



**Mike Mayes, Director
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April 7, 2015

JOINT CAO/COMMISSIONERS & FINANCIAL SERVICES REPORT- 2015-23

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

SUBJECT: Enhancement Options

ORIGIN: Director, Financial Services/Treasurer

RECOMMENDATIONS:

THAT Joint CAO/Commissioners & Financial Services Report – 2015-23 dated April 7, 2015 regarding Enhancement Options be received and the following recommendations be adopted:

- 1. THAT a provision of \$153,000 (0.30% tax increase) for service level enhancements be confirmed for inclusion in the 2015 draft budget;**
- 2. AND THAT CreateITNow (Decision Package Item #7) be included for \$25,000, as part of the provision;**
- 3. AND THAT the Committee provides direction for applying the remaining \$128,000 to transportation and winter control initiatives.**

COMMENTS

Purpose

The purpose of this report is to determine how the \$153,000 (0.30% tax increase) provision for service level enhancements could be allocated.

Budget Impact

The provision for enhancements has been included in the recommendation for the draft tax-supported operating budget, which currently would result in a 3.5% tax increase (the target of 2.5% with a 1% infrastructure levy). Combined with the projected Regional and School Board increases, the all-in tax increase would be 2.46%.

The phasing-in or annualization of these enhancement initiatives will impact the tax increase in future years.

Summary

Staff have provided operational and financial options.

Background

At the Special Committee of the Whole (Budget) meeting of February 23, direction was provided to work towards a tax increase target of 2.5%, being:

- 2.20% for the status quo budget – base budget plus growth-related items to maintain existing service levels
- 0.30% as a provision for service level enhancements – this represents \$153,000

Council has deliberated on the items to include in the enhancement provision. A direction was given to staff at the March 30 Council meeting (minutes have not yet been approved) to bring back a report that would provide for phasing options that allow for achieving Council enhancement priorities related to traffic mitigation, sidewalk plowing, CreateIT at Southlake while maintaining the Council motion to target a budgeted tax increase of 2 to 2.5% (excluding the ARF contribution). The items discussed include:

DECISION ITEM	NUMBER	COST OF FULL IMPLEMENTATION	SUBTOTAL
CreateITNow at Southlake	7	\$ 25,000	\$ 25,000
Winter control initiatives:			
Contract court snow clearing	44	\$ 64,000	
All sidewalk snow clearing	48	\$ 300,000	\$ 364,000
Transportation initiatives:			
Manager of Transportation	29	\$ 137,028	
Traffic calming	30	\$ 75,000	
Visibility improvements	31	\$ 84,000	
Sign campaign	33	\$ 10,000	\$ 306,028
			\$ 695,028

As the total for these items (\$695,028) exceeds the the provision (\$153,000), Council has directed staff to provide options to phase-in these items without increasing the provision or 2015 tax increase.

Analysis and Options

CreateITNow at Southlake

As the amount is relatively small and this is being identified as a Council priority, it is recommended that there be no phasing-in of this item and that it be fully implemented in 2015.

Winter control initiatives

Contract court clearing (which provides timely snow ploughing within cul-de-sac streets and wide angle bends) can be split over two years as the winter extends over the fiscal year-end. The November to December portion represents 40% of the cost - \$26,000, and January to March represents 60% - \$38,000.

Currently, we plow 60% of the sidewalks in town. The remaining 40% is estimated to cost \$300,000. This could be phased-in over 3 years by increasing the provision and coverage on an annual basis. Criteria would be developed to determine the priority areas for the expansion of this

service (for instance, based on volume of students and seniors, transit routes, or other safety matters) and would be presented to Council in advance of the 2016 budget process.

Transportation initiatives

The traffic calming, visibility improvements and sign campaign projects can be phased-in but are all contingent upon the hiring of a Manager of Transportation. Unless consideration is given to hiring or contracting this position on a part-time basis, de-annualization is the only phasing option.

Financial Considerations

De-annualization is the main tool – hiring or implementing an initiative during the year so that the full budget impact is not realized until the following year.

Consideration can be given to using reserves to stabilize the annual impact. An increase of \$695,000 over 4 years is \$173,750 per year. Reserves could be used to defer the tax impact of years where the phasing-in exceeds that amount.

Whatever decision Council makes for 2015 will create a budget impact on future years, but does not necessarily commit what the impact will be in any specific year. That would still be decided as part of the annual budget process.

Option

The following option is presented for illustrative purposes. It allows all of the initiatives to be completed within the term of Council while keeping the annual commitment to the identified 2015 enhancements relatively stable.

2015		2016	2017	2018	Total
CreateITNow at Southlake	\$ 25,000				\$ 25,000
Contract court snow clearing	\$ 26,000	\$ 38,000			\$ 64,000
All sidewalk snow clearing	\$ 40,000	\$ 60,000	\$ 100,000	\$ 100,000	\$ 300,000
Manager of Transportation	\$ 62,000	\$ 75,028			\$ 137,028
Other transportation initiatives			\$ 80,000	\$ 89,000	\$ 169,000
Total	\$ 153,000	\$ 173,028	\$ 180,000	\$ 189,000	\$ 695,028

- CreateITNow at Southlake – fully implement in 2015
- Contract court snow clearing – fully implement in 2015, but as the winter straddles the yearend, the increase is split over two years
- All sidewalk snow clearing – implemented in 3 phases – 2015/16 (split over the two years), 2017 and 2018
- Manager of Transportation – hired in the summer of 2015
- Other transportation initiatives – provision for 2017 and 2018, actual allocation to be determined

This option would commit \$153,000 to 2015 and the annualization of \$173,028 in 2016. The 2017 and 2018 allocations would be subject to budget review in those years.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

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

CONSULTATION

This report was prepared in consultation with the Directors of Engineering and Public Works Services. These priorities are to be confirmed with Council.

HUMAN RESOURCE CONSIDERATIONS

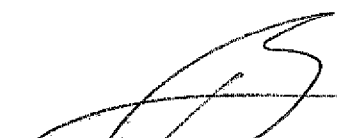
As a result of the report recommendations, the full time position - Manager of Transportation, would be created and added to the Council-approved staffing levels.


BUDGET IMPACT


The provision for enhancements has been included in the recommendation for the draft tax-supported operating budget, which currently would result in a 3.5% tax increase (the target of 2.5% with a 1% infrastructure levy). Combined with the projected Regional and School Board increases, the all-in tax increase would be 2.46%. The phasing-in or annualization of these enhancement initiatives will impact the tax increase in future years.

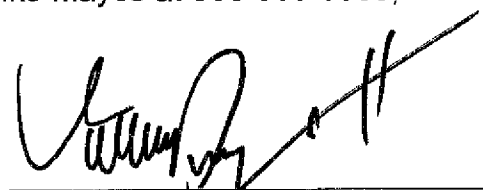
CONTACT


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