

Special Committee of the Whole (Budget) December 10, 2018

Presenters:

Mike Mayes

Cindy Wackett

Dawn Schellenberg

Kevin Yaraskavitch

Liz Tcheskis

Topics to be Covered

1. Financial Sustainability update
2. 3rd quarter results
3. 2019 fees and charges
4. 2019 Budget
 - a) Interim Appropriation
 - b) Proposed Schedule
 - c) Budget Engagement
 - d) Methodology
 - e) Targets



Financial Sustainability Update

The 5 pillars are:

1. Reserves & Reserve Funds
2. Debt
3. Investments
4. Asset Management
5. Revenues



Reserves & Reserve Funds Background

- They are operating surpluses set aside for future purposes:
 - Either as a contingency or as savings towards a future expenditure
 - i.e. Rate stabilization against future spikes
- Reserve & Reserve Fund and Asset Replacement Fund Policies were adopted in 2018.



Total Reserves & Discretionary Reserve Funds as a % of Operating Expenses



	2013	2014	2015	2016	2017
Newmarket	48.7%	43.2%	37.9%	43.7%	46.1%
Median	47.3%	46.3%	51.1%	52.7%	58.2%
Average	52.5%	52.0%	55.7%	58.0%	59.5%



Asset Replacement Funds as a % of Accumulated Amortization

	2012	2013	2014	2015	2016	2017
Combined	8%	10%	9%	8%	9%	11%
Tax Supported	-5%	-4%	-7%	-10%	-8%	-10%
Rate Supported	46%	50%	53%	55%	58%	42%



ARF Contributions as a % of Amortization Expense



	2013	2014	2015	2016	2017
Combined	86%	88%	92%	106%	101%
Tax Supported	74%	85%	82%	81%	69%
Rate Supported	99%	94%	113%	212%	244%



Reserves & Reserve Funds Looking Forward



- Reconfiguration of The Elman Campbell Museum Fund is recommended in Financial Services Report 2018-77 (item 3.1.3)
- Strategies will be proposed in 2019 to implement the Reserve and Reserve Fund Policy and the Asset Replacement Fund Policy



Debt Background



- Revised debt policy was adopted this year
 - no changes made to restrictions on debt
- July 16, 2018, the Town borrowed \$26 million to purchase the Mulock Estate
 - Funds from Infrastructure Ontario
 - 30-year debenture
 - Fixed interest rate of 3.49%



Debt Status



2012	2013	2014	2015	2016	2017	2018 projected
5.5%	5.3%	5.3%	4.9%	4.6%	4.5%	5.8%

Capacity to borrow another \$60 million



Debt

Looking forward

- The debt for the R.N. Shelton Operations Centre will be due for renewal in 2019.

This loan is recommended to be paid out –
See Financial Services Report dated
December 10, 2018 entitled Debt
Retirement (item 3.1.2)



Investments

- Policy & Strategy updated in 2018
- Incremental Income

2013	2014	2015	2016	2017	2018 Projected
\$59,767	\$221,951	\$244,299	\$417,522	\$279,223	\$160,000

- Moving towards multi-year capital budgeting will assist in achieving higher yields



Asset Management Plan (AMP)

Purpose



1. Facilitates efficiency and effectiveness for the capital program and related operating costs.
2. Includes consideration of risk management, service levels and condition assessments to inform capital investments.
3. Has a financing strategy to make it all happen.



Asset Management Looking forward

- Implementing Asset Management Strategy :
 - levels of service, conditions assessments, data inventories, processes and software
- Asset Management deadlines:
 - Asset Management Strategy, update on status to be provided in 2019
 - Asset Management Policy, update in 2021
 - AMP's core assets, July 1, 2021
 - AMP's remaining assets, July 1, 2023



Asset Management and the Budget

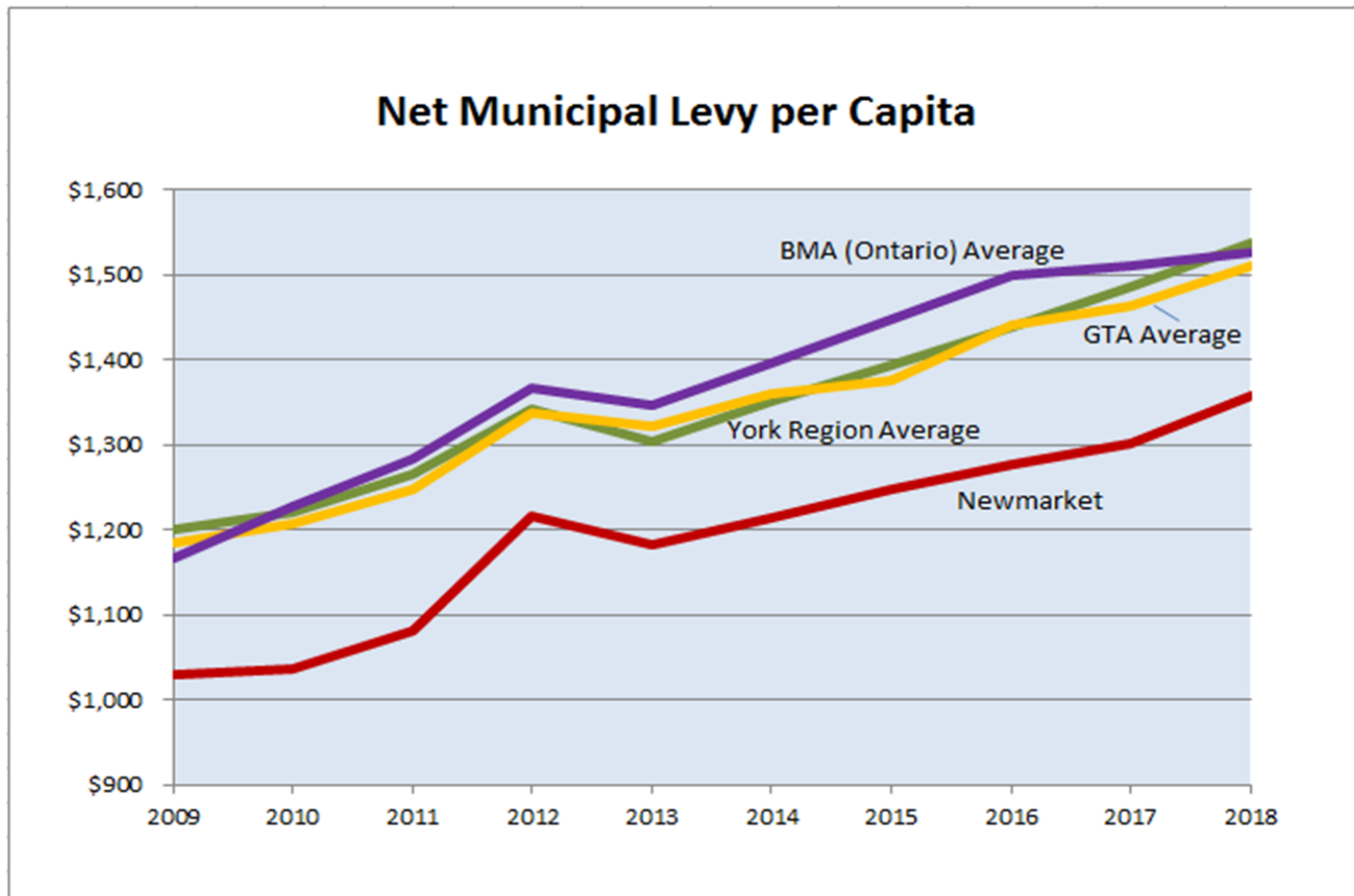


- Central York Fire Services (CYFS) AMP was approved in 2018 – it is the basis for CYFS' capital requests.
- Town's Development Charges (DC) By-law is being updated – target is September 2019. The background study will be the basis for future growth-related capital requests.



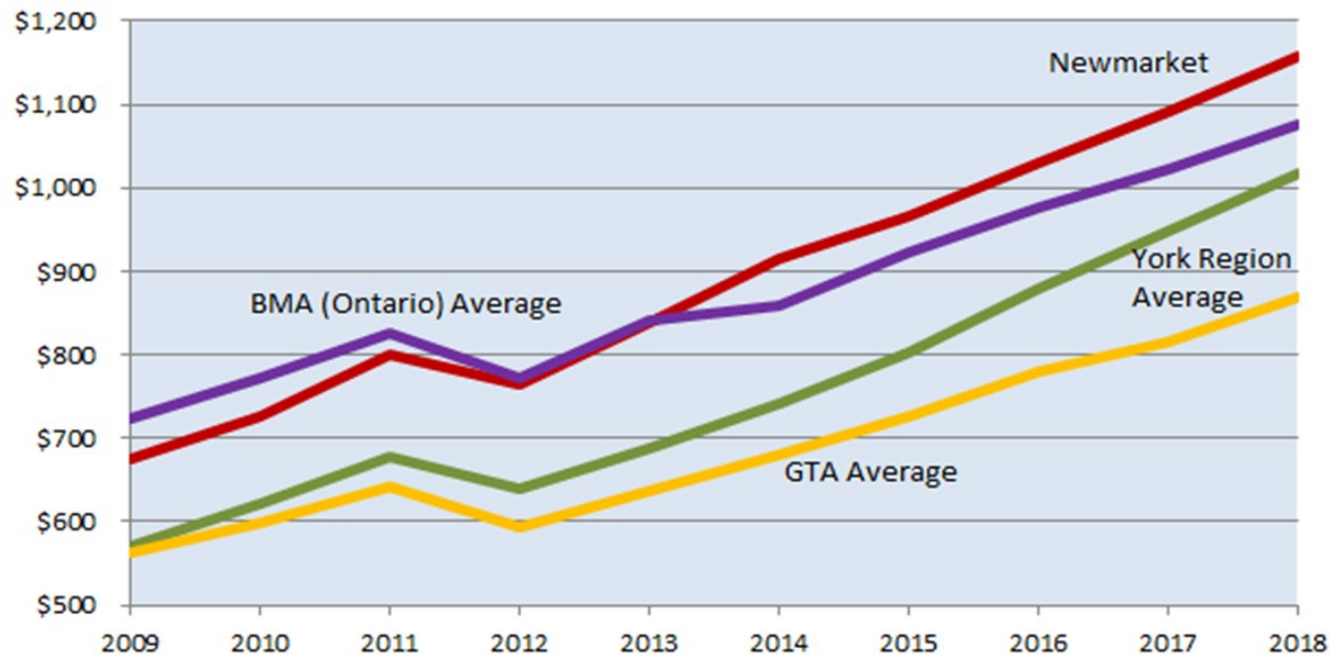
Revenues

Taxes below GTA average



Water/wastewater are at full cost recovery

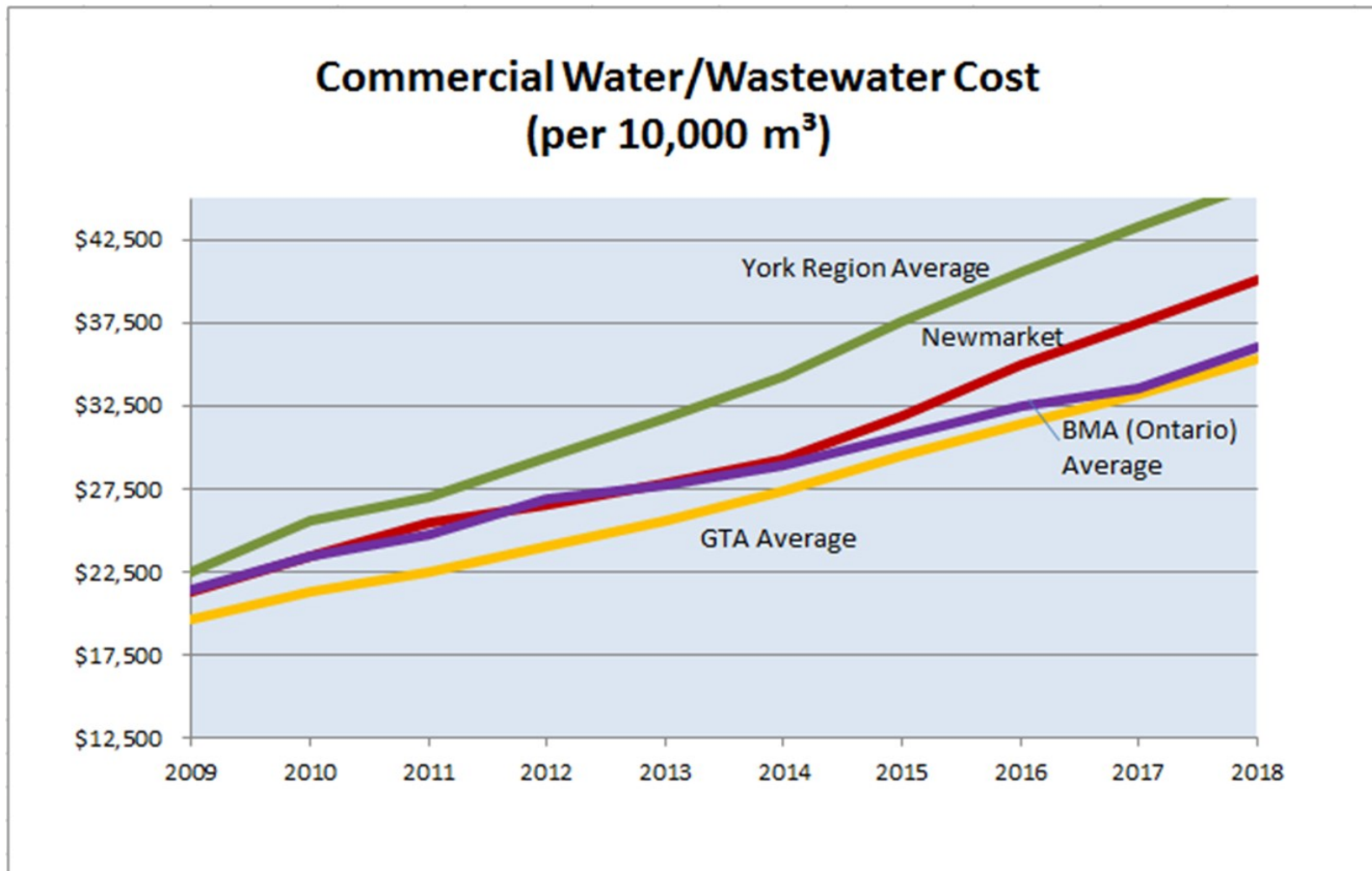
Residential Water/Wastewater Cost



Note: 2008 to 2011 represent average household water cost per 250 m³, while 2012 to 2018 represents cost per 200 m³.



Tiered rates will shift burden to major business users



3rd Quarter Results: Tax-supported projection

Financial Services Information Report 2018-36

Tax-supported - \$370,000 surplus

- Better than budget
 - Supplementary taxes
 - Gapping
 - Interest revenue
- Not on budget
 - Increased litigation costs
 - Higher “Bill 148” costs
 - Tax adjustments



3rd Quarter Results: Other projections



- Capital
 - Carryover could be up to \$16 million
- Water/wastewater
 - \$500,000 deficit due to flushing
- Stormwater
 - \$250,000 surplus to be transferred to ARF

Primary Q4 report in February/March

Final Q4 report in May, 2019



2019 Fees and Charges Overview



- Report 2018-78 (item 3.2.1) provides an overview
- Targets are:
 - Compliance with Service Pricing Policy
 - Increases limited to 2.8% unless there is a Council approved multi-year plan
- There are new fees.



2019 Fees and Charges Details



- Licensing Fees – 2018-31 (August 2, 2018)
 - Approved through delegated authority
- Water & Wastewater Rates – 2018-79 (3.2.2)
 - 5.1% increase to average residence
 - In accordance with the 6-year plans
 - Tiered rates are at 75% phase-in
- Stormwater Rates – 2018-80 (3.2.3)
 - 11.8% increase
 - In accordance with the 6-year plan



Water & Wastewater Rates

- Cost Drivers:
 - 9% increase in charges from the Region
 - Maintaining sustainability – reserves
 - Flushing
- 2019 increases will be below the regional average
- 6-year plans, adopted in 2018, will be revisited in 2019
 - funding strategy options to be considered



2019 Fees and Charges Details, continued



- Recreation & Culture Fees – 2018-81 (3.2.4)
 - Average Increase in under 2.8%
 - Individual increases range from 0% and up
- Building Permit Fees – 2018-42 (3.2.5)
 - No fee increase
- Planning Act Fees – 2018-82 (3.2..6)
- Fire Services – 2018-83 (3.2.7)
- General Fees – 2018-84 (3.2.8)
 - Generally increases at 2.8%



2019 Budget Interim Appropriation

- Report 2018-86 (3.3.2)
- Staff has delegated authority to spend pending approval of the 2019 budget
 - Up to \$64.7 million (50% of 2018)
 - Base budget expenditures only
 - No new initiatives
 - Capital carryovers
 - \$22.6 million from 2017
 - Incomplete projects approved for 2018
 - but no new Capital projects



2019 Budget Proposed Schedule

ACTIVITY	DATE
Community Engagement - Phase 1	January to March
Preliminary draft budget presented to Committee of the Whole	January 14
Special Committee of the Whole meetings for budget	January 28 February 4
Draft budget presented to Committee of the Whole	February 25
Council approval of the budget (target)	March 3

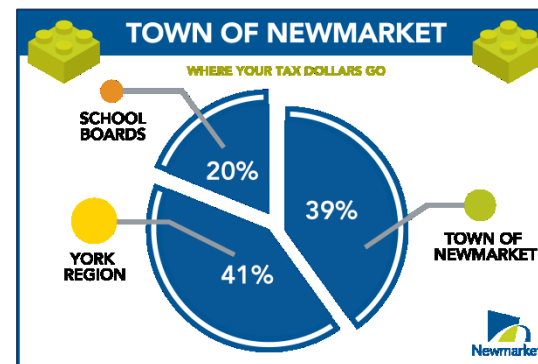


2019 Budget Engagement Objectives



Inform residents on the Town's budget process, where tax dollars go and the services the Town provides the community

WHAT THE BUDGET DELIVERS		
Monthly municipal tax breakdown vs. common costs, fees and expenses in 2018. <small>*Based on the average assessed home in Newmarket at \$572,500.</small>		
Community Programs and Events \$10.60 <small>per month</small> Compared to: A pair of Major League Baseball tickets for \$100	Public Library Services \$9.83 <small>per month</small> Compared to: Average hardcover book for \$24.95	Planning and Development Services \$10.56 <small>per month</small> Compared to: Planning/engineering consulting fees at approximately \$150/hour
Roads, Bridges and Sidewalks \$28.15 <small>per month</small> Compared to: Private snowplowing at \$30/hour	Fire and Emergency Services \$43.51 <small>per month</small> Compared to: There is no comparison for public safety	Facilities, Parks and Trails \$42.45 <small>per month</small> Compared to: A Family Day Pass at an amusement park for \$200
By-law and Licensing Services \$4.18 <small>per month</small> Compared to: Licence plate renewal for \$120/year	Waste Management \$9.70 <small>per month</small> Compared to: Private waste disposal (bin rental) \$265/week	Mulock Estate \$3.87 <small>per month</small> "Newmarket's new Central Park" 11.6 acres of land for recreational use in both the summer and winter months
How would you like to see your tax dollars invested? Tell us at newmarket.ca/2019budget		



Engage residents in the process through playing the “Put Your Money Where it Matters” budget game

PLAY OUR **2019 BUDGET GAME**
PUT YOUR MONEY WHERE IT MATTERS



2019 Budget Engagement

Tools and tactics



PRINT

2019 BUDGET

The Town of Newmarket is preparing the 2019 budget. The 2019 budget will focus on ensuring we meet the needs of our community now and in the future.

The Town will build the budget by:

Focusing on delivering top-quality programs and services to residents

Planning ahead to ensure we have the space, facilities and infrastructure we need for our future population

Getting your input on how you want to see your tax dollars invested

Learn about our budget process, play our 2019 budget game "Put Your Money Where it Matters" and give us your feedback by visiting newmarket.ca/2019budget. For a breakdown of how your tax dollars are invested at a glance, please see reverse.

WEBSITE/DIGITAL

COMMUNITY EVENTS

YOUR TOWN TAX DOLLARS AT A GLANCE

Monthly municipal tax breakdown vs. common costs, fees and expenses. This is based on the average assessed home in Newmarket at \$572,500.

<p>Community Programs and Events</p> <p>\$10.60 PER MONTH</p> <p><small>Compared to: A pair of Major League Baseball tickets for \$100</small></p>	<p>Public Library Services</p> <p>\$9.83 PER MONTH</p> <p><small>Compared to: Average hardcover book for \$24.95</small></p>
<p>Fire and Emergency Services</p> <p>\$43.51 PER MONTH</p> <p><small>Compared to: There is no comparison for public safety</small></p>	<p>Roads, Bridges and Sidewalks</p> <p>\$28.15 PER MONTH</p> <p><small>Compared to: Private snowplowing at \$50/hour</small></p>
<p>Planning and Development Services</p> <p>\$10.56 PER MONTH</p> <p><small>Compared to: Planning/engineering consulting fees at approximately \$150/hour</small></p>	<p>Facilities, Parks and Trails</p> <p>\$42.45 PER MONTH</p> <p><small>Compared to: A Family Day Pass at an amusement park for \$100</small></p>
<p>By-law and Licensing Services</p> <p>\$4.18 PER MONTH</p> <p><small>Compared to: License plate renewal for \$120/year</small></p>	<p>Waste Management</p> <p>\$9.70 PER MONTH</p> <p><small>Compared to: Private waste disposal (bin rental) \$25/week</small></p>

PLANNING FOR OUR FUTURE TODAY

MULOCK ESTATE TO BE TRANSFORMED INTO ICONIC COMMUNITY PARK

Earlier this year, the Town of Newmarket purchased the Mulock Farm/Estate located at the northwest corner of Mulock Drive and Yonge Street. The vision for the property is to transform the area into an iconic urban oasis and green space. The property will be used for recreational purposes year-round. Features could include land to accommodate walking trails, a one-kilometre skating trail throughout the site that could be programmed with lights, fire pits and market vendors, and an outdoor skating rink.

The cost of the property is \$24 million. So how will this affect your property taxes? This community development project will cost approximately \$46.44 per year for the average taxpayer over 30 years,* accounting for a 2.6 per cent increase on the tax base.

*Estimate based on the average assessed home in Newmarket.

WE WANT TO HEAR FROM YOU! GET INVOLVED

YOUR TAX DOLLARS. YOUR VOICE MATTERS.

The Town of Newmarket is focused on delivering top-quality services and programs to our residents. We will be looking for your feedback on the plans for the Mulock Estate and for the 2019 budget process.

HERE'S HOW YOU CAN GET INVOLVED:

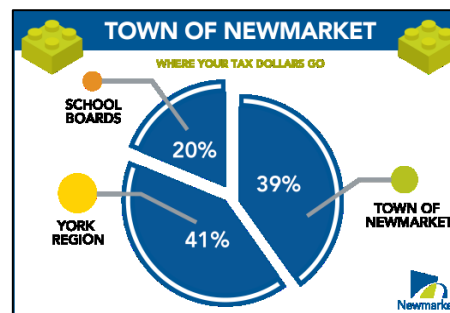
1 **GIVE us your feedback online**
Visit newmarket.ca/2019budget

3 **CONTACT your Council representative**
Your Councillor wants your input and feedback. You can find out what Ward you live in and your Councillor's contact information at newmarket.ca

2 **Public Budget Meetings**
ATTEND or VIEW ONLINE:
All meetings take place at the Municipal Office (295 Mulock Drive). Visit newmarket.ca for details.

4 **SPEAK with us at our Budget Booth at various events**
Visit newmarket.ca/2019budget for event details.

For more information, visit newmarket.ca/2019budget



2019 Budget Engagement

Game results



Facilities, Parks and Trails



22.3%

Community Programs and Events



15%

Fire and Emergency Services



13.9%

Roads, Bridges and Sidewalks



12.9%

Planning and Development Services



11.5%

Public Library Services



9.8%

Waste Management



7.6%

Satisfied with all services equally



4.4%

By-law and Licensing Services



2.6%

A total of
408
participants
played the game
online and at
events

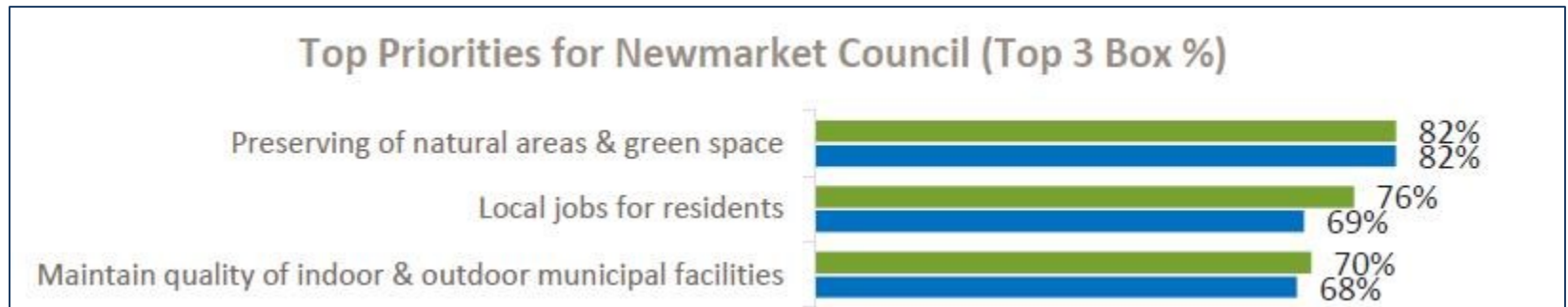


2019 Budget Engagement Trends



2018 Community Survey Results

- **85%** of residents surveyed indicated that they were receiving at least fair value for their tax payer dollars and user fees spent in support of Town services.
- Residents indicated that two of the top three priorities for Newmarket Council should be: preserving natural areas and **green space**; and maintaining quality of indoor and outdoor municipal **facilities**.



Source: 2018 Community Survey Results



2019 Budget Engagement

Next steps



Phase II will focus on promoting opportunities for engagement and participation in the budget process.



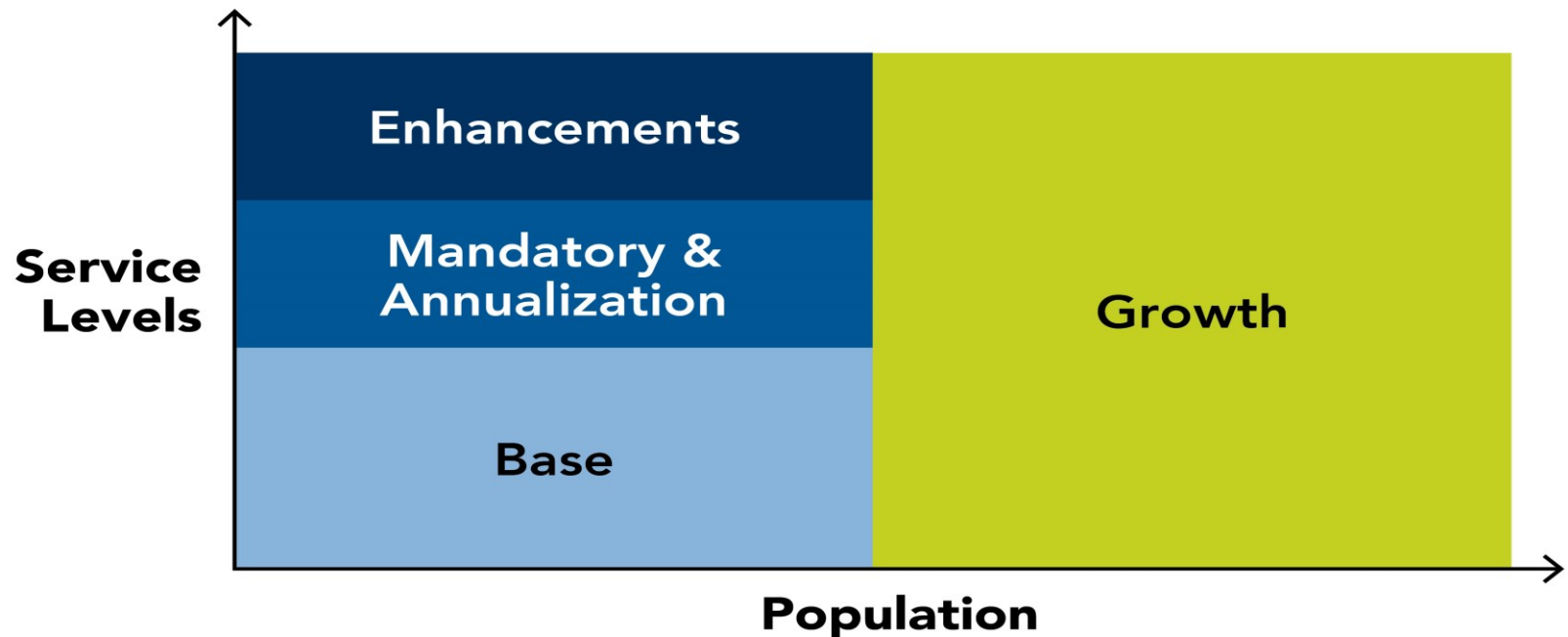
2019 Budget Methodology



- \$150 million budget is made manageable but breaking it out:
 - Components – how the items relate to service levels
 - Major funding source



Budget Components relate to service levels



- Maintaining service levels for a growing population is Growth.
- Increases in service levels are either mandated (Mandatory) or discretionary (Enhancements).
- The Base is maintain the existing service level for the existing population. Its main driver is inflation.



Operating Budget is broken out by major funding source



TAXES



**ASSESSMENT
GROWTH**



STORMWATER

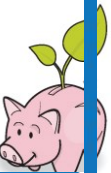
BUILDING



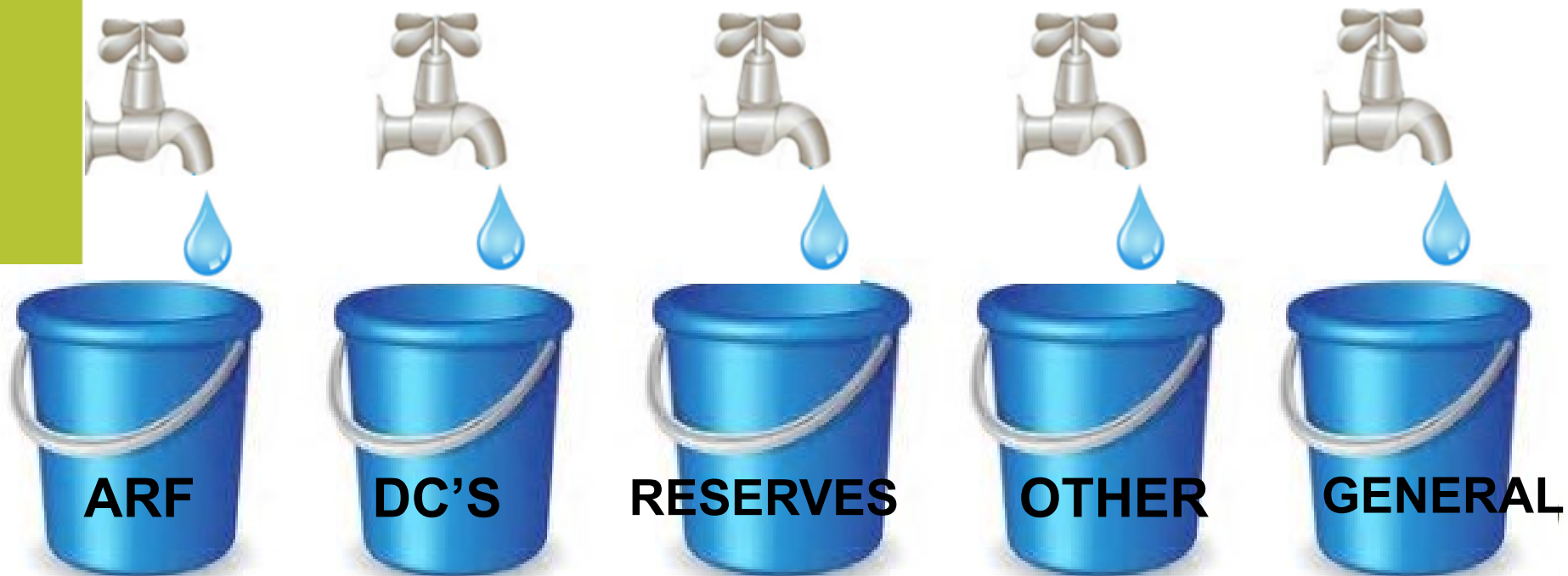
WATER



WASTEWATER



Capital Budget is broken out by major funding source



Proposed Budget Targets: Tax-supported operating

Budget Section	Target	
Tax-supported budget		
Base budget	2.95%	CPI (October, Toronto) + 0.25%
Growth – expenses	1.20%	Expenses matched against growth revenue
Growth - revenue	(1.20%)	
Enhancements	0%	
Extraordinary items	0%	Solution to be proposed with the preliminary draft budget
ARF contribution	1.00%	Capital Sustainability Strategy
	3.95%	

Although referred to as “targets”, these set the maximum allowance for the budgets. If funds are not required, budgets will be submitted below these amounts.



Proposed Budget Targets:

Other budgets



Budget Section	Target	
Water	9.28%	5.1% increase to the average residence. Target based on 6-year plan.
Wastewater	3.59%	
Stormwater	11.8%	Per 6-year plan
Building	0%	
Capital		All expenditures to be within the available funding envelopes.

Although referred to as “targets”, these set the maximum allowance for the budgets. If funds are not required, budgets will be submitted below these amounts.



What's Next

- January 14, 2019 – presentation of the draft operating and capital budgets
- January 21, 2019 – information will be posted on Town website
- Councillors are encouraged to confer with the Treasurer and other members of staff

