2020 Budget Process Update

Presenter: Mike Mayes
Date: October 15, 2019
2020 Budget Process Update

- Purpose
- Background:
  - Council priorities
  - Targets and direction
- Progress to date
- Next Steps
Purpose

To provide an update on the 2020 Draft Budget:

• Draft Budget Details to be provided:
  October 28 - Capital
  October 28 - Rate-supported Operating
  November 11 - Tax-supported Operating

• Inform Council about budget process successes and challenges to date

• Indicate areas where Council direction will be required
Background: Council Strategic Priorities

Budget includes funding for:

1. Extraordinary places and spaces
2. Safe transportation
3. Vibrancy on Yonge, Davis and Mulock
4. Economic leadership and job creation
5. Environmental stewardship
6. Long-term financial sustainability
The budget process will address Long-term Financial Sustainability:

- Continuation of past practices to educate and provide feedback opportunities
- New approach to capital budgeting will move towards a capital plan
- Multi-year operating budget outlook
- $546,00 in budget reductions for 2020
- A primary focus of the budget is building the Asset Replacement Fund (ARF)
Background:
Targets and Direction

• On May 6, 2019 Council approved Finance Report 2019-42, 2020 Budget Process and Target, and added the following recommendation:

  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 with a tax levy increase of less than 3%.

  This direction challenged staff to find cost reductions in the budget
### Tax-supported Operating Budget Detailed Target Limits

<table>
<thead>
<tr>
<th></th>
<th>Net increase in $</th>
<th>% Tax increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town base</td>
<td>$ 996,000</td>
<td>1.66%</td>
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<tr>
<td>CYFS base</td>
<td>439,000</td>
<td>0.73%</td>
</tr>
<tr>
<td>Library base</td>
<td>65,000</td>
<td>0.11%</td>
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<tr>
<td>Mulock Farm</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Enhancements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Growth, net</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ARF</td>
<td>600,000</td>
<td>1.00%</td>
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<tr>
<td>Carried forward (Bill 148)</td>
<td>240,000</td>
<td>0.40%</td>
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<tr>
<td><strong>Original request</strong></td>
<td><strong>$ 2,340,000</strong></td>
<td><strong>3.90%</strong></td>
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<tr>
<td>Reductions</td>
<td>- 546,000</td>
<td>(0.91%)</td>
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<tr>
<td><strong>Meeting Council’s direction</strong></td>
<td><strong>$ 1,794,000</strong></td>
<td><strong>2.99%</strong></td>
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</tbody>
</table>
Other Budget Targets

- Water and wastewater combined increase of 4.9% per 6-year financial plan
  - $60 for an average residential property
- Stormwater increase of 10.9% per 6-year financial plan
  - $4 for an average residential property
- Capital budget to remain within the available funding envelopes
Progress to date:
Tax-supported Operating Budget

• Base budget will come in at 1.99%
  – Net efficiencies of $546,000 found
  – Does not include results or recommendations from the Audit and Accountability Fund program - “REV It Up”

• Assessment Growth projected to be 1.3% will only be applied against growth-related expenditures

• Asset Replacement Fund
  – 1% levy increase ($600,000)
Progress to date:
Rate-supported Operating Budget

• Water and wastewater
  – On target
• Stormwater
  – The capital program will require options and considerations to meet the current funding envelope
• Building Permits
  – Exceeds target
Stormwater capital funding

Options:

1. Defer projects
2. Borrow funds on an interim basis
3. Increase stormwater rates
4. A combination of these options

To be discussed further on October 28
Capital Budget

Challenges

• Carryovers, funded projects approved by Council but not completed, are projected to total $60 million at the end of 2019

• Although the overall Asset Replacement Fund to be $33 million, the tax-supported ARF will be in a $23 million deficit
Next Steps
– beyond the 2020 budget

• REV It Up Service Delivery Review – anticipated to be completed in December, 2019

• A new financial strategic framework will be presented to Council in May/June 2020. It will include and impact:
  – New and existing Finance Policies
  – ARF strategy
  – Multi-year operating and capital plans
Budget Engagement, Input Opportunities

- Tax Insert to all households
- Budget Game
- Hey Newmarket! (online engagement platform)
- Designated Webpage
- Town page Ads
- Social Media Campaign

- Special CoWs - October 28 & November 11
- Draft budget – November 25
<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>DATE</th>
<th>MEETING</th>
<th>STATUS</th>
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</thead>
<tbody>
<tr>
<td>Recommendations for 2019 budget process - schedule, targets, community engagement</td>
<td>April 29</td>
<td>Committee of the Whole</td>
<td>Done</td>
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<tr>
<td>Community Engagement Phase 1</td>
<td>July to October</td>
<td>-</td>
<td>Done</td>
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<tr>
<td>Fees &amp; Charges for early approval – licensing, recreation</td>
<td>June 17</td>
<td>Committee of the Whole</td>
<td>Date changed</td>
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<td>Approval of early Fees &amp; Charges</td>
<td>June 24</td>
<td>Council</td>
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<tr>
<td>Presentation of the Preliminary Draft budgets</td>
<td>October 15</td>
<td>Committee of the Whole</td>
<td>In process</td>
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### 2020 Budget Schedule

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>DATE</th>
<th>MEETING</th>
<th>STATUS</th>
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<tbody>
<tr>
<td>Community Engagement Phase 2</td>
<td>October to November</td>
<td>-</td>
<td></td>
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<tr>
<td>Consideration of the Capital and Rate-supported Budgets</td>
<td>October 28</td>
<td>Special Committee of the Whole</td>
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<tr>
<td>Consideration of the Tax-supported Operating Budget</td>
<td>November 11</td>
<td>Special Committee of the Whole</td>
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<tr>
<td>Presentation of the Draft Budgets and remaining Fees &amp; Charges for approval</td>
<td>November 25</td>
<td>Committee of the Whole</td>
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<tr>
<td>Approval of the Budgets and remaining Fees &amp; Charges</td>
<td>December 2</td>
<td>Council</td>
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