

Monday, June 22, 2015 at 3:30 PM  
Council Chambers

Agenda compiled on 18/06/2015 at 3:09 PM

## **Declarations of Interests**

## **Presentation**

1. Presentation by Staff regarding the 2016 Budget Schedule and Community Engagement.

## **Deputations**

## **Items**

2. Joint Corporate Services Commission - Financial Services and Office of the Chief Administrative Officer - Corporate Communications Report 2015-38 dated June 17, 2015 regarding the 2016 Budget Schedule and Community Engagement. p. 1

### **Recommendation:**

The Chief Administrative Officer, Commissioner of Corporate Services, Director of Financial Services/Treasurer and Director of Corporate Communications recommend:

a) THAT Joint Corporate Services Commission-Financial Services, Office of the CAO-Corporate Communications Report - 2015-38 dated June 17, 2015, regarding the 2016 Budget Schedule and Community Engagement be received and the following recommendation be adopted:

i) THAT the attached schedule be approved for the 2016 budget process.

3. Corporate and Financial Services Report 2015-37 dated June 22, 2015 regarding Aging in Place, Financial Policy Considerations. p. 6

The Commissioner of Corporate and Financial Services and the Director of Financial Services/Treasurer recommend:

a) THAT Corporate Services Report - Financial Services – 2015-37 dated June 22, 2015 regarding Aging in Place, Financial Policy Considerations be received and the following recommendations be adopted:

i) THAT the attached study, Aging in Place, Financial Policy Considerations for the Town of Newmarket be received;

ii) AND THAT a draft implementation plan be brought back for consideration during the 2016 budget deliberations.

4. Corporate Services - Financial Services Report 2015-39 dated June 15, 2015 p. 25 regarding Capital Financing Sustainability Strategy Update.

The Commissioner of Corporate Services and the Director of Financial Services/Treasurer recommend:

a) THAT Corporate Services – Financial Services Report 2015-39 dated June 15, 2015 regarding the Capital Financing Sustainability Strategy Update be received.

## **Adjournment**



**Mike Mayes, Director  
Financial Services/Treasurer**

TOWN OF NEWMARKET  
395 Mulock Drive  
P.O. Box 328  
Newmarket, ON L3Y 4X7

www.newmarket.ca  
mmayes@newmarket.ca  
905.895.5193 ext. 2102

June 17, 2015

**JOINT CORPORATE SERVICES, OFFICE OF THE CAO, CORPORATE COMMUNICATIONS,  
FINANCIAL SERVICES REPORT – 2015-38**

**TO:** Mayor Tony Van Bynen and Members of Council  
Committee of the Whole

**SUBJECT:** 2016 Budget Schedule and Community Engagement

**ORIGIN:** Director, Financial Services and Senior Communications Specialist'

**RECOMMENDATION**

That Joint Corporate Services, Office of the CAO, Corporate Communications, Financial Services Report 2015-38 dated June 17, 2015, regarding the 2016 Budget Schedule and Community Engagement be received and the following recommendation be adopted:

1. THAT the attached schedule be approved for the 2016 budget process.

**COMMENTS**

**Purpose**

The purpose of this report is to finalize the schedule for the 2016 budget and provide an overview of the budget consultation and public engagement strategy.

**Summary**

As reported in the most recent Community Survey, 95 per cent of residents are satisfied with Newmarket as a place to live and four out of five residents are satisfied with the services provided by the Town. The 2016 budget will aim to maintain current service levels while also addressing major budget drivers and planning for future growth.

The goal is to adopt two budgets this year: the 2015 budget was postponed due to the 2014 municipal election and the development of the new Council's 2014-2018 Strategic Priorities. This report recommends that the 2016 budget process commences in June, with final approval scheduled for December. Extensive public consultation and community engagement will take place in August and September. Based on the proposed schedule, the preliminary draft budget will be presented at Committee of the Whole on October 19, 2015.

## **Background**

The Town of Newmarket continually strives to improve its budget process and implement innovative communication tactics to engage residents and garner feedback on the quality and level of services. Newmarket has been recognized for best practices in budget communications by the Ministry of Municipal Affairs and Housing (MMAH), Municipal Finance Officers' Association (MFOA) and the Association of Municipal Clerks and Treasurers of Ontario (AMCTO). A number of other municipalities have adopted Newmarket's approach to budget communications.

As one of Council's 2014-2018 Strategic Priority themes, Community Engagement is a critical component in the development of the Town's budget and planning for the future. The community survey results and the budget engagement results helped to inform the 2015 budget process.

In 2015, the Town engaged hundreds of residents via the interactive on-line budget tool. The tool asked residents "how would you like to see your tax dollars invested?" and provided the opportunity to maintain, increase, or decrease service levels in eight areas of service delivery. The community engagement plan included a callout to 15,000 residents encouraging and promoting participation in the online budget tool.

A variety of traditional communications tools and tactics including radio ads, Town Page, website and media releases were also utilized.

## **2016 Budget Process**

Staff are currently working on their budget requests for 2016. The newly formed Budget Coordination Committee has reviewed and renewed the process to make it more effective and efficient.

### ***10-year Capital Budget***

There have been recommendations to move to multi-year budgeting for our capital program, the most recent being the Capital Financing Sustainability Strategy developed with Hemson Consulting. In 2014, the Town updated its Development Charges (DC's) and developed its first Asset Management Plan (AMP). These two studies cover growth and replacement which is 75-85% of our capital program.

A 10-year capital budget will facilitate longer term cash and reserve forecasts which will allow longer term and higher yielding investments.

The actual format is under development and will be similar to that of York Region.

### ***4-year Operating Outlook***

Along with the 2016 operating budget, an outlook for the years 2017 to 2020 will also be presented. This was also recommended by Hemson.

During the 2015 budget deliberations, having a projection for the following year proved to be useful in making decisions that impacted multiple years.



It is anticipated that budgets will see more of a requirement for phasing, deferring and enhanced planning. As such, developing forecasts based on what we know, at a high level and based on drivers, is a prudent choice.

Currently the water and wastewater budgets are based on their 6-year financial plans, Central York Fire services has a 10-year rolling operating forecast, and the Newmarket Public Library is introducing a 5-year projection.

### ***Proposed Budget Schedule***

<b>ACTIVITY</b>	<b>DATE</b>
Budget process and community engagement presented to Committee of the Whole for approval by Council	June 22
Community Engagement	August - September
Fees & Charges for early approval – Committee of the Whole Public Meeting	August 31
Fees & Charges for early approval – Council approval	September 14
Treasurer meets one-on-one with Members of Council	July to September
Committee of the Whole Presentation – Preliminary draft budget (presentation of Community Engagement results to date)	October 19
Draft budget information available to public and on website	October 26
Committee of the Whole – Public Meeting on the draft budget	November 9
Committee of the Whole – Public Meeting on the draft budget	November 30
Committee of the Whole - Public Meeting (on remaining Fees & Charges)	December 7
Council approval of the Budget and remaining Fees & Charges	December 14

### ***Community Consultation and Engagement***

The goal of the Budget Communications Plan is to continue to increase community awareness and engagement in the budget process.

Under the engagement brand ***Get Involved***, the 2016 Budget Communications Plan will continue to utilize a cross-section of traditional and social media tools and technology to engage residents and garner opinions on how Newmarket's taxes should be spent.

- Interactive online budget tool
- Citizen jury focus group
- Public meetings (CoW)
- Town website
- Social media: Twitter, Facebook, e-newsletters
- Media releases/advisories

- Print ads (Snap and Newmarket Era)
- Radio ads (The Jewel)
- Presence at community events

## **BUSINESS PLAN AND STRATEGIC PLAN LINKAGES**

This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility.

The further refinement of community engagement for the budget links to Council priority Community Engagement and is supported by the Corporate Communications and Financial Services goal of Customer Services Excellence.

The continual improvement of the budget process links to the Council priority Efficiency / Financial Management. This is supported by the Financial Services goals of Sustainable Financial Strategy and Internal Efficiencies.

---

## **CONSULTATION**

The 2016 budget schedule was prepared by the Budget Coordinating Committee which has cross-corporate representation, in collaboration with the Financial Services department.

The community engagement approach was developed by Corporate Communications in consultation with the Financial Services department and the Budget Coordination Committee.

The Strategic Leadership Team and the Operational Leadership Team have reviewed the schedule, process and communications plan; and have provided feedback.

### ***Next Steps***

The Treasurer will undertake one-on-one meetings with each member of Council and provide them with budget tool kits to assist in their review of the budget requests.

For the 2017 budget, Community engagement will begin in January with the launch of an enhanced, online budget tool.

## **BUDGET IMPACT**

The recommendations from this report will form the basis for the 2016 budget process, but has no direct budget impact.

## CONTACT

For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at [mmayes@newmarket.ca](mailto:mmayes@newmarket.ca), or Amber Chard at 905-953-5300 ext. 2046 or via e-mail at [achard@newmarket.ca](mailto:achard@newmarket.ca).



---

Mike Mayes, CPA, CGA  
Director, Financial Services/Treasurer



---

Amber Chard  
Senior Communications Officer



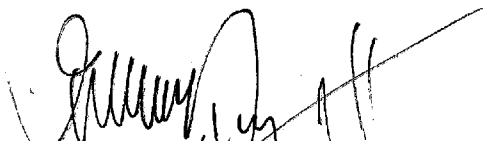
---

Anita Moore, AMCT  
Commissioner, Corporate Services



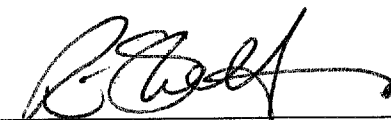
---

Wanda Bennett  
Director, Corporate Communications



---

Ian McDougall  
Commissioner, Community Services



---

Bob Shelton  
Chief Administrative Officer

MM/nh



**Mike Mayes, Director  
Financial Services/Treasurer**

TOWN OF NEWMARKET  
395 Mulock Drive  
P.O. Box 328  
Newmarket, ON L3Y 4X7

www.newmarket.ca  
mmayes@newmarket.ca  
905.895.5193 ext. 2102

June 22, 2015

## **CORPORATE SERVICES REPORT - FINANCIAL SERVICES – 2015-37**

**TO:** Mayor Tony Van Bynen and Members of Council  
Committee of the Whole

**SUBJECT:** Aging in Place, Financial Policy Considerations

**ORIGIN:** MFIP Intern

### **RECOMMENDATIONS**

**THAT Corporate Services Report - Financial Services – 2015-37 dated June 22, 2015 regarding Aging in Place, Financial Programs be received and the following recommendations be adopted:**

- 1. THAT the attached study, Aging in Place, Financial Policy Considerations for the Town of Newmarket be received;**
- 2. AND THAT a draft implementation plan be brought back for consideration during the 2016 budget deliberations.**

### **COMMENTS**

#### **Purpose**

The purpose of this report is to provide information on the financial well-being of seniors and provide options for enhancements to the current tax and charge alleviation programs to help seniors and residents age in place.

#### **Budget Impact**

To extend the program to support all low income senior residents through the Tax Assistance Program the preliminary estimate is that it will increase the payment to seniors to \$84,000 up from \$27,674 currently. To extend the program to support all low income residents through the Water and Wastewater program, the preliminary estimate is it will cost \$833,000 which represents 2.7% of the water and wastewater budget of 2015 up from \$27,936 currently.

#### **Summary**

The senior poverty rate in Canada has dropped considerably over the decades. This report proposes options to enhance the current financial assistance programs to assist those most impacted by poverty and making enrollment in the programs as easy as possible.

## **Background**

As people experience living in their own home, they form attachments to their houses and create social ties within their communities. They build social networks, form fond memories, and learn where and how to access services. The concept of staying in one's home and/or community well into old age has been termed as 'aging in place'.

There are several financial programs that help seniors age in place. The Regional Municipality of York established the tax deferral program and is administered by the Town for local residents. With the adoption of Finance Report 2005-31, the Town of Newmarket established the first tax assistance program for seniors in 2006. The Town also offers a water and waste water rebate program to help low income residents pay for the fixed portion of their utility bill. The federal and provincial governments also provide programs that help seniors afford their home.

## **Analysis**

Statistics show that seniors are relatively financially well off. In the 1970's, seniors once faced the highest rates of poverty in Canada; now they experience the lowest poverty rate of any age group. The poverty rate among seniors is almost half that of working-age Canadians. Moreover, affordability statistics suggest that seniors are no more likely to lose their homes to financial constraints when compared to the baby boomers.

Knowing the financial situation of seniors, there appears to be little justification for expanding the financial benefit package that the Town provides to seniors. However, in reviewing the current benefit package, opportunities for improving them have surfaced and recommended enhancements are proposed in the options section of this report.

Establishing a tax deferral program was originally a preferred method of providing tax assistance. However, the Town of Newmarket is not authorized to pass a by-law providing for deferrals or cancellation of property taxes according to s.319 of *the Municipal Act, 2001*. This is an upper-tier and single-tier municipal responsibility.

Beyond financial assistance, public health officials identify that community-based factors, such as land use and urban design, can improve the health status and quality of life for seniors. The 2010 report on *The State of Public Health in Canada: Growing Older - Adding Life to Years* suggests a list of items that municipalities can do to assist seniors other than through financial policies. The list was to provide:

- Clean, quiet and peaceful environments;
- Adequate, well-lit and well-maintained streets and sidewalks to reduce the risk of falling (e.g. snow-clearing in winter; a smooth, level, non-slip surface);
- Walking paths that are safe from users on wheels (bicycles, rollerblades, skateboards) with nearby accessible toilets;
- Accessible and affordable public transportation with priority seating;
- Streets and buildings that are hazard-free (e.g. suitable stairs – not too high or steep – with railings; non-slip flooring);
- Housing designs that integrate older people into the community; and
- Opportunities for seniors to participate in civic, cultural, educational and voluntary activities, by making these activities accessible and affordable.



## **Options**

Given the analysis provided in the attached study, this report provides 8 recommendations to enhance the current programs offered by the Town.

### **1. Expanding the Tax Assistance Program to Renters**

Seniors who live in rental apartments are equally exposed, if not more so, to the economic pressures that cause seniors to move out of their homes. An expansion of the tax assistance program to renters would make the program more effective as renters are more likely to experience lower incomes. It is appropriate to add tax assistance for renters because renters pay property taxes through their rent.

### **2. Creating Direct Income Criteria to include all low-income residents in Financial Assistance Programs**

The Town of Newmarket offers income-tested benefit programs across many departments. Enrollment in each of them requires their own application. While each program requires proof of income, different programs require proof through different types of documentation (e.g. Guaranteed Income Supplement, Ontario Works, Notice of Assessment, etc.). This can add unneeded complexity for both the applicant and the Town's administration.

Although residents of all ages are eligible for the Water and Wastewater Rebate Program, for one to be enrolled in Ontario Works is much more difficult as a non-senior adult than for one to be enrolled in Guaranteed Income Supplement as a senior even if private income is the same in both scenarios. This is in part why 96% of all participants of the water rebate program are seniors.

### **3. Implementing a Marginal Rate for Benefits**

The Town provides either a full grant to seniors or nothing – there is no partial amount.. This can be perceived as inequitable as those who saved to draw money from their RRSPs later in life may be punished for falling just above the cut off income. Therefore, to reward those that saved, there could be a decreasing benefit as incomes rise above the cut-off income.

### **4. Consider Whether Tax Assistance Should Add To or Replace the Tax Deferral Program**

Currently, the benefit of the tax assistance program is used to pay off any tax deferrals. Since the tax assistance benefit is greater than one could reasonably expect to defer in one year, the tax assistance benefit eclipses the benefit of the tax deferral program. By-law 2005-31 could be amended to state the benefits of the program be additive.

### **5. Promoting the Financial Programs**

Given the participation levels of the financial assistance program, there may be a lack of awareness of them. Active promotion of the program may increase enrollment of the financial assistance programs.

### **6. One Application Process**

Having one application for all income-tested benefits can help reduce paper work for the applicants and reduce the Town's administrative costs. By having applicants provide the appropriate information and indicating which programs they wish to participate in, one application can be sufficient. Having one application would also raise awareness of the other income-tested programs and enhance the applicant's privacy.

## **7. Research land use and urban design factors that can be improved to assist seniors to age in place**

As per the recommendation of *The State of Public Health in Canada: Growing Older - Adding Life to Years* the Town can consider non-financial programs to assist seniors in Newmarket.

### **BUSINESS PLAN AND STRATEGIC PLAN LINKAGES**

This report links with Newmarket's Council Strategic Priorities of Community Engagement – Engaging Our Changing Resident Demographics.

The Council Priorities are supported by the Financial Services Priority of “Compassionate Measures”. The targeted outcomes are a review of our current grant program measures and offer suggestions for enhancements, such as proposing new ways to streamline the application process.

This report links to Newmarket's vision of “Well-respected” by being an influential contributor in Regional and Provincial affairs. This report makes recommendations to implement income tested benefit programs where the common practice is to provide benefit based primarily on age. In a report on June 11<sup>th</sup> to the Committee of the Whole - York Region, it said: *“there appears to be an impending policy shift across Canada and other municipalities, away from providing subsidies and deferrals based on age to an income-tested model.”* Newmarket can be a leader in this regard.

### **CONSULTATION**

Newmarket's Supervisor, Property Tax & Assessment was consulted to determine the tax and rebate policies addressing poverty alleviation in Newmarket. The tax clerks were consulted to determine the application of the tax assistance and rebate programs. Tax heads from the regional and local municipalities in York Region were consulted to determine current practices. Newmarket's Economic Development Officer, Statistics Canada and York Region were consulted to attain poverty and housing affordability statistics. Newmarket's Director of Recreation and Culture was consulted with respect to coordinating means testing to streamline the application process for potential participants.

### **HUMAN RESOURCE CONSIDERATIONS**

Not applicable to this report.

### **BUDGET IMPACT**

#### **Operating Budget (Current and Future)**

This report recommends program options and has no immediate budget impact. Once Council has determined the options to pursue, staff will provide reports to implement the options chosen.



### ***Tax Assistance Program***

The cost of expanding the tax assistance program to renters is estimated to be \$84,000 annually. The cost of the program currently is \$27,674. The method for calculating this cost was to take the population of Newmarket's seniors, 8,895, and multiply the population by the senior poverty rate, 5%. The result was that 445 seniors are below the poverty line. The average senior household size in Newmarket is estimated to be 1.5 people. To find the total number of households below the poverty line, the number of seniors below the poverty line - 445, was divided by the number of seniors per household - 1.5, which resulted in 297 households. To determine the total cost of the program, the number of families below the poverty line was multiplied by the rebate of \$284 per year, which resulted in \$84,000 per year.

To provide a long term impact assessment of this policy, the senior population is expected to be 2.5 times bigger by 2031. Also, the benefit increases every year assuming a 1.5% per year service level increase and inflation 2% in inflation, the benefit will be \$632 in today's dollars. The cost of the program if this option is chosen is estimated to be \$470,000 per year in 2031 in today's dollars.

### ***Water and Wastewater Rebate***

Since the non-senior age cohort is more populous than the 65 plus cohort, it is estimated that the cost of the program will increase from \$27,936 per year to \$833,000. The method for calculating this cost was to take the population of Newmarket - 87,900, and multiply the population by the poverty rate - 10.2%. The result was that 8,966 people are below the poverty line. The average household size in Newmarket is 3.1 people. To find the total number of households below the poverty line, the number of people below the poverty line - 8,699, was divided by the average number of people per household - 3.1, which resulted in 2,892 households. To determine the total cost of the program, the number of families below the poverty line was multiplied by the rebate of \$288 per year, which resulted in \$833,000 per year. This cost reflects 2.7% of the annual budget of the water and wastewater utility.

### **Capital Budget**

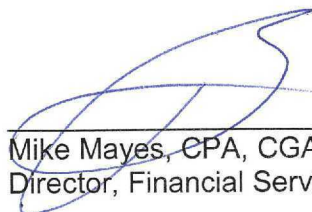
This report has no budget impact.

### **CONTACT**

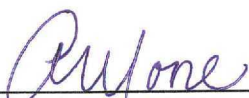
For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at [mmayes@newmarket.ca](mailto:mmayes@newmarket.ca)



Kevin Yaraskavitch  
MFIP Intern, Financial Services



Mike Mayes, CPA, CGA  
Director, Financial Services/Treasurer



Anita Moore, AMCT  
Commissioner, Corporate Services

KY/MM/nh  
Attachment

- Aging in Place, Financial Policy Considerations for the Town of Newmarket (14 pages)



# Aging in Place

---

*Financial Policy Considerations for the Town of  
Newmarket*

---

## Executive Summary

As people spend their lives in their own home, they form attachments to their houses and create social ties within their communities; they build social networks, form fond memories, and learn where and how to access services.

According to an AARP (formerly the American Association of Retired Persons) survey conducted in the United States, over 90% of seniors above the age of 65 wish to stay in their home as long as possible. This concept of staying in one's home and/or community well into old age has been termed as 'aging in place'.

The Regional Municipality of York (York Region) will experience a large increase in the number of seniors over the next two decades as baby boomers reach the age of 65. According to a York Region report, in 2031, seniors will comprise 21% of York Region's population, which is 2.5 times greater than now.

Federal, Provincial and Municipal governments currently run programs to help seniors financially. The Town of Newmarket administers 3 different annual financial programs to help seniors pay their property taxes and utilities, which comprises potential assistance totaling \$562 per household per year. York Region also offers renovation grants for seniors who need to make unexpected purchases to allow them to keep living in their homes. The grant can be valued up to \$7,500 per project and applicants may apply twice for the grant.

Statistics show that seniors are relatively well off financially. Seniors once faced the highest rates of poverty in Canada; now they experience the lowest poverty rate of any age group. The poverty rate among seniors is almost half that of working-age Canadians. Affordability statistics suggest that seniors are no more likely to lose their homes to financial constraints than the younger baby-boomer generation.

This report discusses policy considerations and options to help improve the current financial programs, which include:

1. Legal Authority to Provide Grants and Exempt Taxes
2. Expanding the Tax Assistance Program to Renters
3. Creating a More Equitable Income Criteria
4. Implementing a Marginal Rate for Benefits
5. Consider Whether Tax Assistance Should Add To or Replace the Tax Deferral Program
6. Promoting the Financial Programs
7. One Application Process



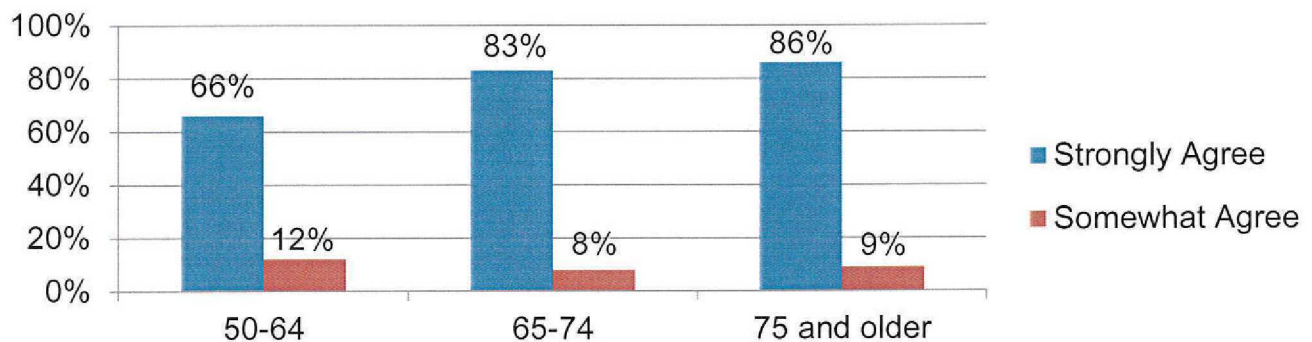
## Introduction

As people spend their lives in their own homes, they form attachments to their houses and create social ties within their communities. They build social networks, form fond memories, and learn where and how to access services. Because of this, it may not be surprising that most people want to keep living their home after they reach the age of 65. This concept of staying in one's home well into old age has been termed 'aging in place'.

The Town of Newmarket currently offers financial support to help seniors be able to continue to live in their homes and communities. Nevertheless, there is room for improvement. This report will explore different financial assistance programs offered to seniors from different levels of government and the private sector. Then it will examine seniors' financial well-being relative to other age groups. Finally, it will delve into the policies offered locally and offer policy considerations to improve the Town of Newmarket's financial tools to help seniors age in place.

A survey sponsored by AARP, a seniors' interest group in the United States, found that as people age beyond 50, older cohorts have a higher desire to stay in their home. The results of the survey are illustrated in figure 1.<sup>1</sup>

**Figure 1: Percent of Seniors that Agree that they Would Like to Stay in their Current Home as Long as Possible.<sup>2</sup>**



Aging in place is becoming a greater concern for Newmarket residents as more people enter the senior age group. Seniors make up the fastest-growing component of the York Region population. Between 2011 and 2031, the York Region senior population is expected to increase to approximately 311,000.<sup>3</sup> This is nearly 2.5 times greater than it is now. By 2031, seniors will comprise 21 percent of York Region's population. These demographics are important to understand as any age specific program for seniors will have more participants and a smaller proportion of the population to pay for them over time.

## Federal, Provincial and Private Sector Programs for Seniors to Age in Place

All three levels of government in Canada provide financial programs specifically to seniors. Some programs are means tested. A means test is defined as a determination of whether an individual or family is eligible for assistance, based upon whether the individual or family possesses the means to do without that help.

## Federal

The federal government provides a mandatory pension plan where benefits are reflective of lifetime contributions to the pension. The average benefit in 2014 was \$7,326.84 per year.<sup>4</sup> The federal government also provides income tested transfer payments to seniors through the Old Age Security (OAS) and Guaranteed Income Supplement (GIS) programs.

## Provincial

The Government of Ontario offers the Guaranteed Annual Income System program that tops up the federal OAS and GIS programs to ensure all seniors meet a basic income level. See table 1 for a profile of the maximum income benefit programs for seniors. In addition, Ontario offers a means tested \$500 annual grant to senior homeowners to help pay for their property taxes.<sup>5</sup> Also, seniors are also eligible to receive \$1,108 per year through Ontario Trillium Benefit after filing their taxes. This benefit is means tested as well.<sup>6</sup> Finally, seniors are eligible for a tax credit through the healthy homes program valued at 15 percent of the cost to make their home age-friendly, with a maximum credit value of \$1,500. To make a home age age-friendly means to install hand rails, a walk-in bathtub, anti-slip flooring, etc. to reduce risk of accidents and increase mobility within a home. This benefit is not means tested.

**Table 1: Annual Maximum Federal and Provincial Income Benefit Amounts Seniors.<sup>7</sup>**

Benefit Program	Qualified Single	Qualified Couple Per Person	Qualified Couple Per Couple
OAS - Old Age Security	\$ 6,764.88	\$ 6,764.88	\$ 13,529.76
GIS - Guaranteed Income Supplement	\$ 9,172.80	\$ 6,082.32	\$ 12,164.64
GAINS - Guaranteed Annual Income System	\$ 996.00	\$ 996.00	\$ 1,992.00
Total	\$ 16,933.68	\$ 13,843.20	\$ 27,686.40

## Private Sector

The private sector offers a reverse mortgage program called the Canadian Home Income Plan (CHIP). Through this program lenders are able to offer larger loans, which can help pay for major renovations to make a home age friendly.<sup>8</sup> The interest rate of a CHIP loan was found to be 2% higher than a competitive mortgage rate.

## Local Benefit Programs for Seniors

This section focuses on the financial programs offered by the Town of Newmarket and York Region. Newmarket administers two property tax programs for seniors; the Tax Assistance to Elderly Homeowners and the Property Tax Deferral for Eligible Seniors and Disabled Homeowners. In addition the Town offers a Water and Sewer Rebate, to eligible low income seniors. York Region offers renovation grants to help seniors renovate their homes to be more age-friendly.



### **Tax Assistance to Elderly Homeowners**

The Tax Assistance to Elderly Homeowners offers a \$284 grant to applicants that participate in the federal Guaranteed Income Supplement Program. The amount of the grant increases annually with the rate at which the Town's tax levy increases. As of 2014, 101 senior households participated in this program. The annual benefits given through the tax assistance was \$27,674 in 2014. This cost is fully funded by the Town.

### **Property Tax Deferral for Eligible Seniors and Disabled Homeowners**

The authority for the Region of York to allow a deferral of property tax increases came into effect in 1998. The program is administered at the local level in accordance with the parameters set by the Region. There are three different sets of criteria for eligibility to this program. Two of these sets relate to seniors with the third being established for low income persons with disabilities.

The first set of criteria requires that to be eligible, one must be between the ages of 55 and 64 with an income of \$23,000 per year or lower as a single person, or have an income below \$40,000 as a family of two or more. The total property tax levy increase (that is regional, local, and school board taxes) over the last five years is estimated to be \$163 per year. There is a \$100 deductible to any tax deferral<sup>9</sup>, meaning those enrolled in the program with can only defer \$63. Two households have participated in this program in Newmarket by meeting this set of criteria.

The second set of criteria requires that to be eligible, one must be over the age of 65. There is no income criterion. The amount eligible for an annual deferral is the tax levy increase<sup>10</sup>, There is no \$100 deductible. Four households have participated in this program in Newmarket by meeting this set of criteria.

### **Water and Wastewater Rebate**

The Town of Newmarket offers a water rebate program to qualified applicants equal to \$288 per year. To be eligible, a person must receive the Guaranteed Income Supplement under the Old Age Security Act, receive Ontario Disability Support, receive Ontario Works Assistance, or receive assistance from a similar federal or provincial support program. In 2014, 97 households participated in the rebate program. 96% of participating households were senior-lead households.

### **Home Repairs for Independent Living**

This program, administered by York Region, offers grants of up to \$7,500 for people who have a disability or seniors who need home modifications to continue living in their home. The program is open to homeowners with low or moderate income and live in a residence with a current value assessment at or below \$400,000. The annual budget of the program is \$300,000.<sup>11</sup>

Currently, Newmarket seniors are receiving a higher percentage of the available funds than the population would indicate. Newmarket composes approximately 9 percent of York Region's population; however, Newmarket's seniors received 19 percent of the home repair grants.

**Summary Table**

The following table illustrates the benefits available for a senior couple over 65 when both are pensioners. It is important to note that benefits for single seniors would be different than those for a couple.

Also, it would not be appropriate to total all the government programs to determine total benefits. Some programs decrease in benefits as income increases while the Canada Pension Plan payments, for example, increase as one's income is higher during their working years.

**Table 2: Benefits available to senior couples when both are pensioners.**

Program	Annual Benefit	Offered By	Income Criteria	
			Maximum Full Benefit Private Income <sup>a</sup>	Maximum Allowable Private Income <sup>b</sup>
Canada Pension Plan <sup>12</sup>	\$14,654 <sup>c</sup>	Government of Canada	n/a	
Old Age Security <sup>13</sup>	\$ 13,530	Government of Canada	\$ 70,954.00	\$ 114,815.00
Guaranteed Income Supplement <sup>14</sup>	\$ 12,165	Government of Canada	\$ -	\$ 22,559.99
Pension Income Splitting <sup>15</sup>	Varies	Government of Canada	Must have a marginal income tax difference between spouses	
Senior Homeowners' Property Tax Grant <sup>16</sup>	\$ 500	Government of Ontario	\$ 35,000	\$ 50,000
Ontario Trillium Benefit <sup>17</sup>	\$ 1,131	Government of Ontario	\$ 32,437	\$ 87,837
Guaranteed Annual Income System <sup>18</sup>	\$ 996	Government of Ontario	\$ -	\$ 3,984
Healthy Homes Renovation Tax Credit <sup>19</sup>	\$1,500 <sup>d</sup>	Government of Ontario	n/a	
Property Tax Deferral for Eligible Seniors <sup>20</sup>	\$ 160 <sup>e</sup>	York Region	n/a	
Home Repairs for Independent Living <sup>21</sup>	\$ 7,500 <sup>f</sup>	York Region	40th Percentile of Income or Under	
Tax Assistance to Elderly Homeowners <sup>22</sup>	\$ 274	Town of Newmarket	Participate in Guaranteed Income Supplement	
Water and Sewer Rebate <sup>23</sup>	\$ 288	Town of Newmarket	Participate in Guaranteed Income Supplement	

<sup>a</sup> The maximum private income the participant may have before the benefit declines as income increases.

<sup>b</sup> The maximum income the participant may have before they no longer receive any benefit.

<sup>c</sup> Average CPP Benefit.

<sup>d</sup> Receive tax credit of 15% of renovations costing up to \$10,000 per year.

<sup>e</sup> Based on the average Newmarket Residential Current Value Assessment.

<sup>f</sup> May only participate twice.



## Seniors' Financial Well-Being

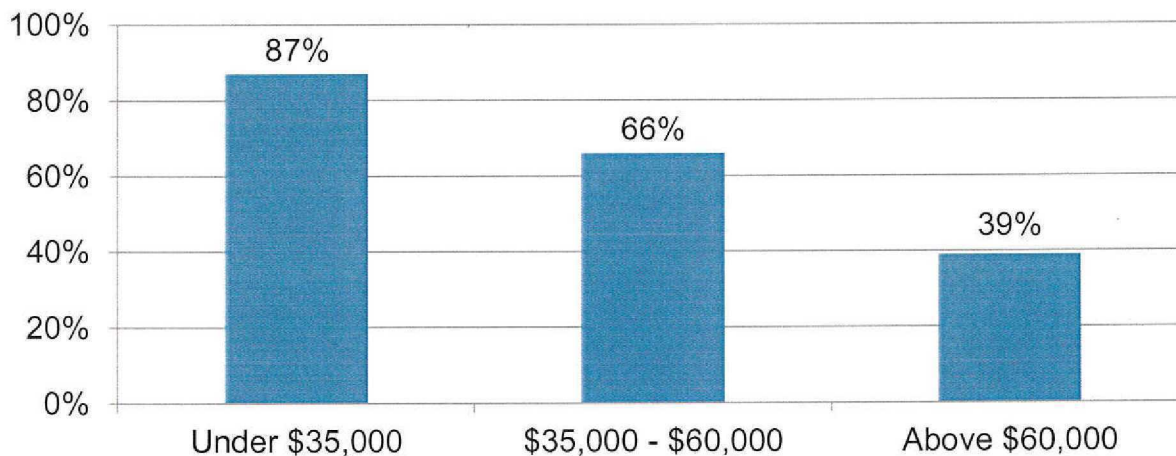
### Effect of Government Programs

What do the government transfers mean for Newmarket seniors; that is, how do the programs affect their bottom line? This question was answered in part by a 2010 report prepared by Russell Investments, which estimated how much of senior's essential expenses are covered by government benefit programs for different income groups. Essential expenses include costs related to shelter, food, transportation, health, clothing and others.

The report estimated 87 percent of essential expenses are covered by government transfers for those receiving an income of below \$35,000 per year, 66 percent of essential expenses are covered for those receiving an income between \$35,000 and \$60,000, and 39 percent of essential expenses are covered for those receiving an income above \$60,000. These statistics are illustrated in figure 2.

Canada Pension Plan, Old Age Security and Guaranteed Income Supplement are examples of government benefit programs; while Registered Retirement Savings Plan, pension, annuities, and investment income are not.

**Figure 2: Estimated Percent of Essential Expenses Covered by Government Transfers for Retirees between Ages 65 and 74, by income group.<sup>24</sup>**



### Poverty Rates

The financial situation of seniors has changed drastically over the past few decades. In the mid-1970s, nearly 30 percent of seniors were considered 'poor', as defined by Statistics Canada's low-income cut-off. In 2013, this had fallen to 5.2 percent. In 1976, median income for senior households was 41 percent of the national average. Today, it's 67 percent.

Seniors once faced the highest rates of poverty in Canada; now they experience the lowest rate of any age group. The poverty rate among seniors is almost half that of working-age Canadians. Interestingly, thanks to the current government support programs, the poorest seniors receive more income in retirement than they did when they were of working age.<sup>25</sup>



## **Housing Affordability**

Housing affordability helps determine whether seniors can stay in their homes. One measure of housing affordability is the percentage of an individual's or a family's income that is used to pay for housing.

In York Region, 28 percent of senior households spent 30 percent or more of their gross income on shelter costs, which is the definition of unaffordable housing used by the Canadian Mortgage and Housing Corporation (CMHC), and a further 10 percent of senior households spent 50 percent or more of their gross income on shelter costs. For comparison purposes, 26 percent of baby boomers spent 26 percent or more of their gross income on shelter costs and 12 percent of baby boomer households spent 50 percent or more of their gross income on shelter costs.<sup>26</sup>

Baby boomers and seniors in York Region score 10% worse than the provincial average in housing affordability. Housing affordability statistics in York Region for younger age groups than baby boomers were not found, but it is thought that they would experience a similar trend. It appears housing affordability is a problem for all age groups.

## **Policy Consideration**

### **Legal Authority to Provide Grants and Exempt Taxes**

The Town of Newmarket is not authorized to pass a by-law providing for deferrals or cancellation of property taxes according to s.319 of *the Municipal Act, 2001*. This is an upper-tier and single-tier municipal responsibility. As previously mentioned, the Town administers the Region's tax deferral program. Any changes in the current tax deferral program must be approved by Regional Council. Nevertheless, the Town of Newmarket is authorized under section 107 of the *Municipal Act, 2001* to provide grants.<sup>27</sup>

## **Policy Options**

### **1. Expanding the Tax Assistance Program to Renters**

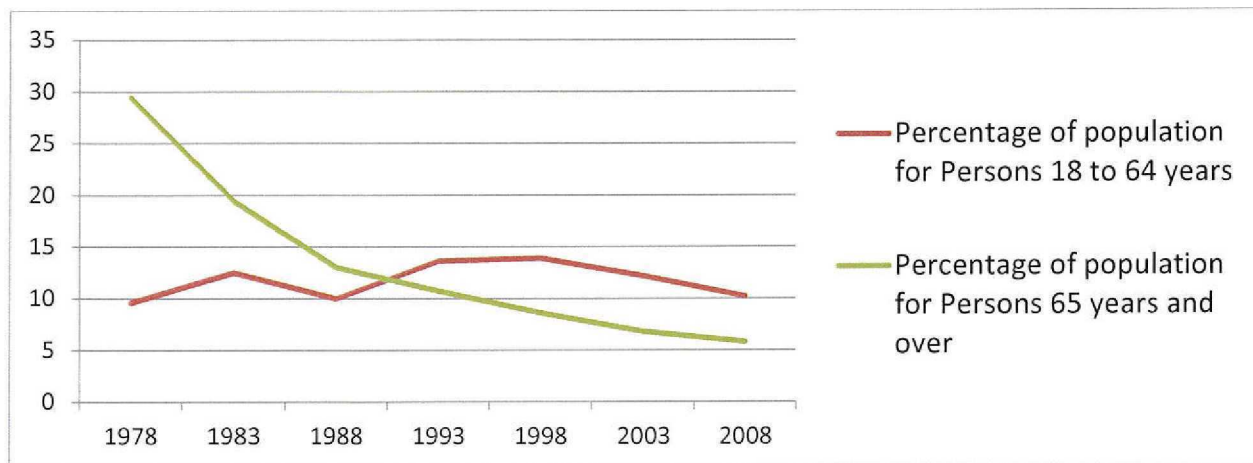
Seniors who live in rental units are twice as likely to be in core housing need as the national average for seniors. One of the measures of core housing need is housing affordability. An expansion of the tax assistance program to renters would make the program more equitable, much like how the Town has expanded the Water and Wastewater Rebate to renters. However, expanding the tax assistance program is more complicated and requires further research to determine the best way of expanding the program.

The method for calculating this cost was to take the population of Newmarket's seniors, 8,895, and multiply the population by the senior poverty rate, 5%. The result was that 445 seniors are below the poverty line. The average senior household size in Newmarket is estimated to be 1.5 people. To find the total number of households below the poverty line, the number of seniors below the poverty line, 445 was divided by the number of seniors per household, 1.5, which resulted in 297 households. To determine the total cost of the program, the number of families below the poverty line was multiplied by the rebate of \$284 per year, which resulted in \$84,000 per year.

## 2. Creating Direct Income Tested Criteria to Include All Low Income Residents.

The Town's current water and wastewater rebate program seeks to help all low income residents to afford their utility bill. The program, however, does not fully meet this aim – the support programs target largely seniors even though non-seniors are twice as likely to live in poverty as shown in figure 3.

**Figure 3 Persons with incomes below the after tax low income cut-offs, by selected age groups, Canada, 1978 to 2008<sup>28</sup>**



To assist residents in affording their utility bills, a more appropriate measure would be to offer financial support to residents using a means test criteria rather checking for enrollment in certain programs. The Town of Newmarket offers a few means tested benefit programs. Each of them requires their own application. While each program requires proof of income, different programs require proof through different types of documentation (e.g. Guaranteed Income Supplement, Ontario Works, Notice of Assessment, etc.). This can add unneeded complexity for both the applicant and the Town's administration.

Moreover, for one to be enrolled in Ontario Works is much more difficult as a working age adult than to be enrolled in Guaranteed Income Supplement as a senior even if private income is the same in both scenarios. This is, in part, why 96% of all participants of the water and wastewater rebate program are seniors.

The cost of establishing direct income testing will be the increase of eligibility of the non-senior cohorts for the rebate program. Since the 18 to 64 age cohort is more populous than the 65 plus cohort, it is estimated that the cost of the program will increase from \$30,000 per year to \$833,000.

The method for calculating this cost was to take the population of Newmarket, 87,900, and multiply the population by the poverty rate, 10.2%. The result was that 8,966 people are below the poverty line. The average household size in Newmarket is 3.1 people. To find the total number of households below the poverty line, the number of people below the poverty line, 8,699, was divided by the number of people per household, 3.1, which resulted in 2,892 households. To determine the total cost of the program, the number of families below the poverty line was multiplied by the rebate of \$288 per year, which resulted in \$833,000 per year.



The Town currently uses income data to determine the eligibility of low income seniors between the ages of 55 to 64. Halton Region, for example, uses the Notice of Assessment prepared by Revenue Canada as a means of verifying one's exact income.<sup>29</sup> The Notice of Assessment is received after the taxpayer files their tax return and the return is reviewed by the Canada Revenue Agency. It is a two page document, showing the taxpayer's name and social insurance number, tax year, and tax centre. It will then provide a summary of income, deductions, credits, taxes previously paid, etc.<sup>30</sup> With a notice of assessment, income is relatively easy to verify.

### 3. Implementing a Marginal Rate for Benefits

The current set up either provides a full grant to seniors, or it does not. This can be perceived as inequitable as those who saved to draw money from their RRSPs later in life may be punished for falling just above the cut off income. Therefore, to reward those that saved, there could be a decreasing benefit as incomes rise.

Below is an example structure of a marginal grant rate for a senior couple in Table 2. It shows what the couple could receive from the municipal levels of government based on income.

**Table 3: Possible marginal grant schedule for senior couples by after-tax income.**

	\$25,500 and below	\$26,500	\$27,500	\$28,500	\$29,500	\$30,500	\$31,500
Tax Assistance Program	\$274	\$228	\$182	\$137	\$91	\$45	\$ -
Water and Sewer Rebate	\$288	\$240	\$192	\$144	\$96	\$48	\$ -
Total	\$562	\$468	\$374	\$281	\$187	\$93	\$ -

The cost of the implementing the marginal rate depends on when the income starts to decrease.

### 4. Consider Whether Tax Assistance Should Add To or Replace the Tax Deferral Program

According to the finance report which established Newmarket's Tax Assistance program, a homeowner who participates in the regional tax deferral program and is eligible for the tax assistance program will have the grant applied to the deferral portion of taxes thus reducing the deferral amount.<sup>31</sup> Since the tax assistance grant is greater than the average deferral amount, the amount differed would be immediately paid off through the assistance program, making the deferral program meaningless to virtually all participants.

It is not clear whether the original intention of the tax assistance program was to replace the deferral program. The Town may want to consider making the tax assistance program additive to the deferral rather than cancel it out. An amendment could be made that the tax assistance

grant goes to any outstanding amount owing except the amount deferred through the deferral program.

For historical perspective, the tax assistance program was originally offered the by the Town of Newmarket to fill in the gap when the Government of Ontario cut its equivalent program. Since then, the program was brought back by the province in 2009 with a \$250 annual grant and was doubled in 2010 to \$500.<sup>32</sup> The grant is ongoing today.

## **5. Promoting the Financial Programs**

Given the low participation levels of the financial assistance program, there may be a lack of awareness of them. In the past, the Town of Newmarket developed a promotion plan. Currently, every year the Town sends a brochure to every taxpayer explaining their municipal taxes, which includes an outline of what service rebate programs are available. To build on this, it is recommended that the Town have a separate webpage just for seniors, to ensure that all the financial programs offered by the different levels of government are listed to help them.

A Guide to Programs and Services for Seniors in Ontario published by the provincial government is a comprehensive document that informs the reader of the many programs offered to seniors within Ontario.<sup>33</sup>

The cost of the program depends on how effective the promotional campaign is on enrolling new participants in the town's financial support programs. A 10% increase in enrollment in the tax deferral program and the water and wastewater rebate program represents approximately a \$3,000 dollar annual cost increase to the Town.

## **6. One Application Process**

Having one application for all income tested benefits can help reduce paperwork for the applicants. By having applicants provide the appropriate information and indicating which programs they wish to participate in, one application can be sufficient. Having one application would also raise awareness of the other income-tested programs. There would be no budget impact for implementing a one application system.

## **Conclusion**

In conclusion, a large majority of seniors wish to remain in their current homes. Thanks in part to government benefit programs, seniors once faced the highest rates of poverty in Canada; now they experience the lowest level of any age group. The Town of Newmarket and York Region both offer programs to further assist seniors financially. This report provided policy considerations to help improve the fairness, effectiveness and efficiency of the current programs.

---

## **References**

<sup>1</sup> "Beyond 50.05A Report to the Nation on Livable Communities: Creating Environments for Successful Aging. AARP. Accessed from [http://assets.aarp.org/rgcenter/il/beyond\\_50\\_communities.pdf](http://assets.aarp.org/rgcenter/il/beyond_50_communities.pdf)



- 
- <sup>2</sup> "Beyond 50.05A Report to the Nation on Livable Communities: Creating Environments for Successful Aging. *AARP*. Accessed from [http://assets.aarp.org/rgcenter/il/beyond\\_50\\_communities.pdf](http://assets.aarp.org/rgcenter/il/beyond_50_communities.pdf)
- <sup>3</sup> Update on the Development of the York Region Seniors Strategy. *York Region*. Accessed from <http://www.york.ca/wps/wcm/connect/yorkpublic/c7052d66-a975-41d3-8c17-585aafa88186/jan+9+update+ex.pdf?MOD=AJPERES>
- <sup>4</sup> Pension Payment Amounts. *Service Canada*. Accessed from <http://www.servicecanada.gc.ca/eng/services/pensions/cpp/payments/>
- <sup>5</sup> Ontario Senior Homeowners' Property Tax Grant. *Government of Ontario*. Accessed from <http://www.fin.gov.on.ca/en/credit/shptg/>
- <sup>6</sup> Ontario Energy and Property Tax Credit. *Government of Ontario*. Accessed from <http://www.fin.gov.on.ca/en/credit/oeptc/index.html>
- <sup>7</sup> Gains Benefit Rates 2015. *Government of Ontario*. Accessed from <https://www.ontario.ca/data/guaranteed-annual-income-system-benefit-rates>
- <sup>8</sup> CHIP Reverse Mortgage Plan for Canadian Seniors. *CHIP Reverse Mortgages*. Accessed from <https://www.chip.ca/>
- <sup>9</sup> Application for Property Tax Deferral. *Town of Newmarket*. Accessed from <http://www.town.newmarket.on.ca/en/townhall/resourcelibrary/SeniorsDeferralForm.pdf>
- <sup>10</sup> Application for Property Tax Deferral. *Town of Newmarket*. Accessed from <http://www.town.newmarket.on.ca/en/townhall/resourcelibrary/SeniorsDeferralForm.pdf>
- <sup>11</sup> Updating the York Region Home Repair Program. *York Region*. Accessed from <http://www.york.ca/wps/wcm/connect/yorkpublic/a6584d4a-534c-418a-bc99-19524bffa2e7/nov+13+updating+ex.pdf?MOD=AJPERES>
- <sup>12</sup> Canada Pension Plan payment amounts. *Government of Canada*. Accessed from <http://www.servicecanada.gc.ca/eng/services/pensions/cpp/payments/>
- <sup>13</sup> Old Age Security payment amounts. *Service Canada*. Accessed from <http://www.servicecanada.gc.ca/eng/services/pensions/oas/payments/index.shtml>
- <sup>14</sup> Old Age Security payment amounts. *Service Canada*. Accessed from <http://www.servicecanada.gc.ca/eng/services/pensions/oas/payments/index.shtml>
- <sup>15</sup> Pension Income Splitting. *Canada Revenue Agency*. Accessed from <http://www.cra-arc.gc.ca/pensionsplitting/>
- <sup>16</sup> Ontario Senior Homeowners' Property Tax Grant. *Government of Ontario*. Accessed from <http://www.fin.gov.on.ca/en/credit/shptg/>
- <sup>17</sup> Ontario Energy and Property Tax Credit. *Government of Ontario*. Accessed from <http://www.fin.gov.on.ca/en/credit/oeptc/index.html>
- <sup>18</sup> Guaranteed Annual Income System benefit rates. *Government of Ontario*. Accessed from <https://www.ontario.ca/data/guaranteed-annual-income-system-benefit-rates>

- 
- <sup>19</sup> Healthy Homes Renovation Tax Credit. Government of Ontario. Accessed from <http://www.ontario.ca/seniors/healthy-homes-renovation-tax-credit>
- <sup>20</sup> Application for Property Tax Deferral. *Town of Newmarket*. <http://www.newmarket.ca/en/townhall/resourcelibrary/SeniorsDeferralForm.pdf>
- <sup>21</sup> Updating the York Region Home Repair Program. *York Region*. Accessed from <http://www.york.ca/wps/wcm/connect/yorkpublic/a6584d4a-534c-418a-bc99-19524bffa2e7/nov+13+updating+ex.pdf?MOD=AJPERES>
- <sup>22</sup> Application for Property Tax Deferral. *Town of Newmarket*. Accessed from <http://www.town.newmarket.on.ca/en/townhall/resourcelibrary/SeniorsDeferralForm.pdf>
- <sup>23</sup> Utility (Water and Wastewater) Rates. Town of Newmarket. Accessed from <http://www.newmarket.ca/en/townhall/utilitywaterandsanitarysewerratess.asp>
- <sup>24</sup> Spending Pattern in Retirement. *Russell Research*. Accessed from [http://www.russell.com/ca/RSP\\_2010\\_Video/pdf/spending\\_patterns\\_in\\_retirement\\_advisor.pdf](http://www.russell.com/ca/RSP_2010_Video/pdf/spending_patterns_in_retirement_advisor.pdf)
- <sup>25</sup> Why Seniors Shouldn't Get Discounts. *Maclean's*. Accessed from <http://www.macleans.ca/politics/why-seniors-shouldnt-get-discounts/>
- <sup>26</sup> Update on the Development of the York Region Seniors Strategy. *York Region*. Accessed from <http://www.york.ca/wps/wcm/connect/yorkpublic/c7052d66-a975-41d3-8c17-585aafa88186/jan+9+update+ex.pdf?MOD=AJPERES>
- <sup>27</sup> Municipal Act, 2001. *Government of Ontario*. Accessed from [http://www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_01m25\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_01m25_e.htm)
- <sup>28</sup> The State of Public Health in Canada: Growing Older - Adding Life to Years. *Public Health Canada*. <http://www.phac-aspc.gc.ca/cphorsphc-respcacsp/2010/fr-rc/cphorsphc-respcacsp-06-eng.php#c3-4>
- <sup>29</sup> Property Taxes. *Halton Region*. Accessed from <http://www.halton.ca/cms/one.aspx?portalId=8310&pageId=20501>
- <sup>30</sup> "Notice of Assessment Definition". *First Foundation*. Accessed from <http://www.firstfoundation.ca/mortgage-glossary/notice-assessment/>
- <sup>31</sup> Finance Report 2005-31 –Property Tax Assistance for Seniors. *Town of Newmarket*
- <sup>32</sup> Ontario senior homeowners' property tax grant. *Government of Ontario*. Accessed from [http://www.cra-arc.gc.ca/bnfts/rltd\\_pgrms/ntr-eng.html](http://www.cra-arc.gc.ca/bnfts/rltd_pgrms/ntr-eng.html)
- <sup>33</sup> A Guide to Programs and Services for Seniors in Ontario. *Government of Ontario*. Accessed from <http://www.seniors.gov.on.ca/en/resources/seniorsguide/English.pdf>





**Mike Mayes, Director  
Financial Services/Treasurer**

TOWN OF NEWMARKET  
395 Mulock Drive  
P.O. Box 328  
Newmarket, ON L3Y 4X7

www.newmarket.ca  
mmayes@newmarket.ca  
905.895.5193 ext. 2102

June 15, 2015

## **CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2015-39**

**TO:** Mayor Tony Van Bynen and Members of Council  
Committee of the Whole

**SUBJECT:** Capital Financing Sustainability Strategy Update

**ORIGIN:** AMCTO Intern

### **RECOMMENDATION**

**THAT Corporate Services Report – Financial Services 2015-39 dated June 15, 2015 regarding the Capital Financing Sustainability Strategy Update be received.**

### **COMMENTS**

#### ***Purpose***

The purpose of this report is to provide Committee with an update on the implementation of the recommendations made by Hemson Consulting in the Capital Financing Sustainability Strategy in order to assist with long-term capital budget planning.

#### ***Background***

The Town of Newmarket has been proactive in addressing the need to have funds available to replace capital assets as they age. A number of projects, studies, and actions have occurred to support the proper management of the Town's asset inventory, a selection of which is presented below.

- **1998** – Asset Replacement Fund (ARF) created with the goal of financing replacement of capital assets
- **2009** – Corporate and Financial Services Report 2009-38 presented estimates for the future needs of the ARF and indicated a need for increased asset replacement funding to maintain existing capital assets
- **2009** – Corporate and Financial Services Report 2009-44 presented options on how to phase-in increases to ARF financing
- **2012** – Corporate Services Information Report 2012-12 presented the major drivers affecting the water and wastewater rates projected in the 6-year financial plan
- **2012** – Capital Financing Strategy/ARF Study commissioned from Hemson Consulting
- **2013** – Financial Services Report 2013-14 presented the requirement of annual tax increases to fund scheduled capital replacements

- **2013** – Financial Services Report 2013-18 presented the infrastructure funding gap forecast to rise from \$25.7 million in 2013 if infrastructure funding was not increased
- **2014** – Final version of Hemson's Capital Financing and Asset Replacement Fund Study Part 1 presented the need for annual infrastructure levy tax increases of between 0.85% and 1.8%
- **2014** – New development charges bylaw adopted, setting development charges across the Town to be levied to cover future growth-related capital costs
- **2014** – Part 2 of Hemson's study is presented to Council under Joint CAO/Corporate Services Report – Financial Services 2014-05, laying out the Capital Financing Sustainability Strategy
- **2014** – First Town of Newmarket Asset Management Plan (AMP) prepared in December and presented in Joint Development and Infrastructure Services Commission, Corporate Services Commission and Office of the CAO Information Report 2014-10
- **2015** – Work of the Asset Management Committee continues

### ***Analysis***

There are 10 key recommendations in the Capital Financing Sustainability Strategy Report produced by Hemson Consulting. Several of these recommendations contain multiple proposals within them, and are best understood by dividing their various elements for easy comprehension as identified in Appendix 1 to this report.

Some recommendations are distinct projects with clearly visible outputs such as an asset management report card. Others are changing or maintaining practices like carry-forward projects or classifying capital expenditures. Still other recommendations are significant projects that require changes to corporate and Council practices such as the implementation of a 10-year capital budget or a robust asset management system.

Recommendations in the table (Appendix 2 - attached to this report) are classified under one of three status types. These classifications reflect the nature of many proposals, which are not projects that are either complete or incomplete, but rather complex changes of process and paradigm that must be integrated into existing business practices:

- projects that are fully integrated into existing processes are marked as **implemented**;
- projects that are underway but not fully implemented are marked as **in progress**;
- projects that are under review are marked as **planned**.

### **STRATEGIC PLAN LINKAGES**

This report links to Newmarket's key strategic direction in being Well Managed through fiscal responsibility.

This report links to Council's strategic priority of efficient financial management by supporting effective and efficient services.

### **CONSULTATION**

In preparation of this report, consultations were held with various internal staff on the status of Hemson's recommendations. The supporting reports referenced in this report involved further consultations with various other stakeholders.



## **HUMAN RESOURCE CONSIDERATIONS**

Not applicable to this report.

## **BUDGET IMPACT**

### Operating and Capital Budgets (Current and future)

The implementation of the various recommendations in the Hemson report and their respective budget impacts have been previously reported on as they have been approved and future actions to implement the remaining recommendations will continue to be reported on as they are proposed.

The 2015 budget allocated the Ontario Community Infrastructure Fund grant of \$317,700 to the Asset Management Plan.

## **CONTACT**


For more information on this Report, contact Ted Horton, AMCTO Intern by dialing 905-953-5300, ext. 2049 or via e-mail at [thorton@newmarket.ca](mailto:thorton@newmarket.ca)



Ted Horton  
AMCTO Intern



Mike Mayes  
Director, Financial Services/Treasurer



Anita Moore, AMCT  
Commissioner, Corporate Services

TH/nh

### Attachments:

Appendix 1 – Capital Financing Sustainability Strategy Update (3 pgs.)

Appendix 2 – Asset Replacement Fund Graph (1 pg.)

## Appendix 1– Capital Financing Sustainability Strategy Update

RECOMMENDATION	EXPLANATION	NOTES	STATUS
1	Dynamic Asset Inventory	Initial inventory has been established through the Asset Management Plan, which is available for perusal on the Town website.	In progress
	<ul style="list-style-type: none"> <li>Create a single centralized asset system</li> </ul>	Independent systems for roads, bridges and culverts, and water/wastewater systems contain data related to lengths, condition, and asset value. The Asset Management Steering Committee is reviewing software requirements to better link data sets.	Planned (Date TBD)
	<ul style="list-style-type: none"> <li>Extend asset data</li> </ul>	Roads inventory is complete and is inspected on a 5-year cycle as identified in the Roads Needs Study.	Implemented
		Bridges and culverts inventory is complete and inspections occur on a 2-year cycle.	Implemented
		An initial inventory of the water and wastewater pipes has been completed in the Town's GIS system. Work is underway to improve the condition rating data.	In progress
2	Software Asset Management System	Other types of assets are managed through separate processes. These will progressively be integrated with the Asset Management Plan.	Planned (Date TBD)
		The Asset Management Committee will review software requirements. This is a potential collaboration opportunity identified in the ongoing N6 Shared Services Review.	Planned (Date TBD)
3	Report Cards	Potential formats and audiences have been discussed internally. The Asset Management Committee is reviewing report card requirements.	Planned (Date TBD)



4	10-Year Capital Budget	Integrate a 10-year capital forecast into the budget for Council review. Include an estimate of the potential operating impact of major capital projects; estimate and identify annual tax and rate impacts relating to replacement.	The development of such a budget is on the workplan of the Budget Coordination Committee. The 2016 budget will include a 10-year capital and 4-year operating outlook.	In progress
5	Three Categories of Capital Budget	Establish three general capital funding categories: Growth, Enhancement, Repair & Replacement.	These designations are currently used in the Asset Management Plan. In the 2015 Capital budget these terms were used to break down proposed capital expenditures.	Implemented
6	Stormwater Rate	Recommend that the Town implement a Storm Water Utility Rate.	Staff report underway, recommendations to come forward to Council for potential implementation in 2016.	In progress
7	Corporate Debt Policy Review	The existing debt policy is well established and contains many good components but should be reviewed and updated to reflect the current position of the Town.	Current policy limits debt but lacks definition to set principles for when debt and reserve fund borrowing should be used and. Policy is currently under review and a report will be presented to Council in 2015.	In progress
8	Follow Investment Strategy	Consider investing in projects that can earn a better return on investment or future budget savings	Policy has been successfully implemented, including investments in solar panels and LED streetlights.	Implemented
9	<b>Other Key Recommendations</b>			
	Department reviews	Continue to undertake and enhance department specific asset reviews with a focus on condition rating. Continue ARF reporting, roads needs studies, building assessments, water and sewer condition assessments and CCTV inspections.	Initial condition review completed as part of development of the Asset Management Plan. Plans are underway to improve condition assessments for assets where data is needed. In the 2015 budget additional funding was included for water and wastewater condition assessments.	In progress
	Carry-forward projects	Review projects that are budgeted for, approved, and not completed and reassign funds if projects are no longer required.	Carry-forward projects are already evaluated on an annual basis. A more robust review process will be integrated with the development of a 10-year capital budget.	In progress
	Reserves	Merge outdated, small or infrequently used capital reserves with the ARF or other reserves.	Reserves were reviewed. Policy development on reserve funds is under way; recommendations will come forward to Council in 2015.	In progress

Asset Replacement Fund	Continue to apply ARF funding to departments based on prioritized needs and borrow between reserves as needed.	ARF funding is allocated to departments based on prioritized needs and borrowing between reserves occurs regularly. Policy related to use of ARF will be developed in 2015.	Implemented / In Progress
Level of Service (Condition of capital assets)	Establish service level targets to assist with funding decisions.	The Asset Management Plan is based on the current service levels. Community expectations of the desired service levels will continue to be gauged.	In progress
Water and wastewater financial plan	Continue to follow the targets outlined in the Water and Wastewater Financial Plan. A longer term target of 80% of accumulated amortization should be achievable by 2020 Criteria include: <ul style="list-style-type: none"> <li>• It is a local, regional or provincial priority;</li> <li>• will it improve productivity or capacity;</li> <li>• will it reduce operating costs or produce operating revenue;</li> <li>• is it provincially mandated;</li> <li>• will it advance objectives related to environmental or fiscal sustainability;</li> <li>• will it improve quality of life and safety</li> </ul>	The Town is on track to meet this target, and the water and wastewater master plans are in the process of being updated.	Implemented
Consider criteria prior to approval of an "enhancement project"		Capital budget projects were considered and classified based on their principal funding source. Further integration of the criteria proposed by Hemson is to be considered in future budgets, but there remains a need to standardize the criteria.	In progress
Annual Tax Rate Increase for Asset Replacement (Infrastructure Levy)	Consider adopting annual tax rate increases of 0.85% to 1.8% to address the capital requirements of the Town as part of a long-term fiscal sustainability strategy.	Currently considered annually through the budget process on an individual basis each year, but not as a matter of policy. See Appendix 2 for more information on historical contributions to ARF.	In progress



## Appendix 2 – Asset Replacement Fund Graph

This presents the amounts contributed to the tax-supported ARF, the water & wastewater ARF, and the total amount contributed to the ARF annually. The tax levy increase includes the overall tax change each year. Beginning in 2013, which was the first year to have a dedicated infrastructure levy, the ARF infrastructure levy is depicted independently of the tax levy increase. It should be noted that the outlying tax increases in 2002 and 2003 were due in large part to changes in what costs were recovered through local property taxes – namely, streetlighting was added in 2002 and garbage collection was removed in 2003.

