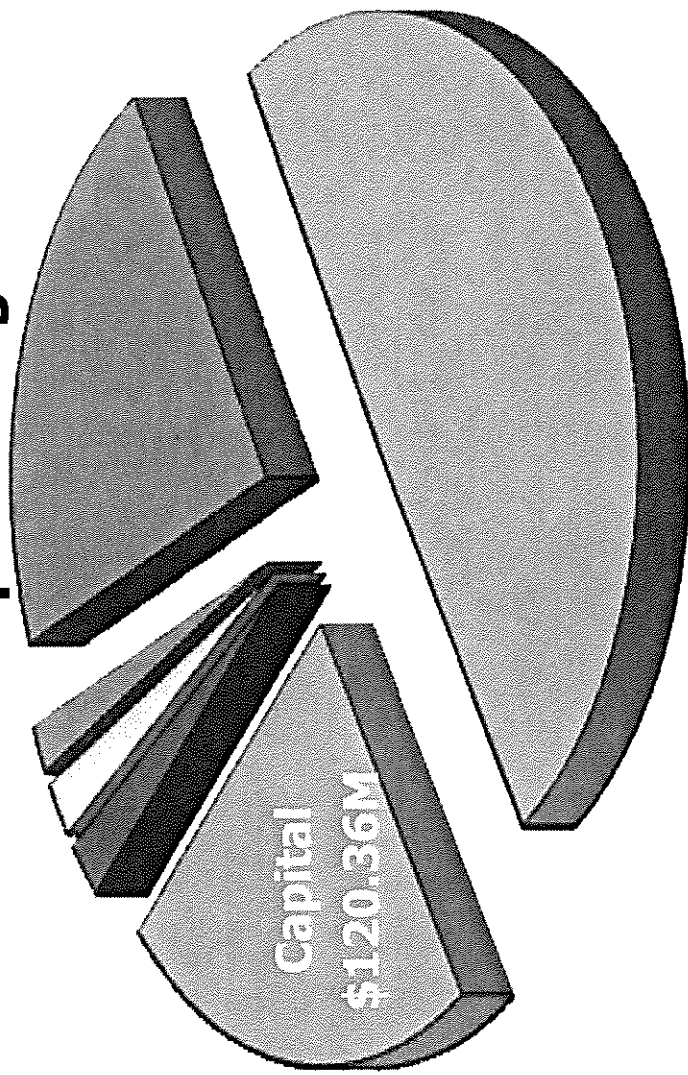
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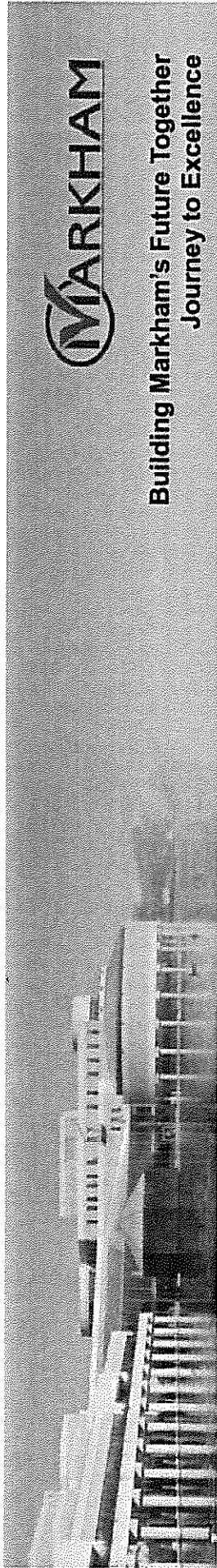
2014 E3 Initiatives (\$ in Millions)

Item	Description	\$ in M's	Tax Rate Impact
C. Reduction in expenditures			
LED streetlights	Total annualized savings of \$960k 2014: 80% of savings \$768k (pro-rated) Proposed allocation: 75% of savings to Reserve and 25% to Operating	(0.19)	-0.2%
	Total	<u>(0.95)</u>	



2014 Capital Budget

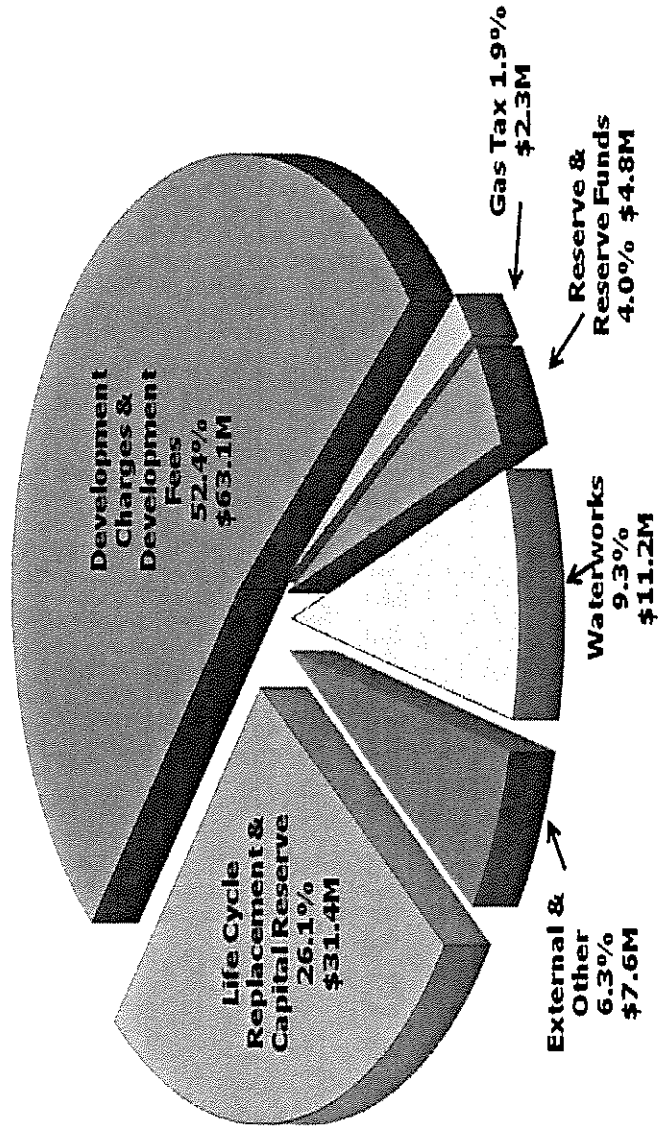


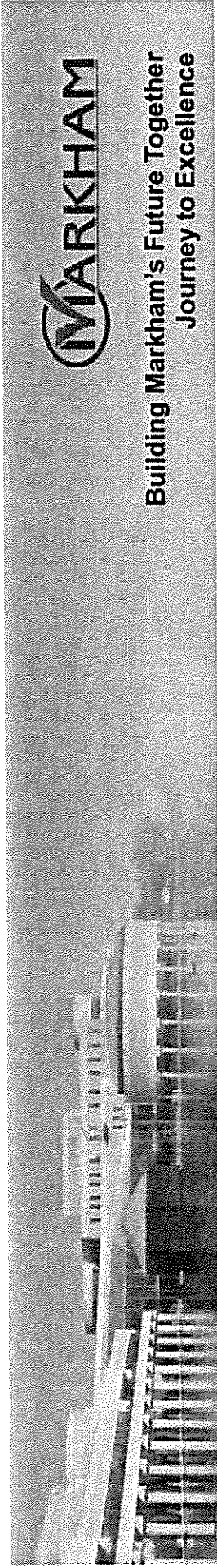


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2014 Capital Budget Expenditure Types

Total \$120.36M

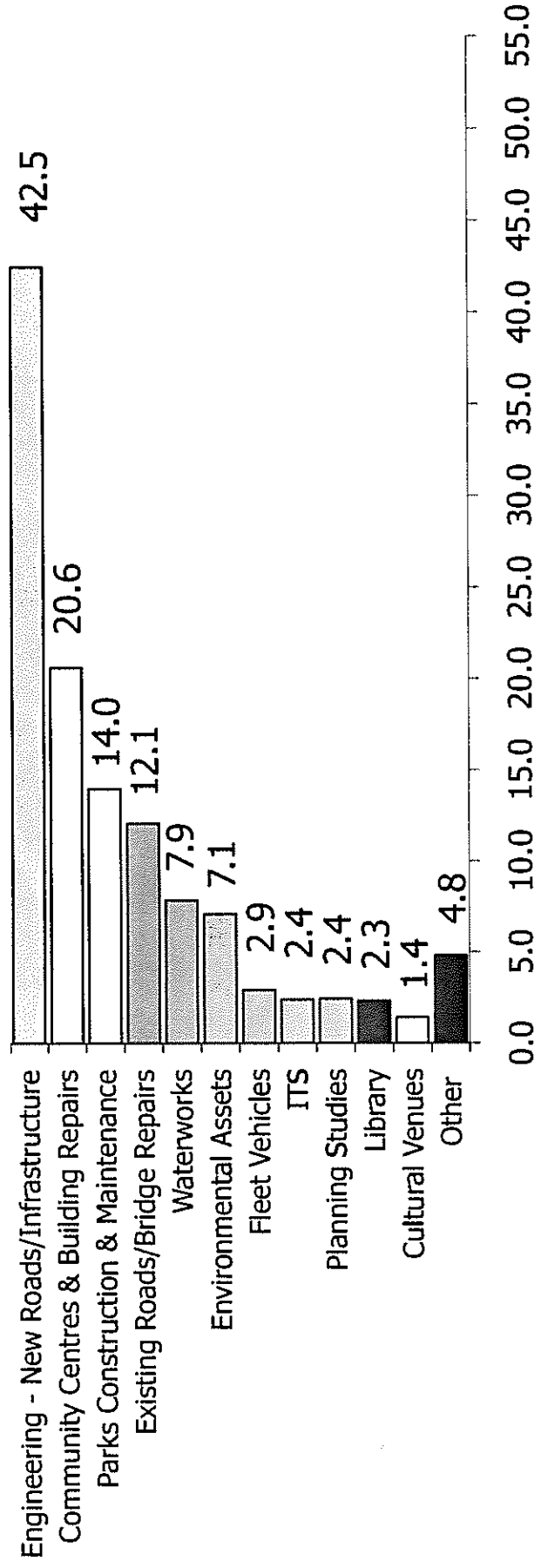


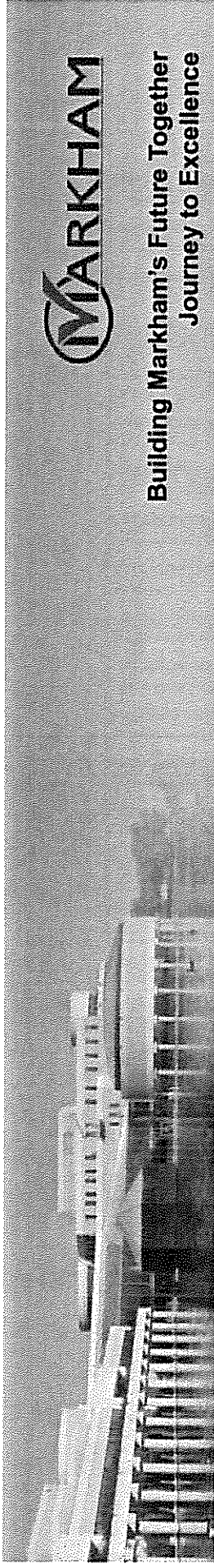


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2014 Capital Budget Funding Sources

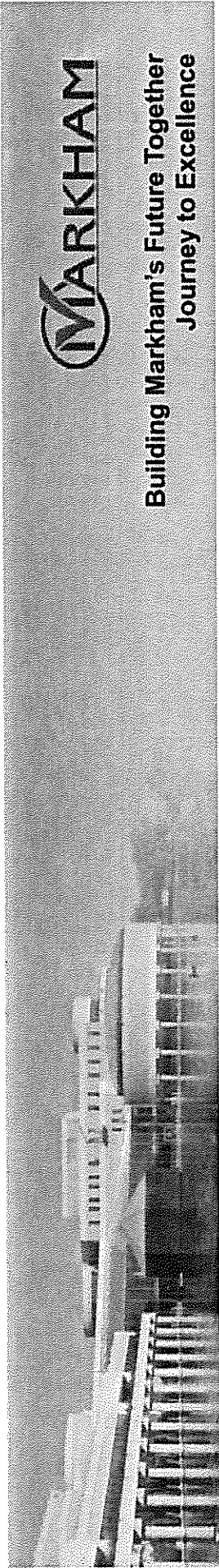
Total \$120.36M





Life Cycle Reserve Study

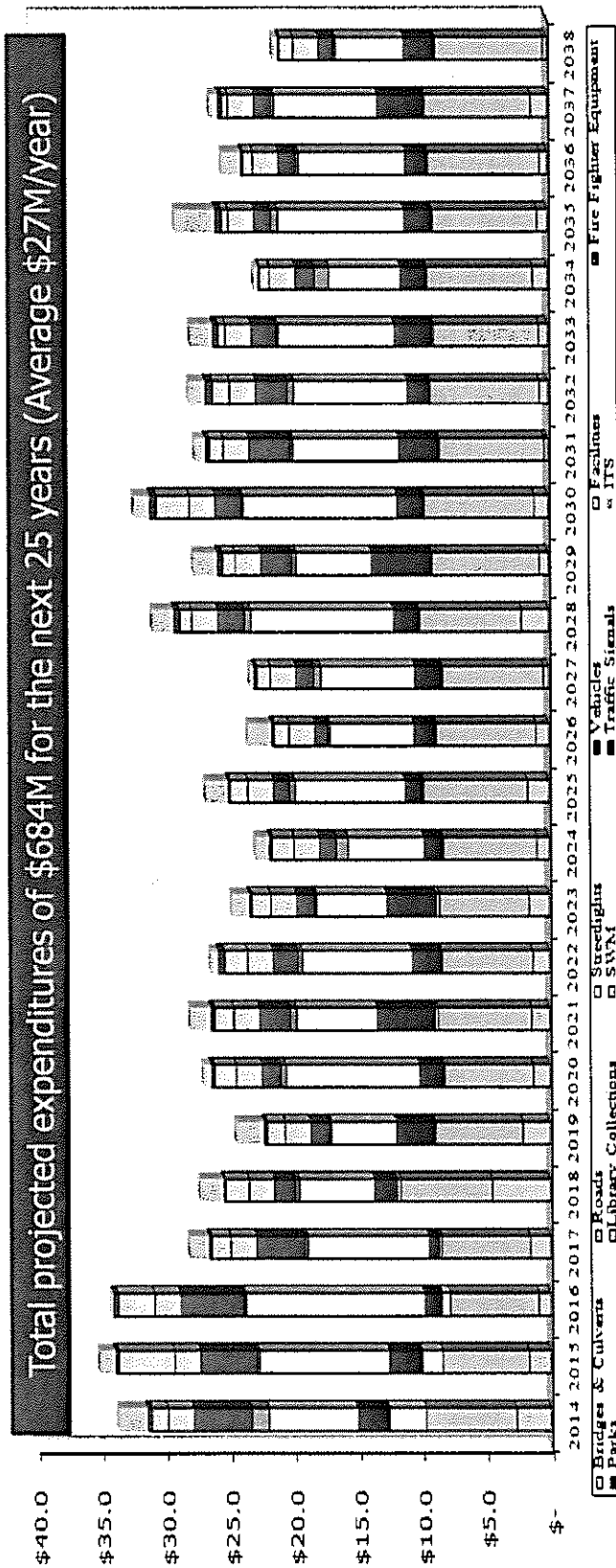
- Markham implemented the Life Cycle Reserve Study in 2004
- The purpose of the reserve study was to address the on-going capital replacements and preventative maintenance of capital assets over their useful lives
- The reserve study is updated annually to identify if there is adequate funding in the reserve based on known inflows to sustain future rehabilitation and replacement requirements for the next 25 years

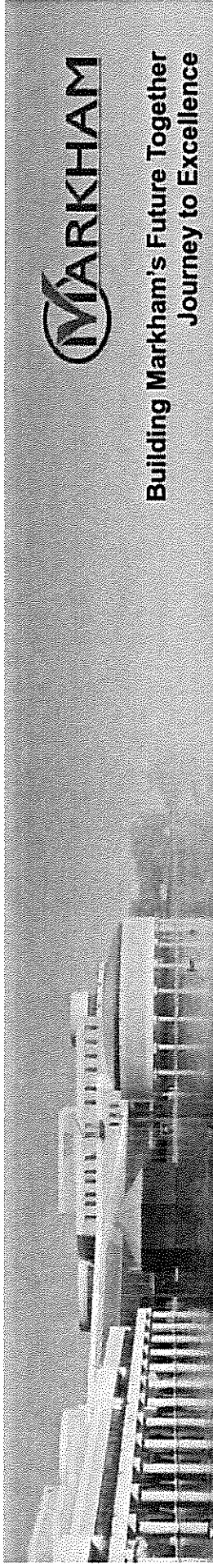


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25-Year Projected Life Cycle Expenditures By Component

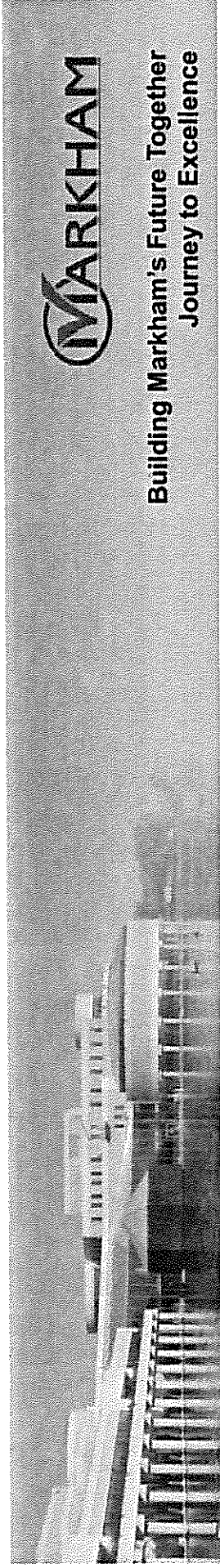
2014-2038 (in 2013 \$ - in Millions)





Life Cycle Reserve Study

- The 2013 Life Cycle Reserve Study update included reserve study adjustments, 2013 expenditure amendments, adjustment to inflation, inclusion of watercourse erosion control remediation, tree inventory and replacement and rehabilitation requirements for future facilities such as the Markham Pan Am Centre and Southeast Community Centre
- Based on the known inflows, outflows and inclusion of the above items, there will be sufficient funds for 15 years (short by 10 years)
- The reserve balance will be in a deficit position of \$68.4M at the end of 25 years (year 2038)
- Shortfall of \$1.82M/year, equivalent to a tax rate increase of 1.5% (recommend to be phased-in over 3 years at 0.5% per year for the years 2014, 2015 and 2016) to meet the 25 year funding level



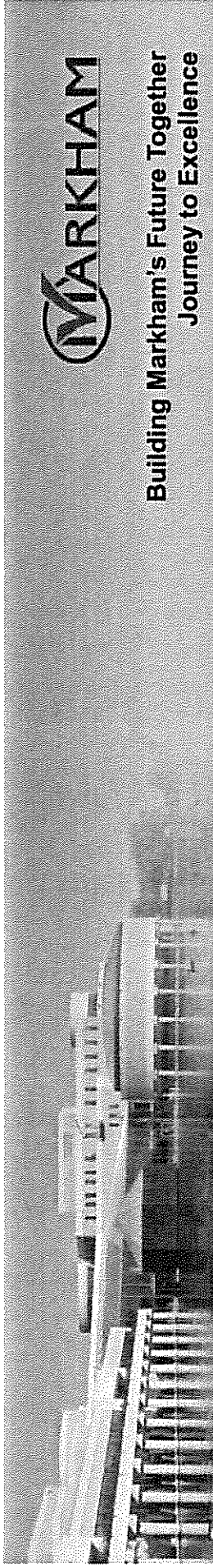
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2014 Preliminary Operating Budget Summary

(\$ in Millions)

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

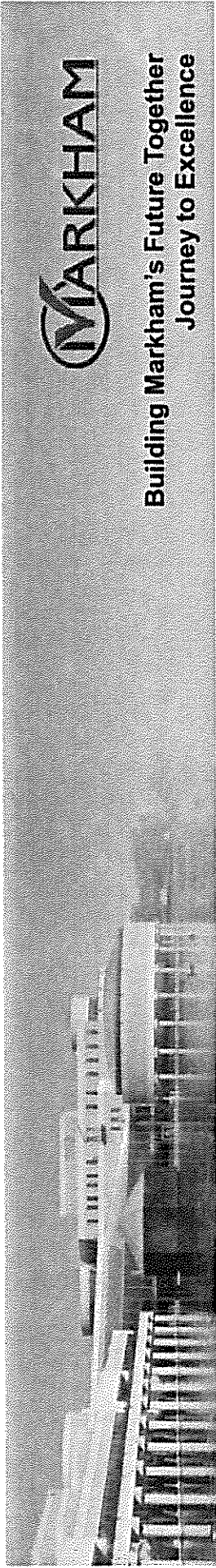
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E3 initiatives	-	(0.95)	(0.95)	
Subtotal	-	2.26	2.26	1.9%
Infrastructure Surcharge	-	0.61	0.61	0.5%
Net Shortfall	-	2.87	2.87	2.4%



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2014 Preliminary Operating Budget Summary

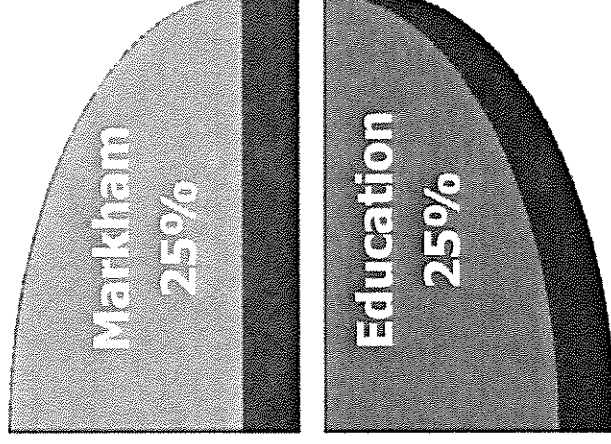
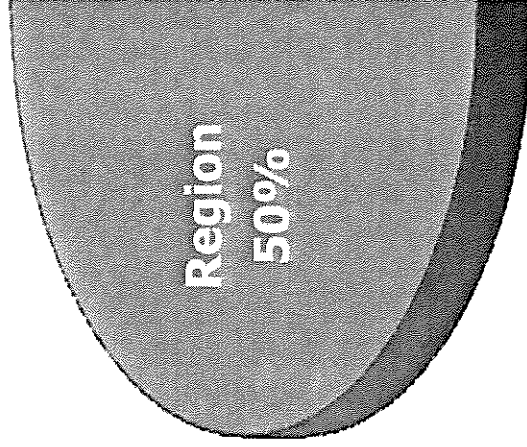
- The tax rate increase of 2.4% excludes the impact of the Flood Control Implementation Program
- Based on the February 12, 2013 "Stormwater Funding Options" presentation, the impact to each residential homeowner will be in the range of \$36 to \$48
- This translates to:
 - a tax rate increase ranging from 3.25% to 4.34% or
 - a water rate increase ranging from 4.80% to 6.40% (based on 2013 water rate)
- An update will be presented to General Committee in November



Assessment and Property Taxes

2013 Property Tax Distribution

Residential

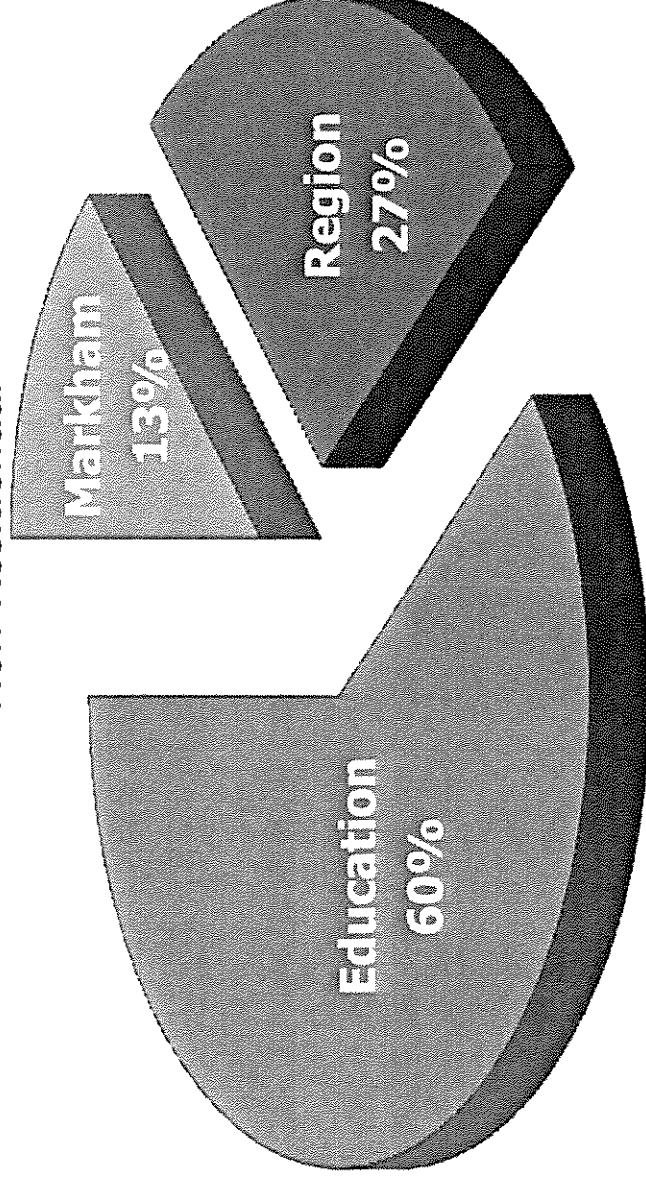


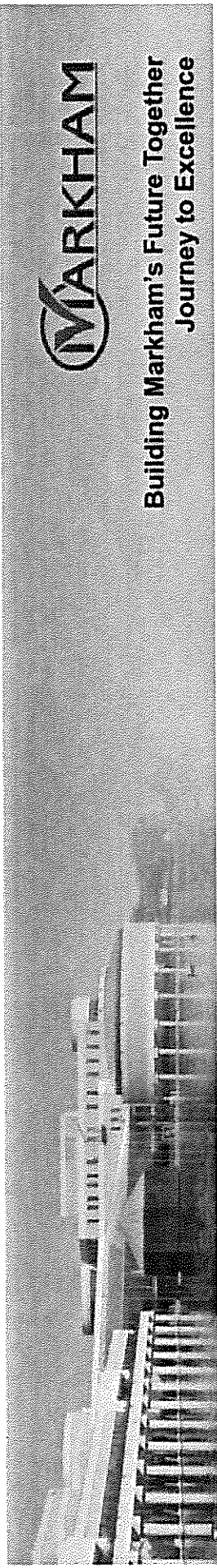


Assessment and Property Taxes

2013 Property Tax Distribution

Non-Residential





Impact of Markham Tax Rate Increase on an Average Residential Property - Preliminary

2014 Average Current Value of a Residential Property in Markham = \$485,000*
1% Tax Rate Increase for City's Tax Levy \$11.07

Tax Dollar Impact per Household

1.9% Tax Rate Increase for City's Tax Levy	\$21.03
0.5% Tax Rate Increase for Infrastructure	<u>\$ 5.53</u>
	\$26.56

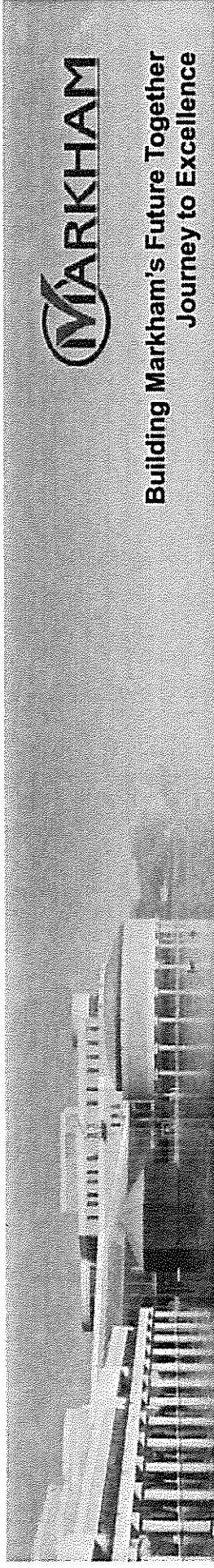
* residential tax class includes single family detached, linked homes, freehold townhouses, semi-detached and residential condominiums



2014 Budget Summary Highlights

Fiscal Stewardship

- Financial Prudence
- Ramp-ups
- Service Levels
- Reserve Studies

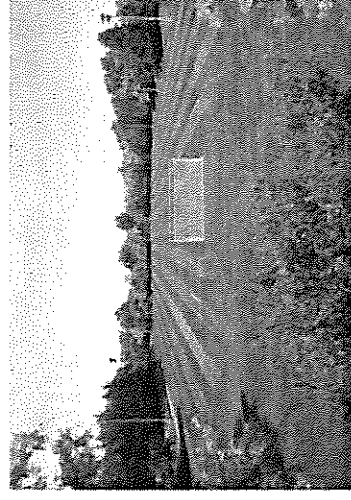


Highlights of 2014 Proposed Capital Budget

Environment (\$ in Millions)

➤ Environmental Asset Program (includes Flood Control Implementation – West Thornhill*)	\$7.10
➤ Emerald Ash Borer Program	\$2.59
➤ PowerStream Embedded Energy Projects and Integrated Community Energy Plan*	\$0.39
➤ Waste Management Initiatives (includes Carpet Recycling Program and Specialty Recycling Containers*)	\$0.14
➤ Continuation of the Trees for Tomorrow Initiative and Replacement of Trees*	\$0.12
➤ Community Food Projects*	\$0.07

* - service level enhancement

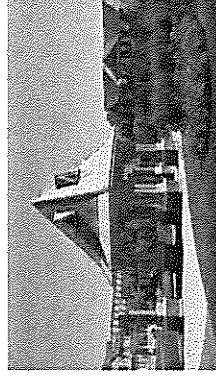
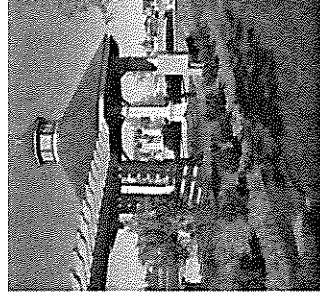


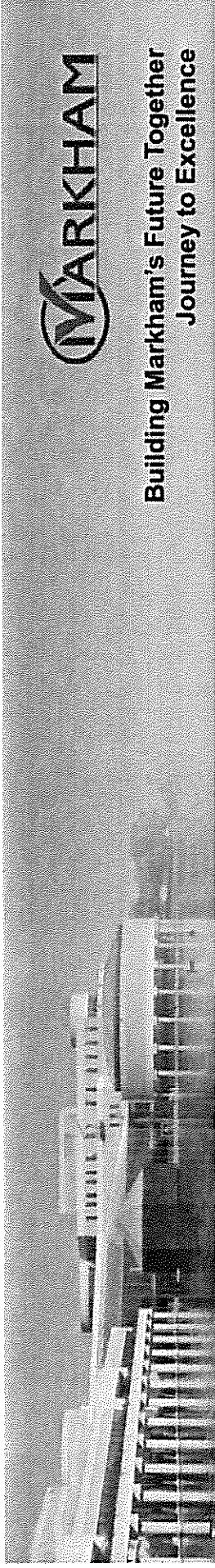


Highlights of 2014 Proposed Capital Budget

Growth (\$ in Millions)

- Markham Pan Am Centre – Construction (Year 2)
(also included In Integrated Leisure Master Plan/Public Safety) \$16.90
- New Parks Assessment Design and Construction \$ 4.09
- Major Wood Cathedral Town Park – Construction (4 acres, opening: Summer 2015)
- South Unionville Community Park West – Design and Construction (3.7 acres, opening: Fall 2015)
- Linear Park – Hwy. 48 west of James Walker Court – Design and Construction (0.5 acres, opening: Fall 2015)
- Monarch Cathedraltown North Park – Design (5.1 acres, opening: Fall 2015)
- Wismer Donald Mingay Woodlot Park – Design (7 acres, opening: Early 2016)
- Greensborough Williamson/A. Paterson North Park – Design (3.9 acres, opening: Early 2016)
- Growth Management Strategies \$ 1.26

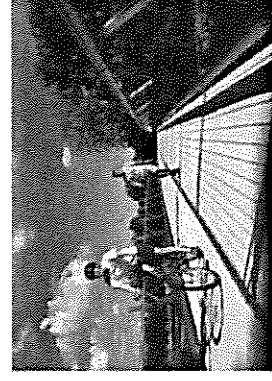




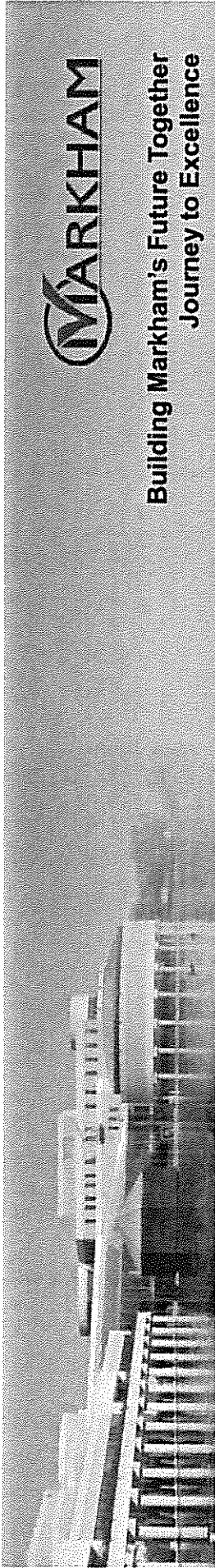
Highlights of 2014 Proposed Capital Budget

Transportation and Transit (\$ in Millions)

➤ Main Street Markham, Hwy 407 to Hwy 7 Reconstruction	\$14.87
➤ Rodick Road Extension – Phase 2 of 3 – Miller to 14 th Ave. Construction *	\$7.23
➤ Hwy 404 Bridge North of Hwy 7 – Construction	\$4.07
➤ Miller Ave – CN Rail to Kennedy Road – Phase 4	\$4.07
➤ Cycling and Trail Pathways*	\$2.95
➤ Streetlight Replacement and Inspection Program	\$2.72
➤ Centurian Drive – Allstate Parkway to Woodbine Ave – Reconstruction	\$1.71
➤ Church Street – 9 th Line to Bur Oak Ave – Construction	\$2.05
➤ Traffic Control Signals & Traffic Operational Improvements (also included in Integrate Leisure Master Plan/Public Safety)	\$0.22



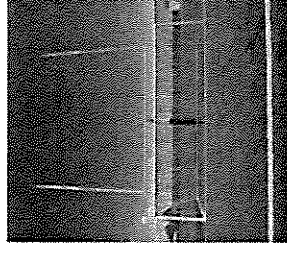
* - service level enhancement



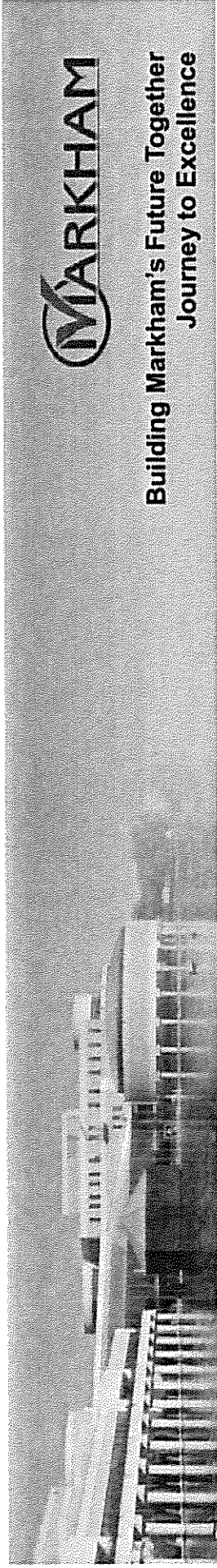
Highlights of 2014 Proposed Capital Budget

➤ Roads rehabilitation program		
➤ Facility improvement program at Community Centres, Libraries, Fire Stations, Cultural Venues and Civic Centre		
➤ Watermain and Sanitary Sewer construction and replacement program		
➤ Structures rehabilitation and replacement program		
➤ Library Collections (including tablets and headsets*)		
➤ Water System and Water Meter replacement/upgrade program		
➤ Illumination Program *		
➤ Tennis Courts Resurfacing		
➤ Sidewalk Program *		
➤ Markham Museum Pottery Studio *		
➤ Sportsfield Maintenance and Reconstruction		
➤ Landscape for Warden Avenue multi-use pathway (16 th Avenue to Major Mackenzie) *		

* - Service level enhancement



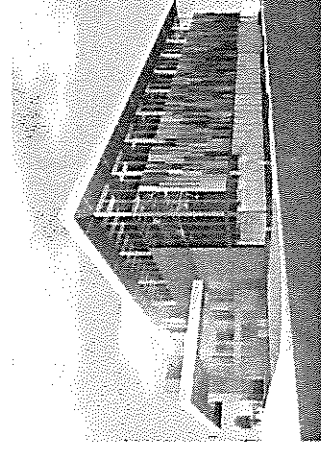
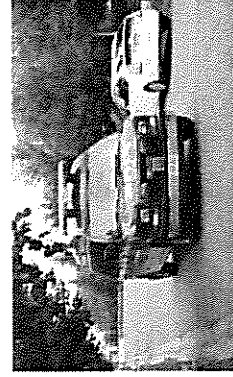
\$5.14
\$3.72
\$2.51
\$2.17
\$1.86
\$1.15
\$0.69
\$0.64
\$0.30
\$0.10
\$0.05



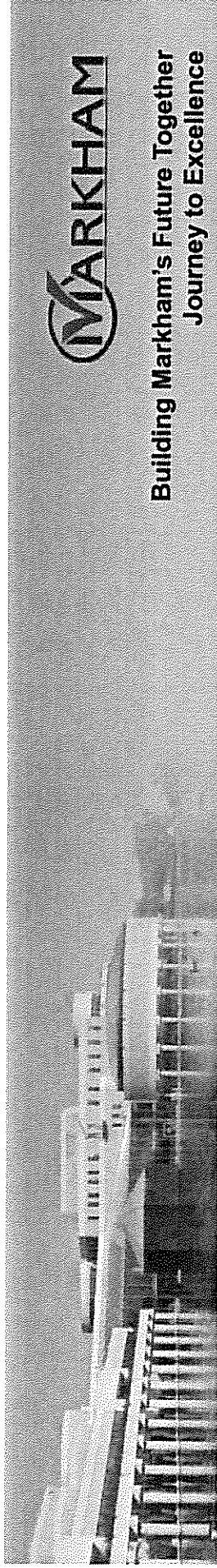
Highlights of 2014 Proposed Capital Budget

Integrated Leisure Master Plan/Public Safety (\$ in Millions)

- Markham Pan Am Centre – Construction (Year 2)
(also included in Integrated Leisure Master Plan/Public Safety) **\$16.90**
- Fire Services Vehicle Replacement **\$1.21**
- Fire and Emergency Services Capital Program **\$0.87**
- Traffic Control Signals and Traffic Operational Improvements
(also included in Transportation and Transit) **\$0.22**
- Play Structure Replacements * **\$0.14**



* - service level enhancement

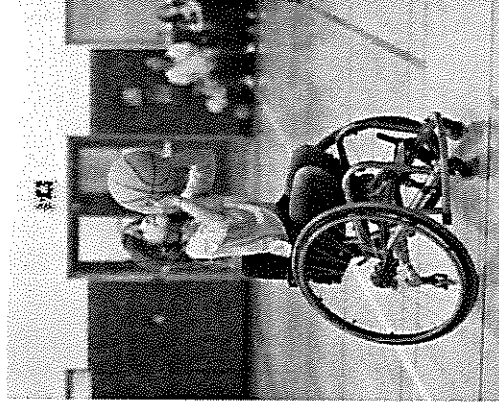


Highlights of 2014 Proposed Capital Budget

Diversity (\$ in Millions)

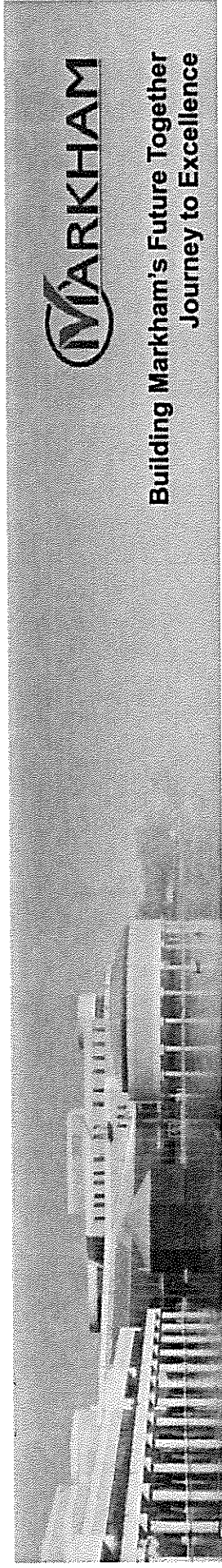
- Pedestrian Accessibility Improvements *
- Language Line Service
- Career Bridge/Ability Edge Program

* - service level enhancement



\$0.42





Building Markham's Future Together
Journey to Excellence

THANK YOU FOR ATTENDING MARKHAM'S PUBLIC CONSULTATION MEETING