



**A G E N D A**  
**BUDGET COMMITTEE**  
**January 18, 2019**  
**1:00 p.m.**  
**Council Chamber**  
**MEETING NO. 1**

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Chair: Councillor Amanda Collucci  
Vice-Chair: Councillor Andrew Keyes  
Members: Deputy Mayor Don Hamilton  
Councillor Karen Rea  
Councillor Keith Irish  
Councillor Reid McAlpine  
Councillor Khalid Usman  
Mayor Frank Scarpitti (ex-officio)

- **2019 BUDGET PRESENTATION** **Slide 1**
  
- 1. 2019 Budget Process and Communication Plan** **Slide 3**
  
- 2. Economic Scan** **Slide 8**
  
- 3. 2019 Proposed Capital Budget** **Slide 9**
  - a. Proposed Capital Budget – Funding Sources Slide 11
  - b. Proposed Capital Budget - Expenditures Slide 12
  - c. Life Cycle Reserve Study Slide 13
  - d. Proposed Capital Budget - Highlights Slide 23
  
- 4. 2019 Proposed Operating Budget** **Slide 29**
  - a. Markham Pressures Slide 30
  - b. Proposed Operating Budget Slide 38
  - c. Impact to Residents Slide 46
  
- 5. Next Steps** **Slide 50**

# 2019 Budget Budget Committee Meeting #1 January 18<sup>th</sup>, 2019



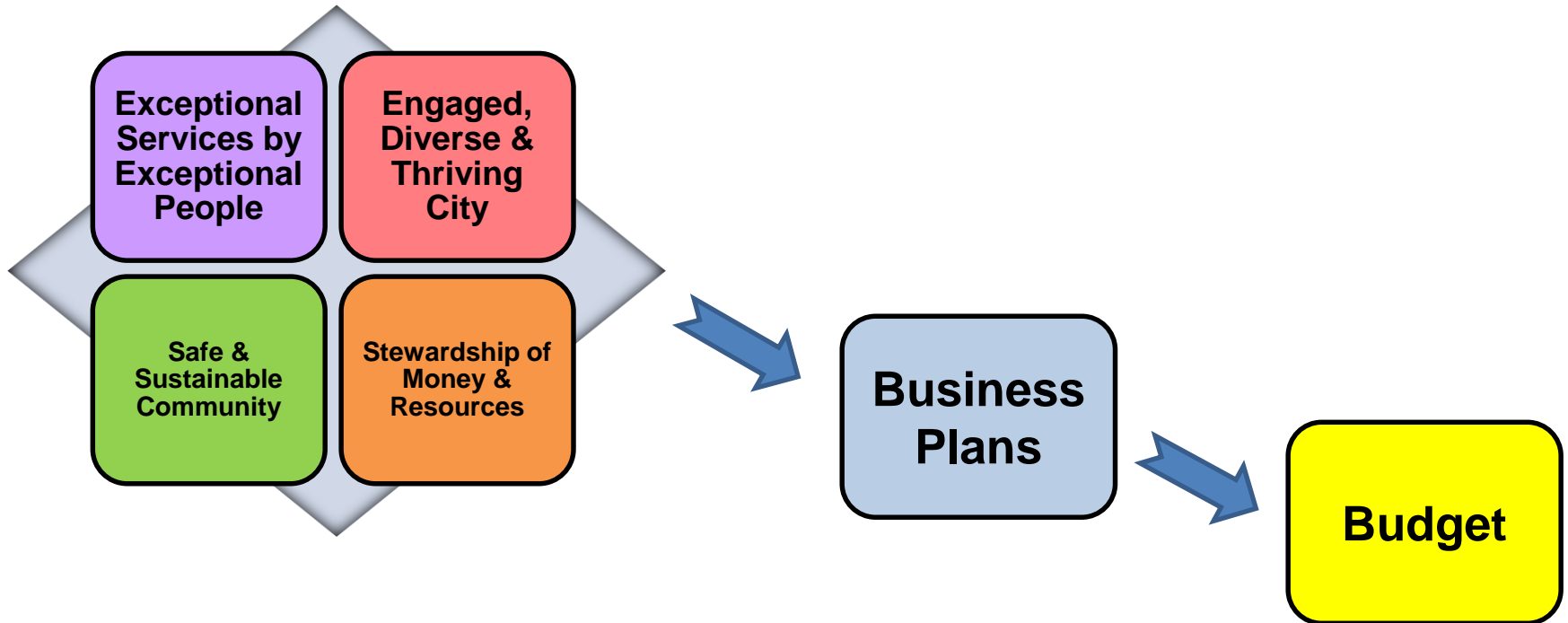
## Agenda

1. 2019 Budget Process and Communication Plan
2. Economic Scan
3. 2019 Proposed Capital Budget
  - a. Funding Sources
  - b. Expenditures
  - c. Life Cycle Reserve Study
  - d. Capital Budget Highlights
4. 2019 Proposed Operating Budget
  - a. Markham Pressures
  - b. Operating Budget
  - c. Impact to Residents
5. Next Steps



# 1. Budget Process and Communication Plan

Building Markham's Future Together: 2015 – 2019 Strategic Plan



# 1. 2019 Budget Process and Communication Plan

## Planning & Engagement

- Economic/Fiscal scan
- Community Engagement
- Business Plans
- Reserve Studies
- Master Plans
- Development Charges
- Background Study
- Official Plan
- Markham 2020

## Staff Review

- Proposed 2019 Budget
- Staff, Commissioner & CAO Review

## Deliberation & Consultation

- Budget Committee Meetings
- Public Consultation meeting

## Approval

- General Committee
- Council Decision

March – June 2018

July – December  
2018

January – February  
2019

March 2019

# 1. Budget Process and Communication Plan

## Fiscal Stewardship: Government Finance Officers Association Awards

- 2018 Budget: Received the Distinguished Budget Presentation Award – 18<sup>th</sup> consecutive year
- 2017 Year-end Annual Report: Received the Canadian Award for Financial Reporting Program – 17<sup>th</sup> consecutive year



*Distinguished  
Budget  
PRESENTATION  
Award*



Government Finance Officers Association

**Canadian Award  
for  
Financial Reporting**

Presented to  
**Corporation of the City of Markham  
Ontario**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2017**

*Christopher P. Merrill*  
Executive Director/CEO

# 1. 2019 Budget Process and Communication Plan

Meeting #1	Friday, January 18 <sup>th</sup>	Budget process, fiscal scan, overview of the Operating and capital budgets, Life Cycle reserve study update
Meetings #2, 3, 4	Tuesday, January 22 <sup>nd</sup> Friday, January 25 <sup>th</sup> Tuesday, January 29 <sup>th</sup>	Capital Budget review by exception
Meeting #5	Tuesday, February 5 <sup>th</sup>	Operating Budget
Meeting #6	Friday, February 8 <sup>th</sup>	Building, Planning, Engineering and Waterworks operating budgets
General Committee	Tuesday, February 19 <sup>th</sup>	Budget presentation for the public meeting
Public Meeting	Thursday, February 21 <sup>st</sup>	7pm – Open to the public
<b>Council</b>	<b>Tuesday, March 19<sup>th</sup></b>	<b>Council decision</b>
Press Conference	Wednesday, March 20 <sup>th</sup>	



# 1. Budget Process and Communication Plan





## 2. Economic Scan

### **Real GDP**

- Ontario: grew by 2.8% in 2017, is projected to have grown by 2.0% in 2018 and is projected to grow by 1.8% in 2019 and 1.7% in 2020 <sup>(1)</sup>

### **Inflation, CPI – All Items**

- November 2018 (compared to November 2017): Canada 1.7%, Ontario 1.8%, Toronto 2.1%
- Bank of Canada: Forecasted inflation of 2.2% in 2019 <sup>(2)</sup>

### **Economic Statistics**

- Markham housing: sales were down 22.7% with average price down 14.6% in 2018 compared to 2017 <sup>(3)</sup>
- Ontario housing: sales forecasted to increase by 1.4% in 2019, with prices forecasted to increase 3.3% <sup>(4)</sup>
- Fuel: Price of crude oil is expected to grow by 1.6% in 2019 compared to 2018 <sup>(5)</sup>

### **Markham Pressures**

- Wage Settlements: Canadian Union of Public Employees (CUPE), Markham Professional Fire Fighters Association (MPFFA), cost of living adjustment for Non Union Staff (COLA)
- Winter maintenance, waste collection and other contracts

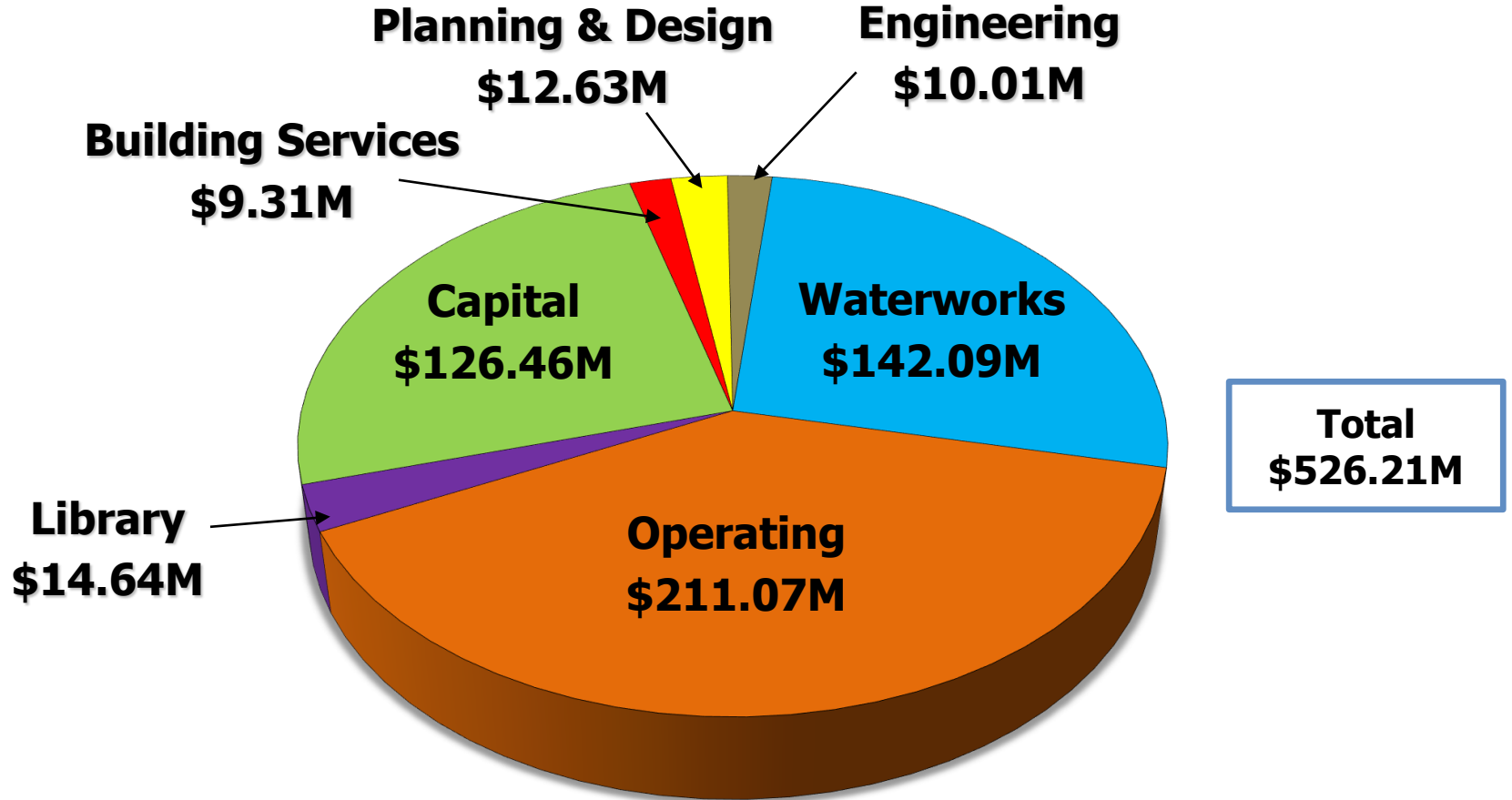
1) Source: Ontario Government – Fall Statement 2018

2) Source: Bank of Canada – July Monetary Policy Report

4) Source: Canadian Real Estate Association – Quarterly Forecast, December 18, 2018

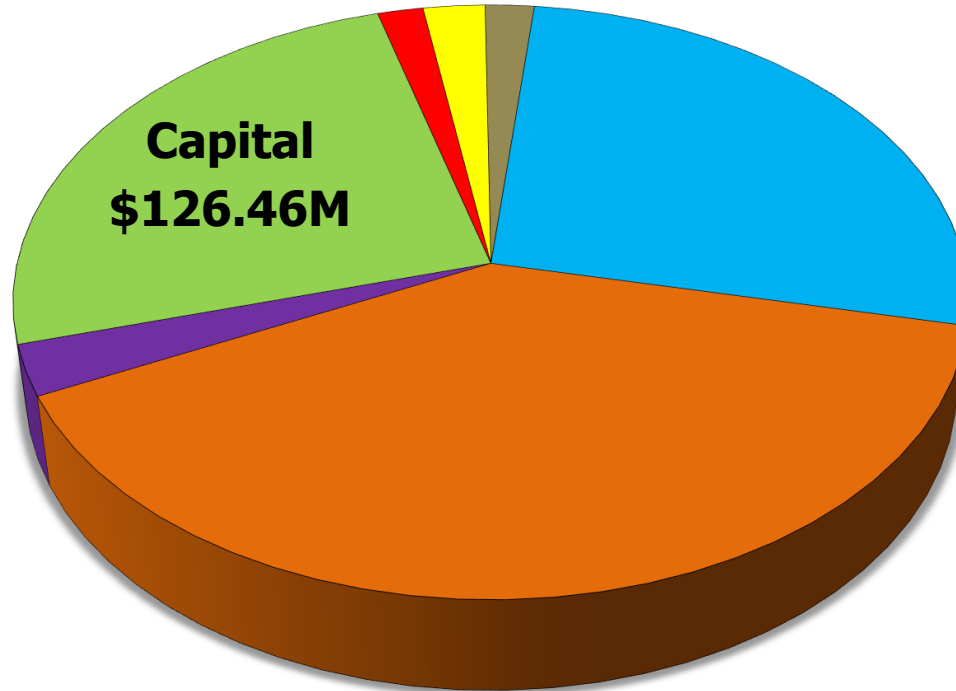
3) Source: Toronto Real Estate Board – Market Watch December 2017, December 2018

5) Source: OilPrice.com – Reuters Poll Analysts Cut 2019 WTI Oil Price Forecast, November 2018





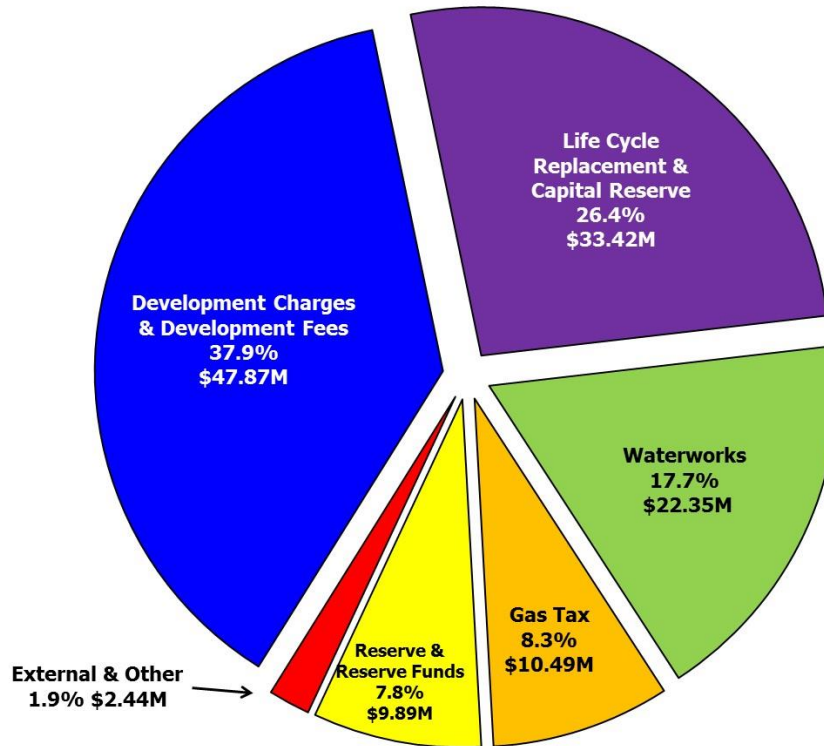
### 3. Proposed Capital Budget





# 2019 Capital Budget Funding Sources

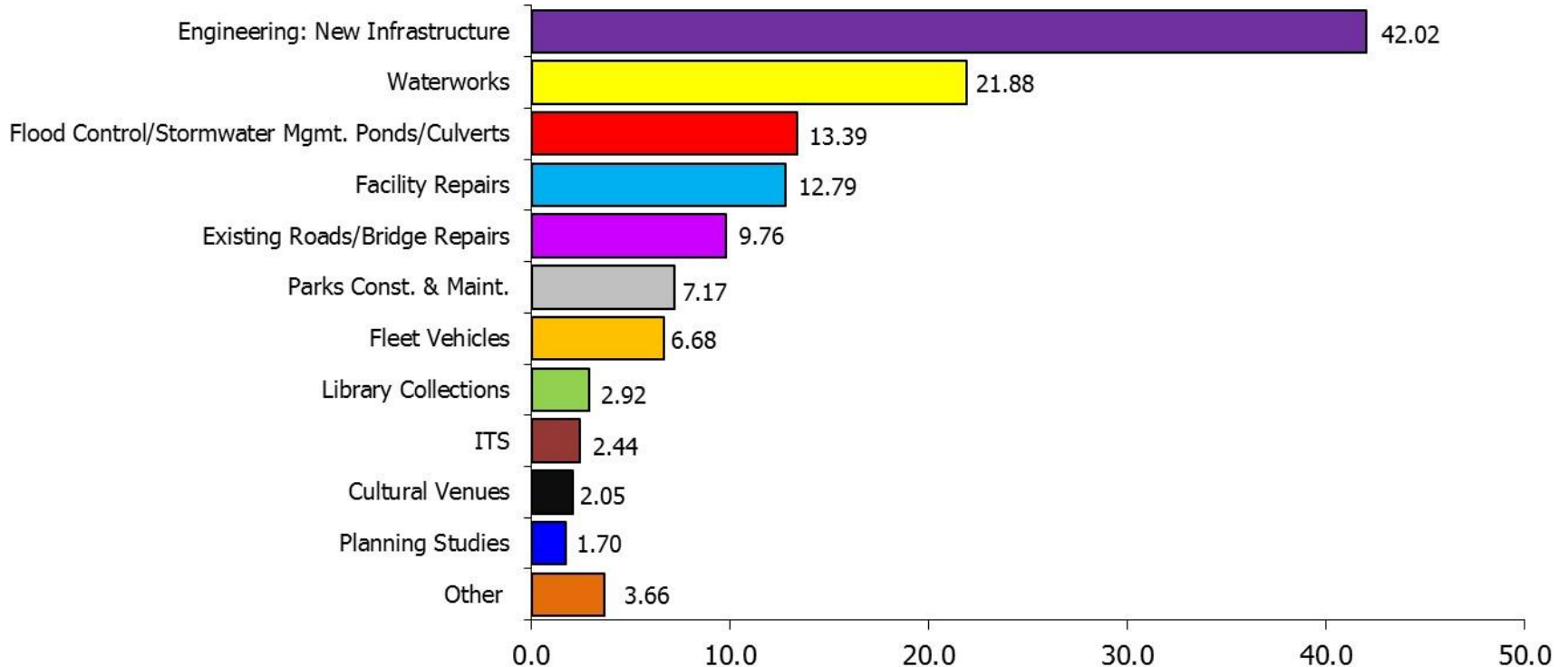
Total \$126.46M (\$ Millions)





# 2019 Capital Budget Expenditure Types

## Total \$126.46M (\$ Millions)



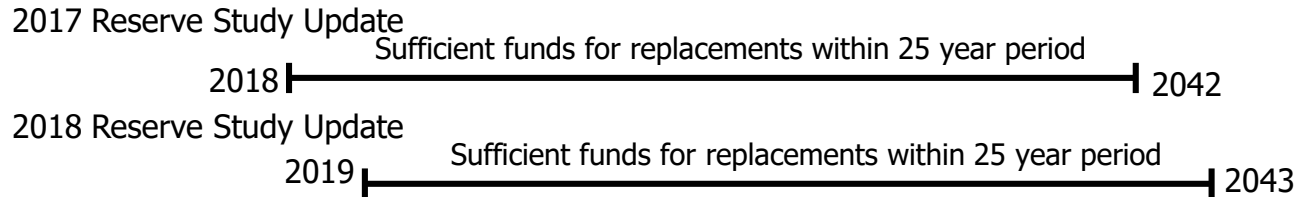
## 3c. Life Cycle Reserve Study

- 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 25-year rolling planning horizon
- Annual updates of the reserve study have identified funding shortfalls over the 25 year outlook which staff have been successful in mitigating through various strategies (eg. Life Cycle E3 opportunities, allocation of Federal Gas tax funding towards incremental lifecycle expenditures, increase projected Alectra and MDEI dividends)
- Due to inflation, past growth and new assets, Staff identified the need to for an infrastructure investment on an annual basis starting in 2017

**Council approved a 0.5% infrastructure investment in 2017 and 2018 to ensure there were sufficient funds in the reserve for the rehabilitation and replacement of infrastructure for the next 25 years based on known inflows and outflows**

## 2018 Life Cycle Reserve Update (2019 – 2043)

- The Life Cycle Reserve forecast is updated each year and the current year is dropped from the forecast and a new 25<sup>th</sup> year is added to the forecast.



- Every year the Life Cycle study is updated, there is a funding shortfall due to:
  - Inflation
  - Past Growth
  - New Assets

## Life Cycle Reserve Funding Methodologies

### Options:

1. Pay as you go
2. Fully funding amortization
3. 25-year approach (status-quo)

### Example:

Assuming a City was newly established with 5 houses and 1 fire station. The fire station cost \$1,000 and has a life cycle of 50 years (assuming no inflation). It is assumed each of the households paid \$200 towards the building of the new fire station through payment of Development Charges when they first bought the home.



## Life Cycle Reserve Funding Methodologies

### Assumptions:

- City has 5 houses and 1 fire station
- Fire station costs \$1,000 and a life cycle of 50 years (assuming no inflation)

### 1. Pay as you go

Year 1 to Year 49: No financial outlay for future replacement of the fire station



Year 50: Each household pays \$200 ( $\$200 \times 5 \text{ houses} = \$1,000$ ) or the City borrows \$1,000 for the fire station replacement



## Life Cycle Reserve Funding Methodologies

### Assumptions:

- City has 5 houses and 1 fire station
- Fire station costs \$1,000 and a life cycle of 50 years (assuming no inflation)

### 2. Fully funding amortization

Year 1 to Year 49: \$4 contribution per household per year  
( $\$4 \times 5 \text{ houses} = \$20 \text{ per year} \times 49 \text{ years} = \$980$ )



Year 50: Fund replacement from accumulated reserve of \$1,000



# Life Cycle Reserve Funding Methodologies

## Assumptions:

- City has 5 houses and 1 fire station
- Fire station costs \$1,000 and a life cycle of 50 years (assuming no inflation)

### 3. 25-year approach

Year 1 to 25: No contribution will occur as replacement is outside the 25 year window



Year 26 to 49: \$8 contribution per household per year  
(\$8 x 5 houses = \$40 per year x 24 years = \$960)



Year 50: Fund replacement from accumulated reserve of \$1,000



## Life Cycle Reserve Funding Methodologies

### Pay As You Go

- Yr 1 to 49: \$0/house
- Yr 50: \$200/house
- Reactive
- Potential fluctuations year-over-year
- Burden on future tax payers
- Borrowing may be required

### Fully Funding Amortization

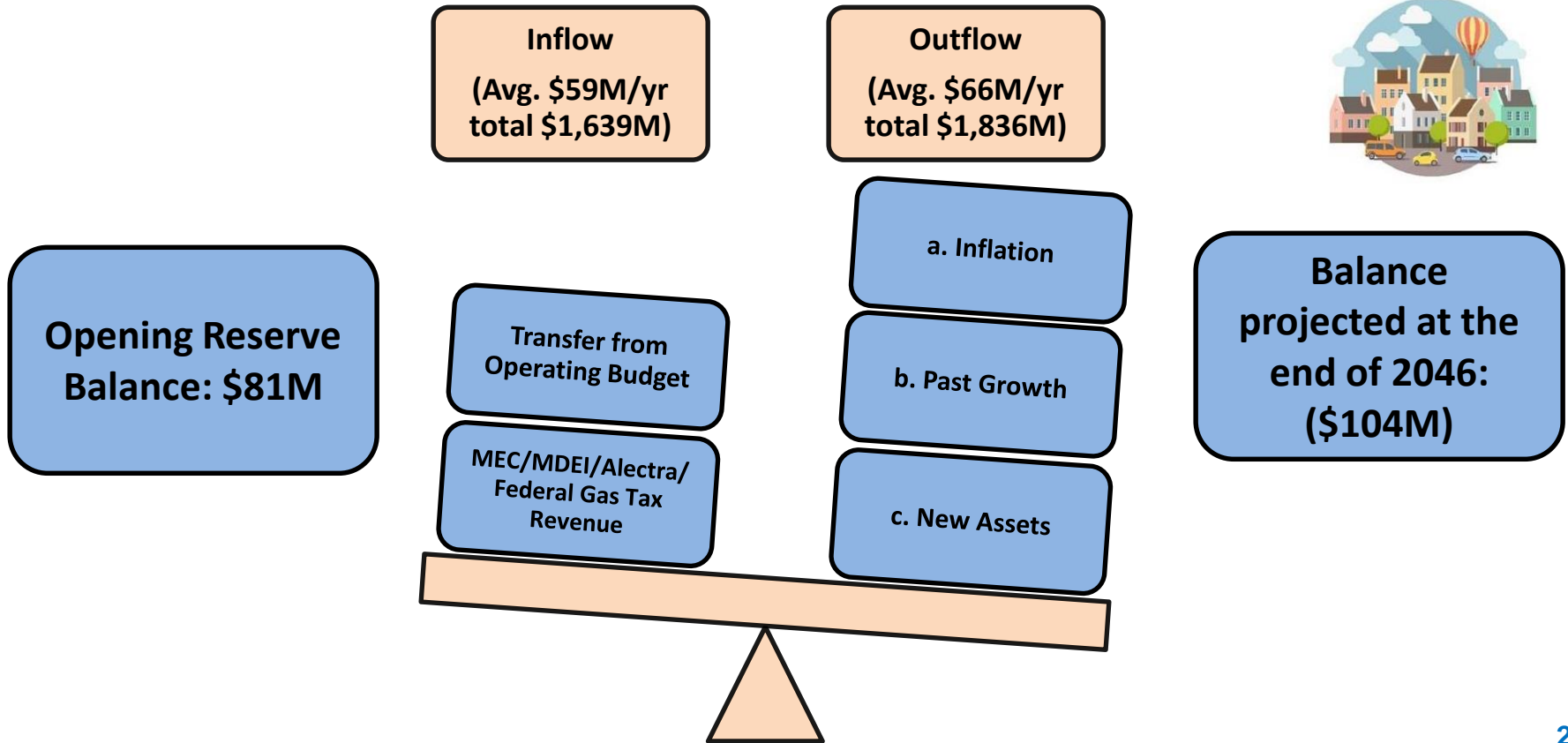
- Yr 1 to 50: \$4/house/yr
- Proactive
- Higher burden on current tax payers
- Large reserve balance (approximately \$600M vs. reserve balance of \$81M)

### 25-Year (Current methodology)

- Yr 1 – 25: \$0/house
- Yr 26 – 50: \$8/house/yr
- Proactive
- Smooths out year-over-year fluctuations
- Hybrid approach with partial burden on both existing and future tax payers

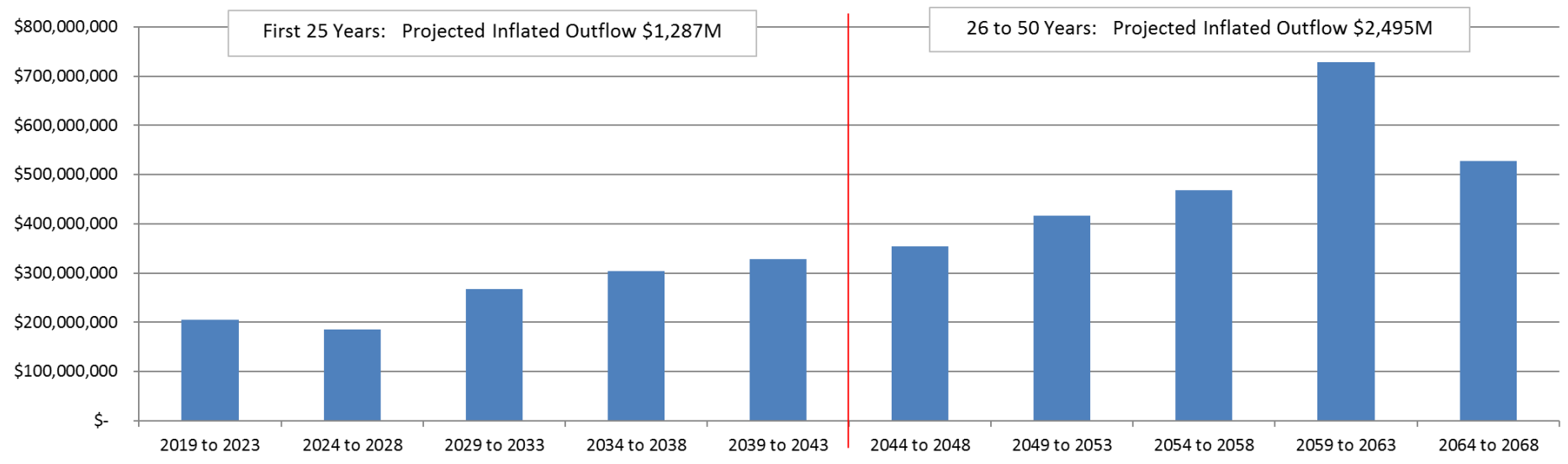
**Staff recommend continuing with the 25-year method to fund the reserve**

## 2019-2022 Infrastructure Investment Update



## 2C. Outflow Comparison: Years 1 to 25 vs Years 26 to 50

**Inflated Outflows on Existing Assets Only**



**As a result of inflation and past growth, it is anticipated the infrastructure replacement and rehabilitation needs will almost double in years 26 to 50 compared to the next 25 years.**

- The 2018 Life Cycle update identified a shortfall of (\$104M) at the end of 2046 (25 years from the end of the current Council term) as a result of inflation, past growth and new assets

**The City requires a 2.0% infrastructure investment over the next 4 years to ensure there is sufficient funds in the life cycle reserve for 25 years based on known inflows and outflows. Staff are recommending an incremental 0.5% infrastructure investment from 2019 to 2022.**

## 2019 Capital Budget: \$126.46M

**\$35.3M**

New roads, stormwater management ponds and sidewalks



**\$20.6M**

Water system and water meter replacement/ upgrade program



**\$11.2M**

Exterior and interior facility improvement program



**\$8.0M**

Flood control program



**\$6.7M**

Asphalt resurfacing



**\$4.8M**

Multi-use pathways design and construction



**\$3.5M**

New park design and construction



**\$3.5M**

Streetlights design, construction, repair and replacement



**\$2.9M**

Library collections and e-resources

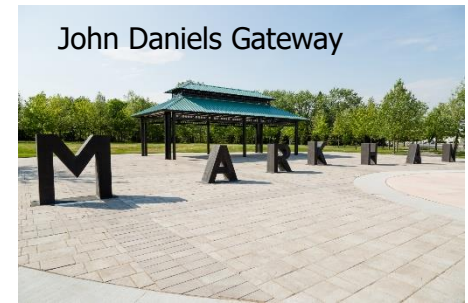




## Engaged, Diverse and Thriving City (\$ in Millions)

### **2019 Capital Budget includes:**

- |    |  |       |
|----|--|-------|
| 1. | Cornell Park Maintenance Building – construction (completion: mid 2021)                    | \$1.1 |
| 2. | Cornell Centre NP and woodlot – construction (6.09 hectares, completion: Fall/Winter 2020) | \$1.0 |
| 3. | Berczy Beckett East Park – design & construction (0.40 hectares, completion: Fall 2020)    | \$0.6 |
| 4. | Wismer Greenspire Parkette – design & construction (0.14 hectares, completion: Fall 2020)  | \$0.5 |
| 5. | Markham Centre Rouge Side Promenade Parks – design (4.69 hectares, completion: late 2021)  | \$0.2 |
| 6. | Box Grove Park Pavilion and Washrooms – design (completion: mid 2021)                      | \$0.1 |



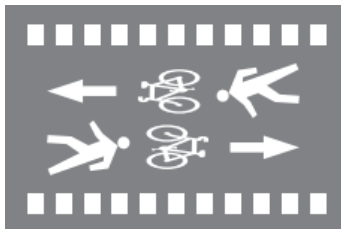
## Engaged, Diverse and Thriving City (\$ in Millions)

### **Multi-use pathways (MUP)**

- The City commenced the multi-year Rouge Valley Trail project in 2013 to build over 10km of off-road trail from 16th Avenue and Kennedy Road to Bob Hunter Memorial Park at the gateway of the Rouge National Urban Park.
- Phase 3B is near completion and will see the opening of a signature pedestrian/cyclist bridge over the Rouge Dam in the spring of 2019. Also, Phase 4A of this 5-phase project has also been awarded and construction will start in spring 2019. To date, 8km of trails have been constructed of the 10km planned.
- In 2019, the City will replace the sidewalk along the north side of John Street from Bayview Ave. to Rodick Road with a new MUP.
- The City will also begin design on cross-rides (diagram below, left) along Markham Road between 16<sup>th</sup> Ave. and Major Mackenzie Dr. with anticipated construction in 2020.

### **2019 Capital Budget includes:**

- |  |       |
|--|-------|
| 1. John Street Multi-Use Pathway Construction        | \$4.7 |
| 2. Markham Road Multi-Use Pathway Cross-rides design | \$0.1 |



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

### Flood Control Program

- A 30 year, City-wide initiative to improve draining capacity to help protect public and private properties, and make critical infrastructure more resilient to climate change.
- Storm sewer capacity upgrades have progressed in several West Thornhill priority areas including the Bayview Glen neighbourhood and the Grandview neighbourhood. Current projects are expected to be completed by summer 2019.
- As of end of 2018, Phase 1 (Bayview Glen area) and Phase 2A/2B (Grandview Area) have been substantially completed. Construction is underway in Phase 2C (Grandview Area) and Phase 2D (Grandview Area) construction is planned for 2019. Design is currently underway for Phase 3 (Clark Ave/ Henderson Ave Area) and Phase 4 (Royal Orchard Area).
- In response to 2017 flooding in June and July 2017, City staff have advanced the following within the program:
  - West Thornhill Flood Control Implementation: Phase 4 Design from 2019 to 2018 and integrate sanitary sewer upgrades
  - Technical studies for storm and sanitary infrastructure improvements in Markham Village and Unionville areas from 2027 to 2017
  - Initiate sanitary system downspout disconnection program in Markham Village and Unionville areas in 2018

### 2019 Capital Budget includes:

- |   |        |
|---|--------|
| 1. Continuation of construction in the West Thornhill area (Phase 2D) | \$ 7.8 |
| 2. Don Mills Channel – Flood Proofing Education Program               | \$ 0.2 |



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

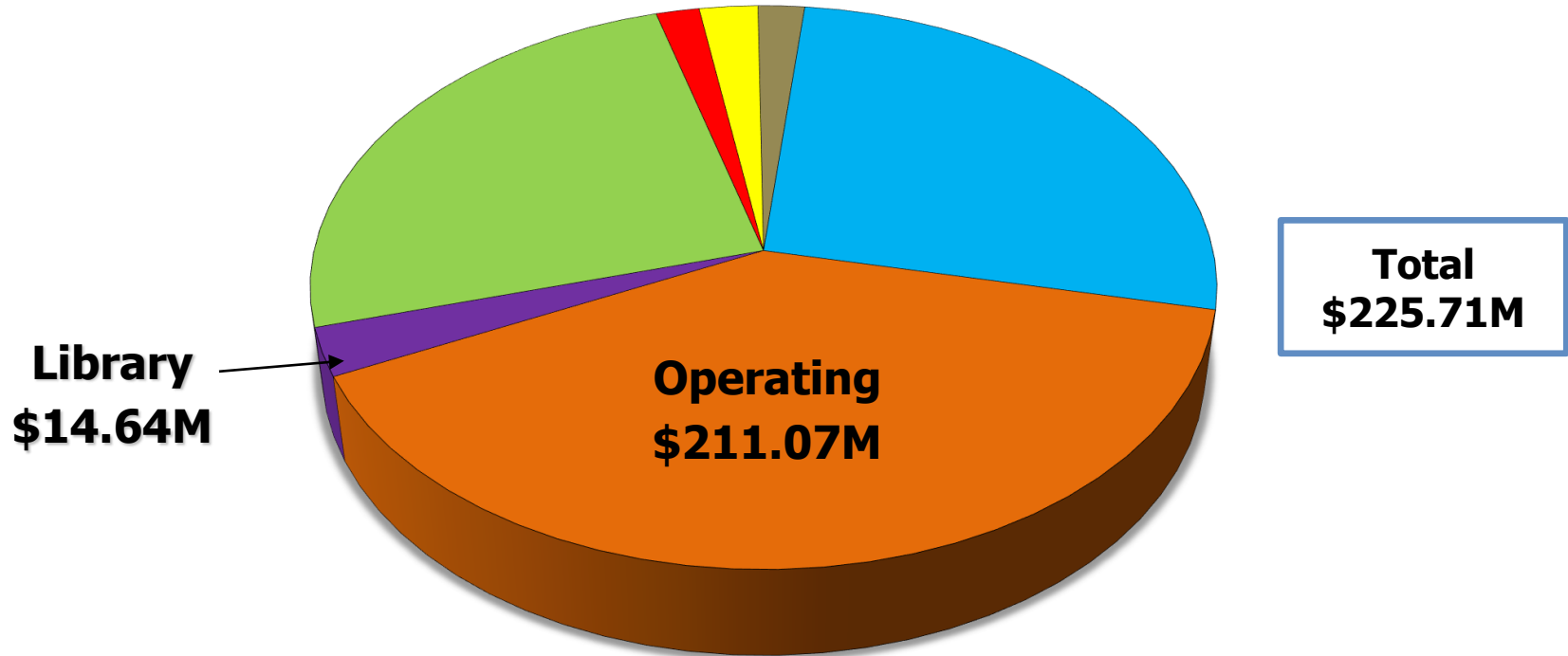
- |  |        |
|--|--------|
| 1. New roads, stormwater management ponds and sidewalks  | \$35.3 |
| 2. Water system and water meter replacement/upgrade program  | \$20.6 |
| 3. Exterior and interior facility improvement program at Community Centres, Libraries, Fire Stations, Civic Centre and other City facilities | \$11.7 |
| 4. Asphalt resurfacing   | \$6.7  |
| 5. Streetlights – design and construction of new, repair and replacements  | \$3.5  |
| 6. Intersection improvements   | \$1.9  |
| 7. Sanitary sewer and pumping station rehabilitation program   | \$1.3  |
| 8. Traffic operational improvements  | \$0.1  |
| 9. Continuation of Trees for Tomorrow initiative   | \$0.1  |

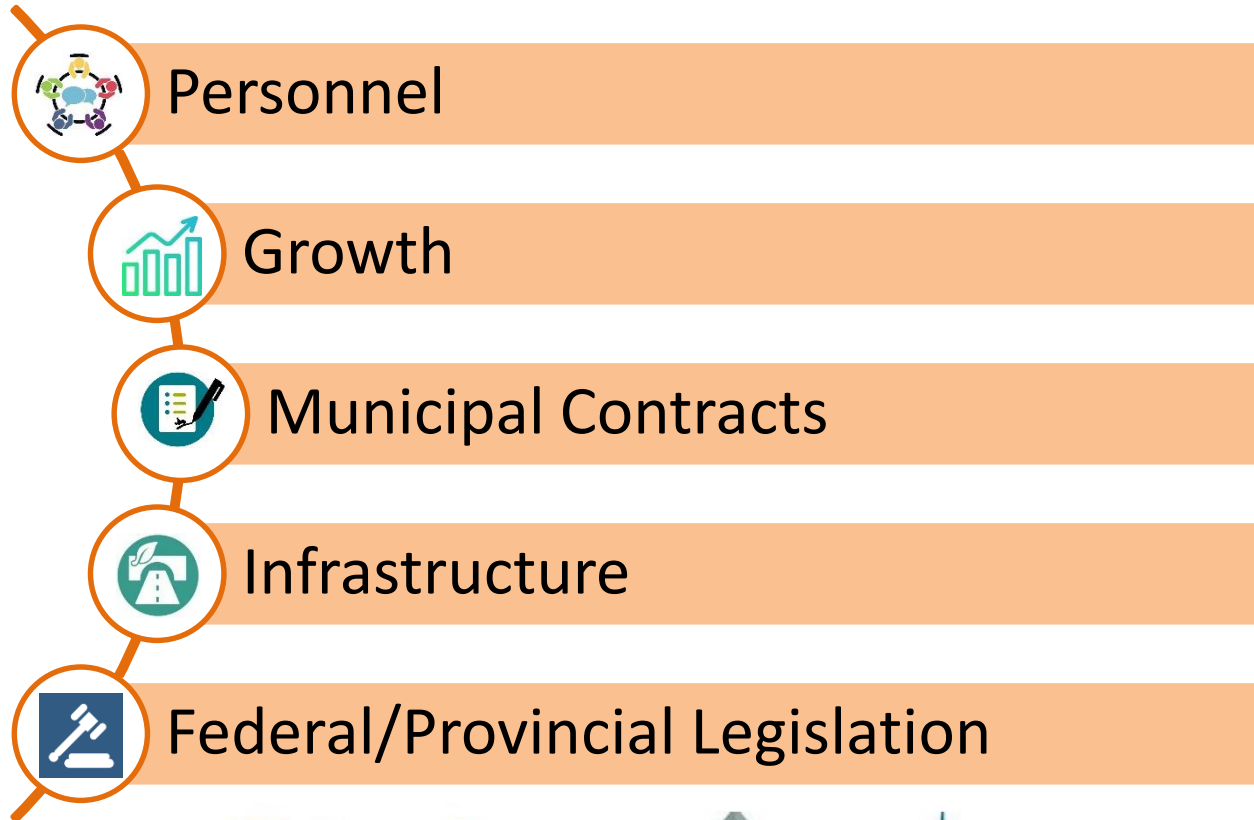


## Exceptional Services by Exceptional People (\$ in Millions)

- |   |       |
|---|-------|
| 1. Library Collections & e-resources                | \$2.9 |
| 2. Playstructure and Rubberized Surface Replacement | \$1.0 |
| 3. Courts Resurfacing & Reconstruction              | \$0.2 |
| 4. Sportsfield Maintenance and Reconstruction       | \$0.1 |









## Personnel

- Canadian Union of Public Employees (CUPE) collective agreement (contract ends March 31, 2020)
- Markham Professional Fire Fighters Association (MPFFA) collective agreement (contract ends December 31, 2019)
- Cost of Living Adjustment for Non Union staff
- Full-time, part-time grid movements
- New staffing requests

**Total: \$2.91M**







## Growth

Personnel ramp-up related to existing and new facilities:

- Cornell Fire Station – 2<sup>nd</sup> Crew
- Markham Centre Fire Station
- Langstaff Fire Station
- Operations Works Yard

Note: All of the above require Council decision to proceed

**Total: \$0.72M**





## Growth

1. Increase in costs related to:



a) 22 additional kms of road – road maintenance, winter maintenance and street & catchbasin cleaning



b) 730 new streetlights – power, maintain & repair



c) 8.3 additional hectares of parks – park maintenance



d) Waste collection – additional 1,433 residential homes/apartment units for waste pickup

2. Contribution to capital program \$0.53M

**Total: \$2.53M**





## Municipal Contracts

### **Contract Escalations**

- Winter maintenance
- Other contracts

**Sub-total: \$0.69M**

### **Other Adjustments**

- Support services to Building, Planning & Design, Engineering & Waterworks
- Department net E3 opportunities

**Sub-total: (\$0.38M)**

**Total: \$0.31M**





## Infrastructure

Life Cycle and Water & Wastewater reserve studies are updated annually to determine the adequacy of the reserves for future replacement of existing assets against projected inflows

There are infrastructure pressures identified in the following areas:

### **A. Life Cycle Reserve Study**

- Replacement of existing and new assets
- Life Cycle Reserve Study identified the need for a 0.5% infrastructure investment in 2019

### **B. Development Charges Background Study**

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

### **C. Water and Wastewater Reserve Study**

- Increases from the Region of York
- Sustainability of future water rates





## Federal/Provincial Legislation

### **New Official Plan**

Markham Council in December 2013 adopted a new Official Plan (OP) which was approved by the Region of York (ROY) in June 2014. Substantial approval of the majority of City-wide policies in 2018 and the balance to be approved by early 2020

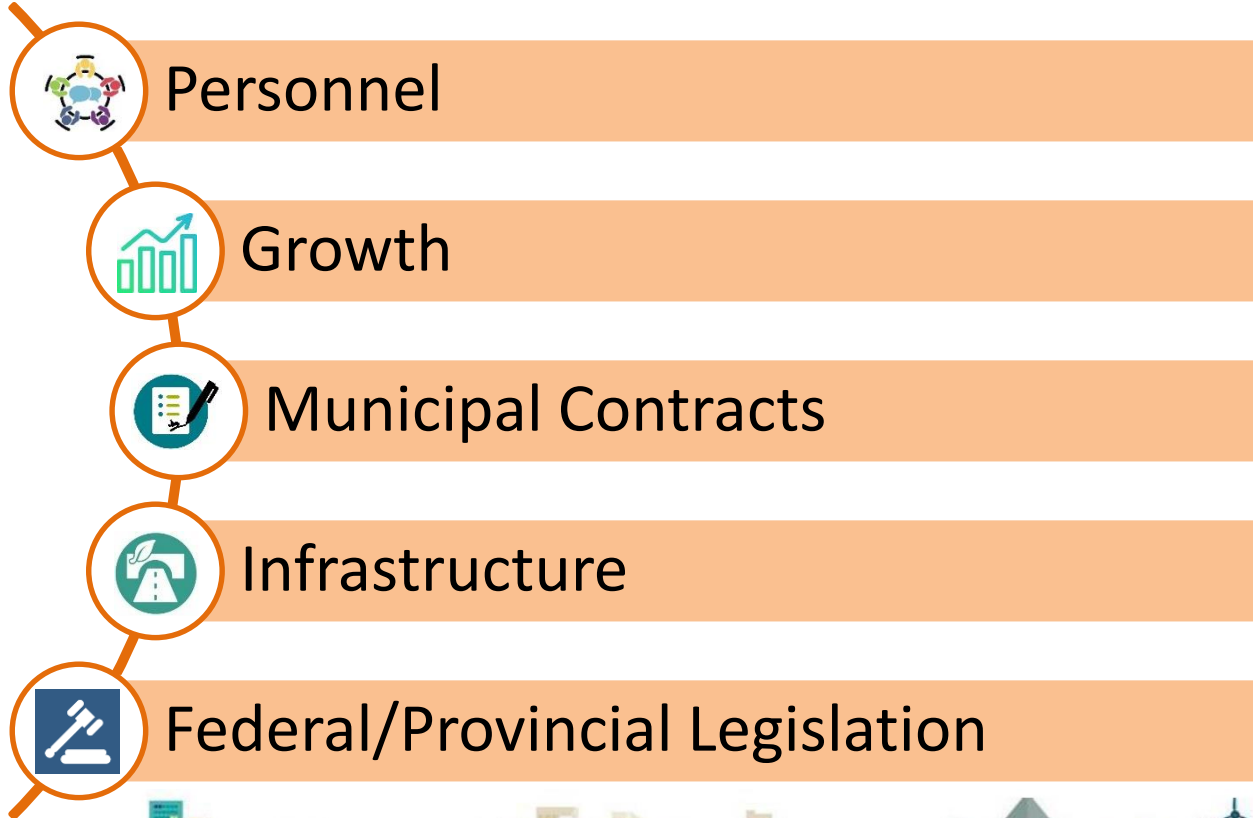
### **Accessibility**

The goal of the [Accessibility for Ontarians with Disabilities Act](#) is to make Ontario fully accessible by 2025. In 2011, Markham received recognition under the Excellence Canada – Ontario Accessibility Awards program for meeting and exceeding the requirements of the AODA. To date, the City has submitted all required guidelines and reports based on compliance milestones and is on target for compliance by 2025.

### **Bill 66**

[Restoring Ontario's Competitiveness Act](#) (Bill 66) amends the Planning Act, which allows local municipalities to pass open-for-business planning by-laws. Initial review indicates that local municipal councils are given additional authorities to pass a by-law that would enable them to allow development of major employment uses in areas that are currently protected from development by provincial and municipal legislations. Staff will be able to fully assess the implications of Bill 66 once forthcoming regulations on how the by-law is enacted is released.





**Operating  
Expenditures  
Impact**

**\$6.47M**  
Equivalent to a tax  
rate increase of  
**4.24%**



## Revenues

(\$ Millions)

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

	2018 \$	2019 \$	Increase/ (Decrease) \$	Tax Rate Decrease %
<b>Total Revenues</b>	<b>218.48</b>	<b>222.57</b>	<b>4.09</b>	
Assessment growth (1.64%)			2.50	
Investment income			0.65	
Annual CPI and volume adjustments for user and program fees			0.50	
User fee market competitive analysis			0.55	
Other revenue			(0.11)	
<b>Total Revenue Increase</b>			<b>4.09</b>	<b>(2.67%)</b>

## Expenditures (\$ Millions)

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

	<u>Increase/ (Decrease) \$</u>	<u>Tax Rate Increase %</u>
<b>Personnel Costs</b>		
Existing staff and benefits	2.91	
New staffing requests	0.32	
Offset by unused Bill 148 funds	<u>(0.32)</u>	
	<b>2.91</b>	
<b>Growth</b>		
Future staff and non-personnel ramp-ups related to new facilities	0.72	
Growth (roads & parks including part-time staff, waste, streetlights, winter maintenance)	1.80	
Transfer to capital program	0.53	
Capital induced operating costs	<u>0.20</u>	
	<b>3.25</b>	
<b>Municipal Service Contracts</b>		
Contract escalations (winter maintenance, security services, building/HVAC maintenance)	0.69	
Insurance	0.20	
E3 - net savings based on operational review, support services and awards	(0.66)	
Other	<u>0.08</u>	
	<b>0.31</b>	
<b>Total Expenditures</b>	<u><b>6.47</b></u>	<u><b>4.24%</b></u>



### Staffing Requests – Tax Funded Positions

Business Unit	Position Title	No. of Positions	A Salary (incl. Benefits) \$	B Expense/ Revenue Offsets \$	A-B Net Tax Funded Impact \$
<b><u>1. New Position Requests</u></b>					
ITS	Enterprise Asset Management Application Support Specialist	1	116,673	75,837	40,836
ITS	Senior Cyber Security Specialist	1	137,850	27,570	110,280
Human Resources	Health and Safety Coordinator	1	98,491	19,698	78,793
Human Resources	Compensation and Benefits Coordinator	1	98,491	19,698	78,793
<b><u>Total New Position Requests</u></b>		<b>4</b>	<b>451,505</b>	<b>142,803</b>	<b>308,702</b>
<b><u>2. Conversions of Full-Time Contract or Part-Time to Full-Time</u></b>					
Operations	Tree Preservation Technician	1	99,640	86,798	12,842
Operations	Administrative Assistant	1	83,510	83,510	0
<b><u>Total Conversions to Full-time</u></b>		<b>2</b>	<b>183,150</b>	<b>170,308</b>	<b>12,842</b>
<b><u>3. New Position Requests - Part-Time or Contract</u></b>					
Operations/ Environmental Services	Enterprise Asset Management Coordinator (Pre-approved)	1	113,135	113,135	0
Recreation	Business Systems Coordinator	1	99,078	99,078	0
Contact Centre	Business Systems Coordinator	1	69,418	69,418	0
Sustainability & Asset Management	Energy/Sustainability Analyst	1	83,496	83,496	0
<b><u>Total New Position Requests - Part-Time or Contract</u></b>		<b>4</b>	<b>365,127</b>	<b>365,127</b>	<b>0</b>
<b><u>TOTAL TAX FUNDED POSITIONS</u></b>		<b>10</b>	<b>999,782</b>	<b>678,238</b>	<b>321,544</b>

## Staffing Requests – Non-Tax Funded Positions

<b>Business Unit</b>	<b>Position Title</b>	<b>Funding Source</b>	<b>No. of Positions</b>	<b>Salary (incl. Benefits)</b>
				\$
<b><i>1. New Position Requests</i></b>				
Engineering/ Planning	ePlan Review Business Support	Development Fees	1	108,793
Engineering	Senior Engineer, Contract Admin. & Quality Control	Development Charges	1	133,453
<b><i>Total New Position Requests</i></b>			<b>2</b>	<b>242,246</b>
<b><i>2. New Position Requests - Part-Time or Contract</i></b>				
Engineering	Yonge Subway Extension Project Engineer	Development Charges	1	113,135
<b><i>Total New Position Requests - Part-Time or Contract</i></b>			<b>1</b>	<b>113,135</b>
<b><i>TOTAL NON-TAX FUNDED POSITIONS</i></b>			<b>3</b>	<b>355,381</b>

**(\$ Millions)**  
**(Excl. Planning & Design, Engineering, Building Standards and Waterworks)**

	<b>2018</b>	<b>2019</b>	<b>Increase/ (Decrease)</b>	<b>Tax Rate Increase/ (Decrease)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Revenues</b>	<b>218.48</b>	<b>222.57</b>	<b>4.09</b>	<b>(2.67%)</b>
<b>Expenditures</b>				
Personnel	131.83	135.31	3.48	
Non-Personnel	86.65	89.64	2.99	
<b>Total Expenditures</b>	<b>218.48</b>	<b>224.95</b>	<b>6.47</b>	<b>4.24%</b>
<b>Shortfall: Day-to-day operations</b>	<b>-</b>	<b>2.38</b>	<b>2.38</b>	<b>1.57%</b>
<b>Infrastructure Investment</b>	<b>-</b>	<b>0.76</b>	<b>0.76</b>	<b>0.50%</b>
<b>Net Shortfall</b>	<b>-</b>	<b>3.14</b>	<b>3.14</b>	<b>2.07%</b>

(\$ Millions)

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

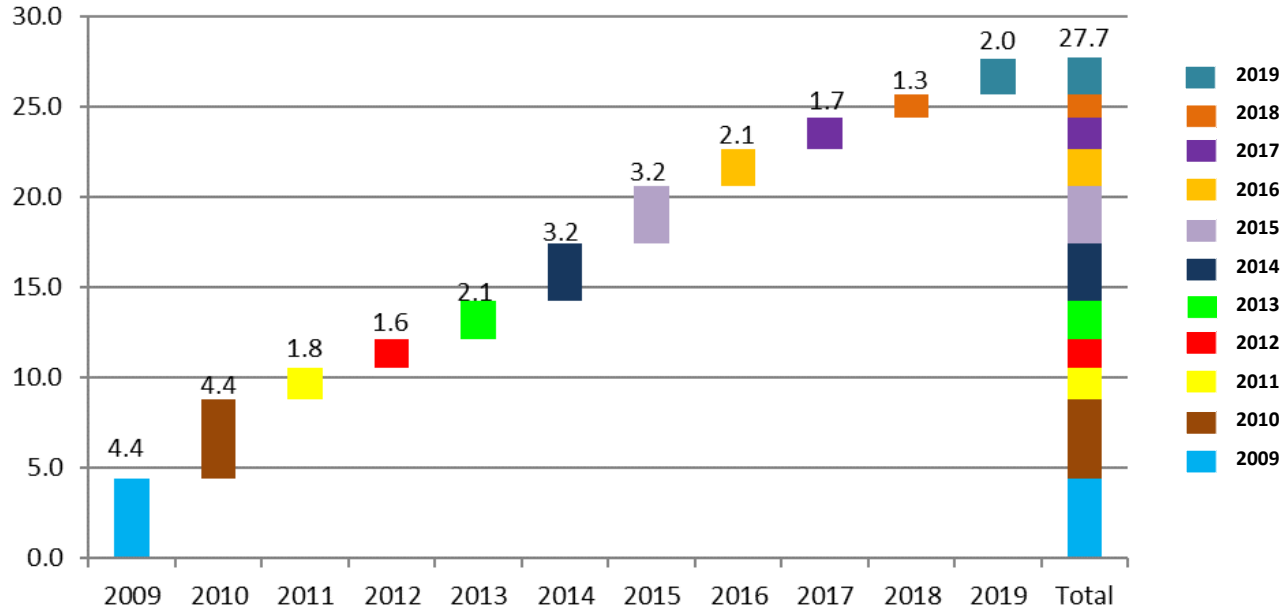
	<b>A</b>	<b>B</b>	<b>C=A+B</b>	<b>Tax Rate</b>
	<b>Expenditures</b>	<b>Revenue</b>	<b>Net</b>	<b>Increase/ (Decrease)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>2018 Base Budget</b>	<b>218.48</b>	<b>218.48</b>	<b>0</b>	<b>0.00%</b>
<b>2019 Budget adjustments:</b>				
Maintain existing service levels	3.88	0.10	3.78	2.49%
Growth	3.25	2.67	0.58	0.38%
E3	(0.66)	1.32	(1.98)	(1.30%)
<b>Total 2019 Budget adjustments</b>	<b>6.47</b>	<b>4.09</b>	<b>2.38</b>	<b>1.57%</b>
<b>Infrastructure Investment</b>	<b>0.76</b>	<b>0.00</b>	<b>0.76</b>	<b>0.50%</b>
<b>2019 Proposed Budget</b>	<b>225.71</b>	<b>222.57</b>	<b>3.14</b>	<b>2.07%</b>



## Excellence Through Efficiency and Effectiveness (E3)

**Cumulative savings to date: \$27.7M**

In constant \$ in millions



**2019 savings to date  
\$2.0M**

**Cumulative savings to date  
\$27.7M**



**Total savings \$27.7M – equates to tax rate increase avoidance of 23.2%**

### (\$ Millions) (Excl. Planning & Design, Engineering, Building Standards and Waterworks)

1% tax rate increase = \$1.525M

	2018		2019	
	Approved Budget	% of Total Budget	Proposed Budget	% of Total Budget
	\$		\$	
<b>Revenues</b>				
Property Tax Revenues	152.0	71.0%	158.8	71.3%
User Fees and Service Charges	19.1	8.9%	20.2	9.1%
Rentals, Licences and Permits	11.5	5.4%	11.5	5.2%
Income from Investments	10.4	4.9%	11.1	5.0%
Interest and Dividend Income - Alectra/MEC/MDEI	5.8	2.7%	5.8	2.6%
Fines and Recoveries	4.9	2.3%	4.9	2.2%
Property Tax Penalty & Interest	4.2	2.0%	4.2	1.9%
Grant and Subsidy Revenues	2.0	0.9%	2.0	0.9%
Other Revenues	4.3	2.0%	4.1	1.9%
<b>Total Revenues</b>	<b>214.2</b>	<b>100.0%</b>	<b>222.6</b>	<b>100.0%</b>
<b>Expenditures</b>				
Salaries and Benefits	131.8	60.5%	135.3	60.1%
Transfer to Reserves (incl. Alectra/MEC/MDEI transfer)	28.1	12.9%	29.3	13.0%
Purchased Services	16.5	7.6%	16.9	7.5%
Utilities and Streetlight Hydro	11.8	5.4%	11.8	5.2%
Winter Maintenance	9.5	4.4%	10.1	4.5%
Waste Management	8.4	3.9%	9.4	4.2%
Materials and Supplies	5.5	2.5%	5.6	2.5%
Insurance	2.4	1.1%	2.6	1.2%
Other Expenditures	3.8	1.7%	3.9	1.7%
<b>Total Expenditures</b>	<b>217.8</b>	<b>100.0%</b>	<b>225.0</b>	<b>100.0%</b>
<b>Shortfall: Day-to-day operations</b>	<b>3.6</b>	<b>2.40%</b>	<b>2.4</b>	<b>1.57%</b>
<b>Infrastructure Investment</b>	<b>0.7</b>	<b>0.50%</b>	<b>0.8</b>	<b>0.50%</b>
<b>Net Shortfall</b>	<b>4.3</b>	<b>2.90%</b>	<b>3.2</b>	<b>2.07%</b>




## Impact to Average Residential Property

Property Type	2019 Average Current Value	2.07% Tax Rate Increase
Residential Homes* 	\$790,464	\$26.21
Residential Condominiums 	\$401,508	\$14.08
<b>Average</b> (Homes & Condominiums)	<b>\$772,253</b>	<b>\$25.61</b>

Every 1% tax rate increase (local portion only) is equivalent to an increase of \$12.37 in property taxes for an average residential property

\* Residential Homes include single family detached, linked homes, freehold townhouses, and semi-detached.

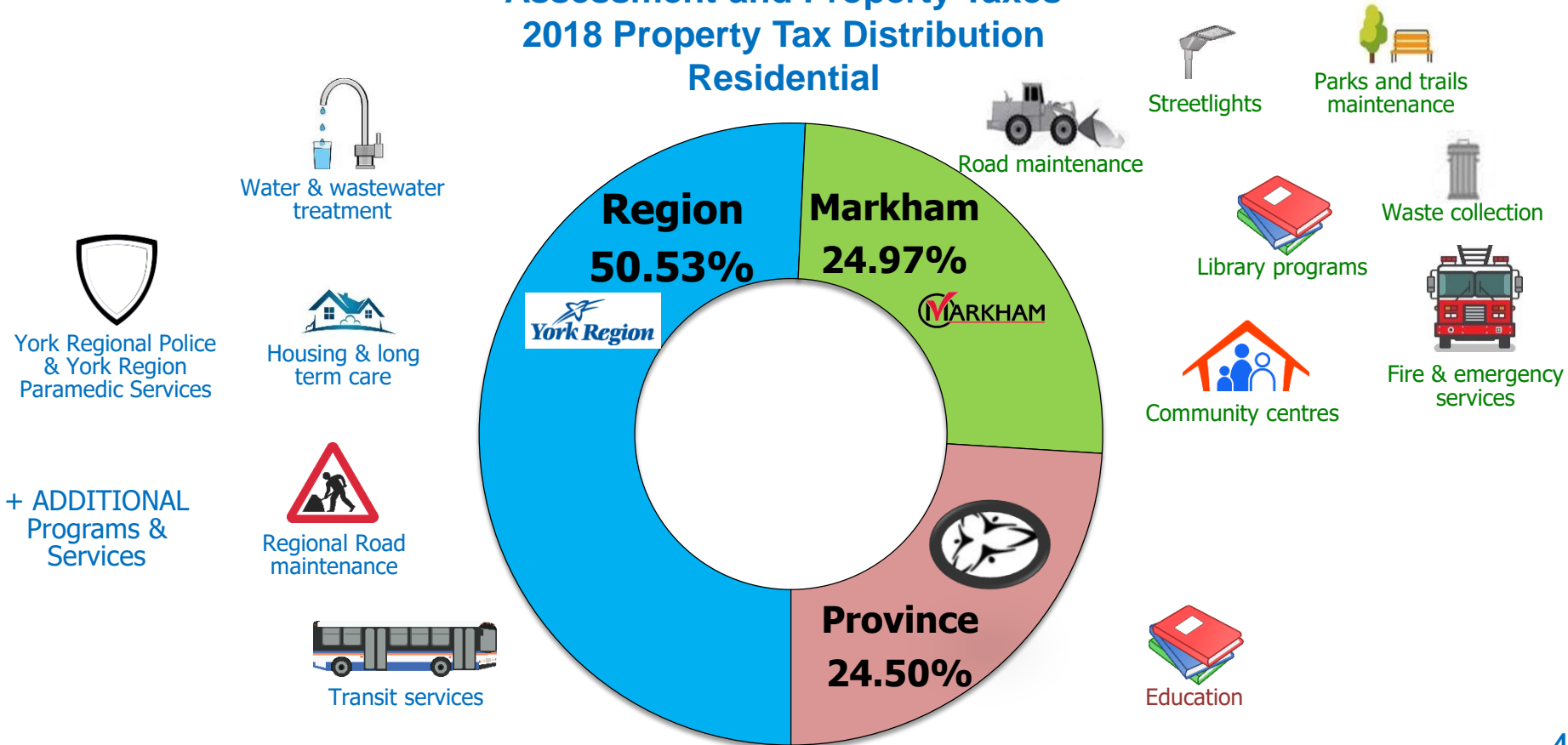
## Impact to Average Residential Property

	2019 Increase	Increase \$
Tax rate increase – Markham  (includes 0.5% Infrastructure Investment)	2.07%	26
Tax rate increase – York Region 	TBD	TBD
Water & wastewater fee 	7.80%	71
<b>Total</b>		<b>97</b>

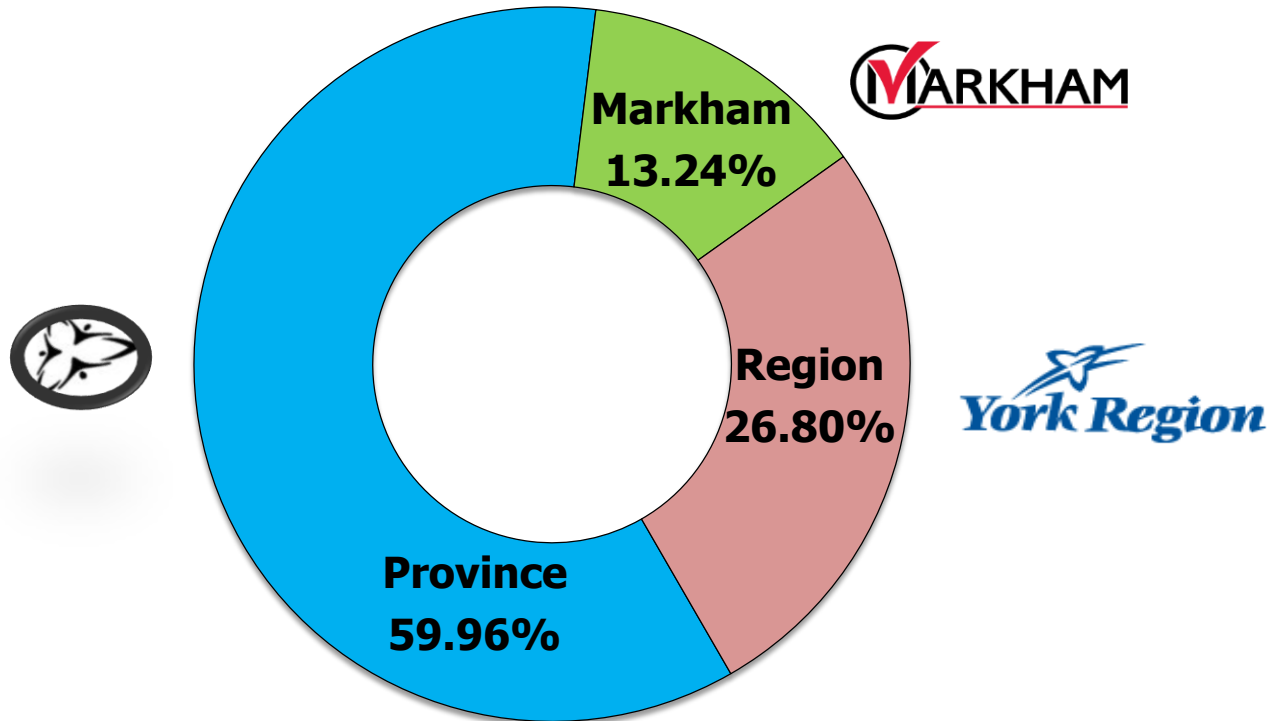
- Excludes continuation of the \$47 stormwater fee



## Assessment and Property Taxes 2018 Property Tax Distribution Residential



## Assessment and Property Taxes 2018 Property Tax Distribution Non-Residential



## 5. Next Steps

- Review of 2019 Capital Budget (Budget Committee Meetings #3, 4 and 5)
  1. Tuesday, January 22, 2019 – 9:30 a.m. - 12:00 p.m.
  2. Friday, January 25, 2019 – 9:30 a.m. – 12:00 p.m.
  3. Tuesday, January 29, 2019 - 9:30 a.m. – 12:00 p.m.
    - Review of the 2019 proposed capital budget by exception
    - Please bring your computer to access the capital budget request forms (e-file)
- Public Meeting: Thursday, February 21, 2019 – 7:00 p.m. – 9:00 p.m.



**THANK YOU FOR ATTENDING**

