



Town of Newmarket
395 Mulock Drive P.O. Box 328,
Newmarket, Ontario, L3Y 4X7

Email: info@newmarket.ca | Website: newmarket.ca | Phone: 905-895-5193

2020 Budget Process and Target Staff Report to Council

Report Number: 2019-42

Department(s): Financial Services

Author(s): Mike Mayes, Director of Financial Services, Treasurer

Meeting Date: April 29, 2019

Recommendations

1. That the report entitled 2020 Budget Process and Target, dated April 29, 2019, be received; and,
2. That the proposed budget schedule with a target budget adoption date of December 2, 2019 be approved; and,
3. That endorsement be given to staff to proceed with preparation of the 2020 budgets employing the structure and targets as set out in this report; and,
4. That the form and timing of budget submissions for all entities accountable to Council be subject to the process outlined in this report; and,
5. That the proposed community engagement plan for the budget be adopted; and,
6. That the Treasurer be authorized and directed to do all things necessary to give effect to these recommendations.

Executive Summary

This report includes the following information:

- **Budget Schedule** – schedule that staff will work with. It includes presentation of the Preliminary Draft Budgets on October 15 and allows for adoption of the budget on December 2, prior to the start of the fiscal year.
- **Budget Structure and Targets** –Town's process of segregating the budget into components, each of which will have a target established by Council.

- **Community Engagement** (Consultation) – what is being considered for the second phase of engagement for the 2020 budget.

Purpose

The purpose of this report is to secure Council's approval of the schedule, process and initial targets for the 2020 budget.

Background

CURRENT PRACTICE

Since 2012, Council has set budget targets for the maximum property tax levy increase. In general, these targets have been achieved. Setting these targets early has facilitated efficient preparation of budgets to ensure that they meet Council's expectations.

Starting with the 2017 budget process, the following principles have been applied in building the budget:

1. The budget is divided into segments based on:
 - Operations, capital or reserves
 - Major funding source – tax-supported, rate-supported
 - Governance – Town, Central York Fire Services (CYFS), Library, Downtown Business Improvement Area (BIA)
 - Relationship to service levels – base, growth, enhancements, extraordinary
2. The Toronto Consumer Price Index (CPI) for March is used as the starting point to set a target for the base budget. An additional 0.25% to 0.50% is added to convert this index for municipal purposes.
3. Service level enhancements and extraordinary items are not included in the base budget.
4. Growth revenues are only applied to growth expenses.
5. Requests for budget increases, both operating and capital, are documented as mini business cases on forms called Decision Packages, which include all relevant budgetary impacts.
6. Each budget segment must confine its expenditures to the available funding.
7. Wherever possible, budgets will be derived from Council-approved multi-year financial plans.

APPLICABLE LEGISLATION

Section 290 of the *Municipal Act* stipulates that a local (lower tier) municipality must prepare and adopt a budget that provides estimates of expenses, including necessary provisions, and revenues, including the tax levy.

Multi-year budgets are addressed in Section 291. Budgets may be approved for up to five years (the current year plus four more), but are subject to annual review – this allows for a change in direction as may be in the case with a newly elected council.

The *Municipal Act* also requires that “... every board, commission or other body, other than an upper-tier municipality or school board, for which the municipality is required by law to levy a tax or provide money” submit a budget request to it by the date, and in the detail and form required by the municipality.” For budget purposes, those entities that require council approval of their budgets are treated similar to municipal departments.

Newmarket Public Library (Library)

The Library is governed by a management board and produces separate audited financial statements¹. However, it is regulated by the *Public Libraries Act*, which in Section 24 requires the library board to prepare annual estimates (a budget) “... on or before the date and in the form specified by the council.” Council is given the right to amend this budget.

The Newmarket Public Library Board has been recommending the budget that is submitted to Council.

Newmarket Downtown Business Improvement Area (BIA)

The BIA is also governed by a management board and also produces separate audited financial statements². However it is regulated by the *Municipal Act*, which in Section 208 requires the BIA to prepare an annual budget “... by the date and in the form required by the municipality.” Council may then “... approve it in whole or in part but may not add expenditures to it.”

The Board of Management of the Newmarket Downtown BIA should be recommending the budget that is submitted to Council.

Central York Fire Services (CYFS)

Central York Fire Services (CYFS) is a partnership with the Town of Aurora and is managed by a Joint Council Committee (JCC) consisting of three council members from each town. The Consolidated Fire and Emergency Services Agreement between the Towns of Aurora and Newmarket sets out the budget requirements in Section 6, with further elaboration of financial principles in Appendix D.

¹ Which are consolidated into the financial statements for the Corporation of the Town of Newmarket

² Which are consolidated into the financial statements for the Corporation of the Town of Newmarket

The draft operating and capital budgets are prepared by JCC in consultation with the Fire Chief. The budgets are presented to Aurora Council for comment. From there, the budgets are distributed to Newmarket Council who "... shall have sole authority to determine and approve the budgets." In practice, the Fire Chief prepares the budget in consultation with Financial Services and presents it to JCC for review, revision and recommendation.

Committees

Any budget requests related to Town committees are referred to the appropriate department for consideration in their overall departmental budget.

REGIONAL GOVERNMENT REVIEW

The provincial government is reviewing the governance, decision-making, and service delivery functions of eight regional municipalities and Simcoe County. At this time, the outcome is impossible to predict. For this reason, no speculation on outcomes has been included in this report or included as a budget driver.

Discussion

BUDGET SCHEDULE

Appendix A includes a proposed schedule for the 2020 budget process. Some of the key dates are:

- **October 15** – the preliminary draft budgets will be presented to Committee of the Whole. This will be the first look at the operating and capital budgets.
- **October 28** – Special Committee of the Whole meetings dedicated to review of the capital and rate-supported operating budgets.
- **November 11** – Special Committee of the Whole meetings dedicated to review of the tax-supported operating budget.
- **December 2** – this is the target date for approval of the 2020 budget. Council may wish to extend this time for further deliberations.

The meetings have been spaced farther apart to allow more time for preparation of reports and presentations so that they can be distributed in advance of the upcoming meetings.

Early budget adoption has advantages as follows:

- Tenders can be prepared and processed earlier in order to avoid potential cost increases that could be experienced in a later, busier, and more competitive environment.
- Facilitates better coordination with adjustments to fees and charges.
- Provides a full year of impact for any budget changes.

- Flexibility is available to extend the process, if required.

BUDGET STRUCTURE

The Town's budget is segregated into the following components:

- Operating budgets
 - Tax-supported operating budgets
 - Tax-supported base operating budget
 - Central York Fire Services (CYFS)
 - Newmarket Public Library (Library)
 - Newmarket Downtown Business Improvement Area (BIA)
 - Mulock Farm
 - Tax-supported service level enhancements
 - Tax-supported growth
 - Tax-supported Infrastructure levy
 - Extraordinary items
 - Rate-supported operating budgets
 - Water
 - Wastewater
 - Stormwater
 - Building Permits
- Capital Budgets
- Reserve and Reserve Fund Budgets

TAX-SUPPORTED OPERATING BUDGETS

The net costs³ to maintain infrastructure and provide services are included in the operating budgets.

For the tax-supported base budget, a tax increase of 2.50% is recommended

The Base Budget is defined to be the net cost to maintain the Town's service levels for a stable population. This is net of ancillary revenues and efficiencies. Tax-supported operating budgets have property taxation as a primary funding source and are further divided according to governance such as CYFS, Library and BIA. The Town's budget covers all of the other municipal services, including the internal support services. The tax-supported component is the part of the budget that usually gets the most public attention.

³ Net Costs are expenditures after deducting ancillary revenues and transfers from reserves. Revenues that supplement the main revenue source – property taxes, water rates, wastewater rates, stormwater rates, and building permits fees – are considered to be ancillary.

Although there have been ongoing refinements to the budget and finding new efficiencies continues, the base budget continues to be driven by inflationary pressures. The Town's base budget is being built factoring in inflation. To do otherwise could result in softening of our service levels.

The basic Consumer Price Index (CPI) is not a sufficient measure for the cost drivers experienced by municipal governments. The basket of goods used by a municipality varies significantly from those of an average household. To recognize this, an additional amount in the range of 0.25% to 0.50% should be added to CPI to make it an appropriate measure for municipalities.

On average, the March CPI is a good predictor of the October CPI (used for setting the increase to salaries and wages⁴) and the December CPI (the annual rate for the year). The March Toronto CPI, released on April 17, indicated an annual increase of 2.00%.

Adjusting for municipal purposes results in a 2.50% tax increase for the tax-supported base budget. The higher end of the range is suggested as to provide a contingency against upward fluctuations in the CPI later in the year and because the adjustment has not been used in recent years.

For 2020, a 1% tax increase will generate property tax revenues of approximately \$600,000.

Central York Fire Services' (CYFS) 10-year financial plan projects a \$439,000 increase in Newmarket's share of the base budget

The Joint Council Committee (JCC) for CYFS approved an Asset Management Plan and 10-year financial outlook at its meeting on June 12, 2018. These plans are the starting point for CYFS's 2020 budget.

For 2020, the outlook includes a \$1.4 million increase (5.27%) in the operating budget. Newmarket's share would be \$851,000, which consists of:

- \$439,000 for the base
- \$293,000 for growth – the last 4 of 20 new positions for the new fire station
- \$119,000 for the Asset Replacement Fund (ARF) – the 2nd of 4 annual increases per the Asset Management Plan (AMP)

In 2019, there was a substantial shift in the factors that resulted in an increase in the allocation of funding from the Town of Aurora. Another, smaller shift is expected for 2020, but it is too early to project and it is not expected to be as significant.

⁴ HR Policy 9-03, Economic Adjustment determines the 'cost of living' increase from the October Toronto CPI, which is scheduled for release on November 20.

An inflationary increase for the Newmarket Public Library would be \$65,000

The 2019 budget for the municipal grant to the Library was \$3.26 million. The Newmarket Public Library Board has adopted a multi-year budget target of inflation plus a growth factor of 1.5%. This 3.5% increase would be \$114,000; \$65,000 for the base budget and \$49,000 for growth.

Changes to the BIA's levy do not directly affect the Town's budget

The Newmarket Downtown BIA currently levies \$30,000 on its members. This has been unchanged since 2011. Its expenses are paid from this levy. Any surplus or deficit is transferred to/from its dedicated reserve. As a result, the BIA budget has no impact on the Town's budget; however, the BIA does require the Town's approval of its BIA budget.

No increase is recommended for the Mullock Farm levy in 2020

Until the property is made accessible to the public, the current budget should be sufficient.

A minor housekeeping adjustment should be made to the use of reserves; there is no need to use one reserve to fund another.

| | 2019 Budget | 2020 Budget | Net change |
|------------------------------------|---------------------|---------------------|-------------|
| Debt servicing | \$ 1,460,000 | \$ 1,460,000 | \$ 0 |
| Property maintenance | 200,000 | 200,000 | 0 |
| Transfer to reserves | 150,000 | 50,000 | - 100,000 |
| Revenue – parkland dedication | - 100,000 | 0 | 100,000 |
| Revenue – assessment growth (2019) | - 250,000 | - 250,000 | 0 |
| Total | \$ 1,460,000 | \$ 1,460,000 | \$ 0 |

There may be no provision for service level enhancements in the 2020 budget

Enhancements are the net cost of increases to service levels. They are documented on Decision Package forms. The rate-supported and separate governance budgets may also have enhancements.

It is probable that there will be no room in the tax-supported base budget for enhancements. The emphasis will be on maintaining existing service levels. To implement some of its strategic priorities, Council may need to consider an additional levy unless sufficient budget reductions can be found.

Assessment growth revenues will be applied against growth expenditures

Growth includes the additional net cost to maintain the existing level of service for a growing community. It includes both expenses and revenues. Growth revenues are revenues earned from increases in the population. The most visible is assessment growth – incremental property taxation revenue generated from new construction. Growth-related expenses are the incremental expenses necessary to maintain service levels for a growing population.

The Town uses the sustainable practice of applying growth revenues only to growth expenses, and to date has been successful in limiting growth expenses to the available growth revenues.

Assessment growth for 2020 has been projected to be 1.30%⁵. The following is the initial proposed allocation of tax-supported growth revenue:

| | |
|--|-------------------|
| Assessment growth at 1.30% | \$ 780,000 |
| Expenses: | |
| Fire Master Plan – 2020 allocation | \$ 293,000 |
| Incremental growth (costs that increase as the Town’s population grows, including supplies and contracted services for the maintenance of roads and other infrastructure, waste management and telecommunications) | \$ 80,000 |
| Newmarket Public Library – growth provision | \$ 49,000 |
| 2020 Operating costs for new growth-related capital approved in the 2019 budget | \$ 30,000 |
| Expense total | \$ 452,000 |
| Unallocated revenue | \$ 328,000 |

The amount for incremental growth is an estimate. The actual amount will be calculated and presented as part of the Preliminary Draft Budget.

The unallocated portion is available for:

- Supporting the growth-related capital program, i.e. the funding portion not covered by Development Charges (DC’s)
- New growth-related operating expenses not directly related to capital, as supported by Decision Package requests
- Council Strategic Priorities, if growth-related
- Future uses, by transferring to a reserve

⁵ Updated to reflect the work done for the 2019 Development Charges Background Study.

The preliminary draft budget will provide a comprehensive recommendation.

An infrastructure levy of \$600,000 increase in ARF contributions)

The Infrastructure Levy is the change in the annual contributions to the tax-supported Asset Replacement Fund (ARF). The goal is to reduce the infrastructure funding gap and the interfund debt⁶.

The Capital Financing Sustainability Strategy recommended an annual increase in the tax-supported ARF contribution equal to a 1% tax increase. This resulted in the following infrastructure levies:

| | | | |
|------|-------|---------|-------|
| 2013 | 0.84% | 2017 | - |
| 2014 | 0.74% | 2018 | 0.68% |
| 2015 | 1.00% | 2019 | 0.75% |
| 2016 | 0.80% | Average | 0.69% |

For 2020, a 1% increase equates to \$600,000. CYFS, supported by its 10-year financial plan and asset management plan, has requested \$119,000 of this.

Actual use of these funds will be determined later in the budget process.

There are no new extraordinary items for 2020

Extraordinary items are costs which would normally be included in the Base Budget but are considered separately because their magnitude would be too disruptive (i.e. their inclusion in the Base Budget would affect service levels). These can be new regulatory requirements or substantial increases beyond normal inflation in the cost of goods and services. They can also be significant budget reductions. The practice has been to only include items that exceed normal inflationary or growth increases by \$100,000.

At this time, there are no new extraordinary items. The costs for Bill 148 that have not yet been fully funded are addressed in the next section of this report. The potential impact of the province's Regional Governance Review is unknown at this time.

\$240,000 in expenses items are being carried forward from 2019

A strategy to deal with *Bill 148, A Plan for Fair Workplaces and Better Jobs*, was developed for the 2018 budget. The estimated total cost of \$680,000⁷ was distributed to the 2018 (\$280,000) and 2019 (\$200,000) budgets, leaving the final \$200,000 for 2020.

⁶ Tax-supported Asset Replacements Funds have borrowed \$18 million from the rate-supported Funds.

⁷ The original estimate was \$1.56 million. *Bill 47, Making Ontario Open for Business*, reduced the cost substantially.

The 2019 budget included a provision for increases to casual wages unrelated to Bill 148; \$40,000 of that provision was deferred to 2020.

The starting point for 2020 is a 3.90% tax increase

Summarizing the targets set above:

| Tax-supported operating budget | Net increase in \$ | % Tax increase |
|---------------------------------------|---------------------------|-----------------------|
| - Town | \$ 996,000 | 1.66% |
| - CYFS | 439,000 | 0.73% |
| - Library | 65,000 | 0.11% |
| - Mulock Farm | - | - |
| - Enhancements | - | - |
| - Growth, net | - | - |
| subtotal | \$ 1,500,000 | 2.50% |
| - ARF | 600,000 | 1.00% |
| - Carried forward | 240,000 | 0.40% |
| Total | \$ 2,340,000 | 3.90% |

Budget reductions options will be presented

Historically, Council strives to keep the tax increase below 3.00%. The preliminary draft budget will include options to achieve this.

There are four basic tactics: efficiencies, new revenues, managing risk, and service level adjustments.

1. Efficiencies

Efficiencies are realized when the same service levels can be provided at a lower cost. The savings may be from operational changes, better pricing or capital investment.

The 2019 capital budget included projects that will reduce annual building maintenance expenses by \$23,845.

2. New Revenues

Developing new sources of revenues or increasing existing ancillary revenues can reduce the pressure to increase taxes. It can be a more equitable distribution of service costs to existing residents. It can be tapping into other sources, such as fees to non-residents.

With possible interest rate hikes in 2019 and 2020, investment income will be reviewed to see if there is an opportunity to increase the budget for that revenue.

3. Managing Risk

There are some expenses and revenues that are subject to significant fluctuations from year to year. Two examples are winter control and supplementary taxes. It is prudent to build contingencies into their budgets.

The Town has taken the approach of minimizing the budget contingency by utilizing dedicated reserves for expense stabilization. Where this is done, the annual budget is based on historical averages and budget variances are transferred to or from the reserve as required. This results in an overall lower budget requirement.

For 2020, this practice will be extended to our facility utility costs. Although there should not usually be significant fluctuations, there are numerous budgets for each facility with a built-in contingency. Consolidating them and providing a reserve⁸ will reduce the overall cost.

In addition, sometimes there can be anticipated expenses for which the impact can only be estimated. In these situations, the conservative approach is to provide for the “worst case scenario.” A more risk tolerant approach is to provide a lower amount based on the possibility that circumstances may change – that either the requirement or how it is addressed may result in a lower cost.

Bill 148 was dealt with in this way in 2018 and the cost was subsequently reduced by \$880,000 by a change in the provincial government. Casual wages are being handled in this manner with \$40,000 being deferred to 2020 on the possibility that the impact may be reduced.

4. Service Level Adjustments

Lowering the level of service provided can lower the cost of providing that service. This is the most challenging of the tactics to employ as it is usually faced with resistance. Council, as part of their Strategic Priorities, may consider a review that could include some recommendations in this area.

If the Hollingsworth Arena is decommissioned, it could result in a net savings in the \$75,000 range.

The 5 year outlook quantifies possible budget reduction challenges

Appendix B is a preliminary outlook; it includes the 2019 budget for reference, 2020 as the current year being developed, and an outlook for the years 2021 to 2023. Inflation assumptions are included.

⁸ \$200,000 was allocated from the 2018 tax-supported operating surplus to fund this reserve.

To keep the tax increase below 3.00% will require budget reductions of approximately \$500,000 each year.

Newmarket's tax rates continue to be competitive

Comparing property taxes between municipalities can be challenging. There are many methodologies which can lead to inconsistency and confusion. The Town's practice has been to use the Municipal Levy per Capita as reported by BMA Consulting in their annual study of Ontario municipalities. To be consistent with single tier municipalities (cities such as Toronto) and those that have different splits of authority (e.g., waste management cost allocation between regional/county and local municipalities), the calculation includes both upper and lower tier taxation.

Appendix C compares Newmarket's per capita tax levy to the average for the Greater Toronto Area (GTA). The 2019 projection is an estimate based on limited information; however, it can be reasonably expected that Newmarket's per capita tax levy could be 10% below the Greater Toronto Area (GTA) average during this term of Council.

RATE-SUPPORTED OPERATING BUDGETS

Rate-supported financial plans will be updated later this year

Rate-supported operating budgets – water, wastewater and stormwater are funded 100% from non-tax revenues. They have 6-year financial plans that were approved by Council in 2017. These plans will be updated in September, 2019 and will be the foundation for 2020 budget requests.

Water and Wastewater rates moving towards the York Region average

Appendix D shows how Newmarket's combined water and wastewater rates⁹ compare to the York Region average. This trend should continue for the next few years. Unless flushing continues to be an issue, installing smart meters and leveraging substantial reserves should result in rates being at the Region average during this term of Council. The update of the 6-year financial plan will analyze this further.

Stormwater rates will be challenged to fund LID initiatives

Council intends to proceed with Low Impact Development (LID) projects as part of its goal of environmental stewardship. This was not taken into consideration when the Stormwater Rate Group was segregated from the tax-supported budget. It was not factored into the Stormwater Rate or into the original 6-year financial plan. These investments could possibly double the Stormwater Rates. Options will be included in the update to the financial plan in September, 2019.

⁹ Commonly referred to as just the 'water rate' including the wastewater portion.

Building permit fees will continue to fund the Building Department

Building permit fees cannot be used to subsidize the tax-supported budget. Consequently revenues earned in excess of expenditure needs have been transferred to a dedicated reserve fund. The reserve fund has grown and negated the need for rate increases over the last few years.

CAPITAL BUDGET

The capital budget remain within the available funding envelope

This budget includes the purchase and financing of Tangible Capital Assets (TCA) for infrastructure, land, buildings, machinery, equipment and other items that provide long-term benefits; and of major corporate studies such as the Official Plan and the Development Charges Background Study.

The capital budget will continue to be separated according to major funding sources. The capital requests will be subject to availability of funding.

The funding envelopes are defined as shown in the table referenced below with the following clarifications:

| Capital category | Main funding source | Availability of funding |
|------------------|--|--|
| Replacement | Asset Replacement Fund (ARF) | Limited to the allocated portion of the Asset Replacement Funds ¹⁰ |
| Growth | Development Charges (DC's) | Subject to inclusion in the 2019 Development Charges Background Study, and having sufficient funding for the non-growth or exempt portion if any ¹¹ |
| Other | General revenues and reserves funds as appropriate | There is an annual provision in the operating budget and there are unallocated amounts in the general reserves for capital ¹² |

¹⁰ The Asset Replacement Strategy will be presented to Council in September and will recommend a refinement to the allocation of ARF funds to address the interfund debt.

¹¹ DC's cannot fund 100% of a project if some of it is deemed to be benefiting existing (and not just new) users, and/or if there is a statutory 10% reduction. Assessment growth revenue may be used to fund the shortfall.

¹² \$100,000 was allocated from the 2018 tax-supported operating budget surplus for this purpose.

Usually about 55% to 65% of new capital requests are in the Replacement category and about 35% are Growth. The requests are funded 45% to 60% from ARF and 20% to 35% from DC's.

Request for new capital projects are documented in Decision Package forms.

A multi-year capital plan will be introduced with the 2020 budget

The 2020 capital budget will be supported by a multi-year capital plan. This 10-year projection will include:

1. Council approved budgets:
 - Approved but unspent capital budgets – this will be the projects previously known as “capital carryovers” allocated to achievable timelines ¹³
 - New budgets, i.e. the 2020 requests
2. Forecasts:
 - Growth-related capital projects from the 2019 Development Charges Background Study
 - Council approved Asset Management Plans
 - Estimates included with the approved 2019 capital requests

Forecasts are included for context and completeness. They still require Council budget approval to authorize expenditures.

Details, such as reporting, still need to be worked out, but this initiative will be a major step forward for the Town and addresses a Council Strategic Priority. Some of the expected outcomes are:

- A reasonability check on the capacity to deliver the capital program
- A test for availability of funding
- A starting point for future annual capital budgets

The 2019 DC update, Asset Replacement Fund Strategy, and future Asset Management Plans are supportive of this endeavor.

RESERVE AND RESERVE FUND BUDGETS

Contributions to and from Reserve Funds are derived from the Operating and Capital Budgets. Contributions to and from Reserves tend to be in response to operational surpluses or deficits, but some transfers may be included in the operating and capital budgets as well.

¹³ The Region Municipality of York refers to this as the ‘Capital Spending Authority’

Because of the dependence upon the other budgets, the Reserve and Reserve Fund Budgets are not compiled until after the Operating and Capital Budgets have been approved.

Conclusion

Staff will commence constructing their 2020 budgets requests based upon the process and targets set by Council as outlined in this report. The goal is to present the preliminary draft budgets on October 15, 2019 and to approve the budget before the end of the year.

The first phase of the Community Engagement process will begin in July, 2019.

Interim appropriations should not be required for 2020 if the budget is adopted on December 2, 2019 as per the proposed schedule.

Business Plan and Strategic Plan Linkages

Council priorities have not been formally established yet.

Consultation

These recommendations are the product of lessons learned from the 2019 and previous budget experiences. They include recommendations that have been reviewed by the Strategic Leadership Team (SLT), the Operational Leadership Team (OLT) and representatives across departments from members of the Budget Committee and the Budget Sub-committee.

This budget plan has been discussed with the Senior Leadership Team (SLT) and the Operational Leadership Team (OLT). It is consistent with past practice.

Public Engagement for the 2020 Budget

Recap of 2019 budget engagement

Public engagement for the 2019 budget focused on education around the Town's overall budget process. Content related to the Supplementary Budget and financing for the Mulock Estate was also included in budget-related items.

The objectives of Phase One engagement were to show residents how the Town "builds the budget" (the budget process); and to provide residents with a greater understanding of where tax dollars go. This was achieved by:

- Providing a breakdown of the regional, municipal and school board portions of a tax bill in primary communications tactics;
- Including an explanation of the services the Town provides and the fees associated with those services (based on the average assessed home in Newmarket in 2018) in primary communications;
- Making services and fees the main focus of the 2019 “Put Your Money Where it Matters” budget game which was available to residents online and at community events and promoted through all Town-run digital and print communications channels.

A total of 409 people participated in the “Put Your Money Where it Matters” budget game and the Town received over 150 comments on our budget process and budget engagement, which is the highest number of comments received during the budget engagement process to date.

Public engagement for the 2020 budget

A comprehensive communications and community engagement plan for the 2020 budget will be developed by the Corporate Communications Department and Finance and can be rolled out in two phases: Phase One will run from July to the end of September/early October 2019, and Phase Two will run October/November.

Phase One will include extensive public outreach through engagement opportunities at community events and an online forum for residents to provide questions, comments and feedback, which will be reported to Council at the October Budget meeting and Information Report. Phase Two will concentrate on more focused media relations efforts including interview coordination, media releases and recaps of Budget meetings included in the Newmarket Now e-newsletter, which is distributed to residents and the media.

2020 Budget and community engagement tools may include:

- A dedicated webpage – newmarket.ca/2020budget
- Budget Booths featuring games/interactive activities at community events
- Survey/game
- All household mailer – June tax insert
- Council Toolkit
- Posters, signage and print pieces (postcards, other printed material)
- Social media campaigns
- Ads in the Town Page of the Newmarket Era, snapd
- Newmarket Now e-newsletter
- Screens and marquees at Town facilities
- Graphics
- Community Open House event in 2019
- Question and Answer forum on Hey Newmarket or finance blog
- Update of Budget 101 terms and definitions

- Media Releases
- Media interviews

Human Resource Considerations

Not applicable to this report.

Budget Impact

This report sets out the process for developing the 2020 operating and capital budgets.

The tax-supported budget starts with a 3.90% tax increase and suggests that this could be lowered to below 3.00%. Targets for the rate-supported budgets are deferred to the approval of their updated 6-year financial plans in September. The capital budget will be within its available funding envelope which has not been defined yet.

The report touches on possible comparative targets for the 2020 and future operating budgets.

Attachments

Appendix A – Proposed Schedule for the 2020 Budget

Appendix B - Tax-supported Operating Budget Outlook

Appendix C - Newmarket's per capita tax levy remains below GTA average

Appendix D - Newmarket's Water rates compared to Regional average

Approval

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

Esther Armchuk, LL.B
Commissioner, Corporate Services

Contact

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