

2021 Preliminary Draft Budgets

Presenter: Mike Mayes

Date: October 5, 2020



Agenda

1. COVID-19
2. Overview
3. Council Priorities
4. Budgets:
 1. Tax-supported Operating
 2. Rate-supported Operating
 3. Capital
5. Options
6. Next Steps



Budgeting in a COVID-19 world

Influence on the 2021 budget



Pandemic will have no direct impact on the 2021 budget



- **Based on what we currently know** and the \$1.8 million Safe Restart grant, it appears that the 2020 budget will be manageable
- In that case, the pandemic may not directly factor into the 2021 budget,
 - no deficit carryover
 - no additional tax increase



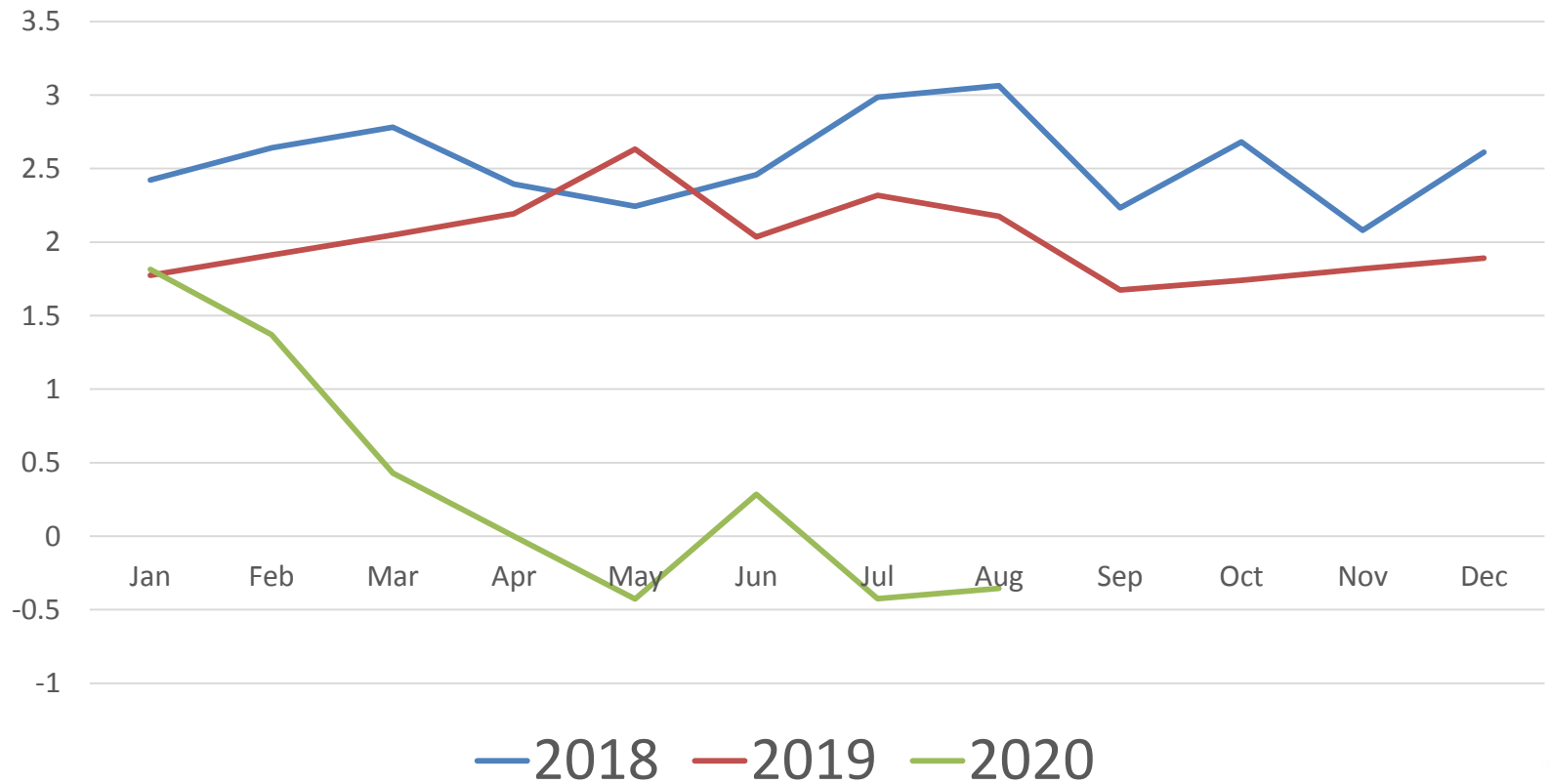
However, the pandemic does have an indirect impact

- Restricted delivery of the 2020 capital program requiring provision in 2021
- Uncertainty to be met with contingencies
 - Provincial / Federal stimulus funding
 - Second wave - when and how hard?
 - The “new normal” – what will it look like?
- Slower economy – growth and inflation – must be considered



Inflation 2018 to 2020

Toronto CPI



Overview

2021 budgets at a glance



There are many budgets:

Operating Budgets:	
Tax-supported – Town, Fire, Library, Mulock Farm, BIA	\$ 91.0 million
Rate-supported – water, wastewater, stormwater, building permits	46.4 million
	\$ 137.4 million
Capital budget	\$ 37.2 million
Total	\$ 174.6 million



Budget Impact on Average Residential Property



	% increase	\$ increase
Property tax	2.99 %	\$ 64.79
Water / wastewater	4.00 %	\$ 49.44
Stormwater	10.20 %	\$ 4.28
Total		\$ 118.51

Based on an average single detached home with an assessment value of \$700,000



Overview of tax-supported operating budget increase



	Tax %	\$
Base	0.99%	\$ 618,750
COVID contingency	1.00%	625,000
ARF	1.00%	625,000
Growth, net	0.65%	406,000
	3.64%	\$ 2,274,750
Less assessment growth	- 0.65%	- 406,000
Tax levy	2.99%	\$ 1,868,750



Tax-supported operating budget increase allocation



	Base	Growth	ARF	Total
Town	\$ 306,750	\$ 233,000	\$ 566,000	\$ 1,105,750
CYFS *	312,000	151,000	59,000	522,000
Library		22,000		22,000
BIA (net)	0			0
COVID	625,000			625,000
Total	\$1,243,750	\$ 406,000	\$ 625,000	\$ 2,274,750

* Subject to change – JCC review will be October 13



Delivering on Council Priorities

New initiatives in the 2021 budget



The 6 Strategic Pillars

1. Long Term Financial Sustainability
2. Economic Leadership and Job Creation
3. Extraordinary Places and Spaces
4. Vibrancy on Yonge, Davis and Mulock
5. Safe Transportation (Transportation)
6. Environmental Stewardship

The pandemic has slowed progress but work continues and there are some new initiatives.



Long Term Financial Sustainability



New Deliverables:

- Digital Engagement – Hey Newmarket
 - Decision Package for \$25,000 (COMM2)
- Fiscal Strategy implementation
 - Update of the capital financing sustainability strategy
 - Formalization of a Budget Policy
- REV It Up
- Continuing on Asset Management Plans



REV It Up - overview

Special Council meeting of April 27, 2020 provided an update (Report 2020-30):

- 13 of 18 projects are being undertaken
- 7 have been initiated

The budget will show investments and net savings as a separate item.



REV It Up and the budget

- A new Procurement By-law will be presented for approval later this year
- New revenues:
 - Administrative Monetary Penalty System (AMPS)
 - Licensing Transportation Network Companies (TNCs)
 - CYFS expansion of cost recovery program
 - Decision Package for 0.2 FTE's (CYFS7)



Fiscal Strategy & the budget

Further to the September 28 workshop the following items have been included:

- Changes to the presentation of the budget
- Incremental tax levy for infrastructure
 - currently 1% for the ARF
- Continuing the development of Asset Management Plans (AMPs)
- Capital carryovers have been eliminated
- No new debt



Fiscal Strategy & the budget



Continued:

- Eliminating the transfer of investment returns from the reserve fund
 - Reduction of \$65,000
- Provision made for a DC update and Community Benefit Charge (CBC)
 - Capital request for \$100,000 provision (GG1)
- Rate Financial Plan updates being prepared on a 10-year basis



Economic Leadership and Job Creation



- Continuing to:
 - Support Envi's fibre roll-out in the community
 - Increase downtown parking availability
 - Focus on success of the downtown
 - Review and re-fresh the Economic Development Strategy
 - Evaluate feasibility of SODA (South of Davis Drive Area) for concerted growth/re-development



Extraordinary Places and Spaces

New Deliverables:

- Mulock Park – finalization of the master plan and start of design work
 - no new funding requested; subject to approval of next steps
- Old Fire Hall – tenant secured
 - Net revenue of \$41,500 added to base
 - Renovation funded by tenant (FAC 8)



Vibrancy on Yonge, Davis and Mulock



New Deliverables:

- Mulock Drive Multi-Use Path Feasibility Design Study
 - Capital request for \$200,000 (ENG 2)



Safe Transportation (Transportation)



New Deliverables:

- Active Transportation Implementation Plan
 - Capital request for \$175,000 (ENG1)
- Trails & Multi-Use Path
 - Capital request for \$100,000 (ENG7)



Environmental Stewardship



New Deliverables:

- Low Impact Development (LID)
 - features are included in capital request for Municipal Infrastructure Projects (ENG4)
- Stormwater Wet Pond Bathymetric Surveys
 - Capital request for \$60,000 (SW2)
- Electric Vehicle Charging Station
 - Decision Package for \$9,000 (ISI1)



Tax-supported Operating

Roads, recreation, fire, library, by-laws
and more



Tax-supported operating budget by governance

	Town	CYFS	Library	Total
	In \$ millions			
Expenses	\$ 62.1	\$ 17.2	\$ 3.4	\$ 82.7
Reserve transfers	6.5	1.5	0.3	8.3
	\$ 68.6	\$ 18.7	\$ 3.7	\$ 91.0
Non-tax revenues	- 22.2	- 0.4	- 0.4	- 23.0
Tax levy	\$ 46.4	\$ 18.3	\$ 3.3	\$ 68.0



Tax-supported operating budget increase allocation



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COVID-19 contingency

1.00% for COVID-19 related items

At Council's discretion, options could be:

- COVID relief, stimulus, recovery
- transfer to a reserve fund to provide for future consideration
- tax reduction
- provision for Council priorities



Decision Packages included in the Base Budget



Ref	Description	Staffing	Net Impact
HR1	Health & Safety Risk Management	1 FTE	\$ 42,312
CFYS7	CYFS Accounts Administrator for Cost-Recovery Program	0.2 FTE	0
IT3	Redundant Internet Connection		1,800
COMM2	Digital Engagement - Hey Newmarket		25,000
PLN1	Cultural Heritage Planning		5,000
ISI1	Electric Vehicle Charging Stations		9,000
IT5	Video Conferencing Licensing		10,000
		1.2 FTE's	\$ 93,112



Growth revenues applied to growth expenses



Allocations	
CYFS	\$ 151,000
Library	22,000
Incremental growth	50,000
2021 capital – operating expenses	67,500
Available for Decision Packages	115,500
Assessment growth	\$ 406,000



Decision Packages included in the Growth Budget



Ref	Description	Staffing	Net Impact
ROAD1	Records Management And Asset Tracking For Fleet Area	1 FTE	\$ 27,736
CS2	Increase Customer Service staff complement by .5 FTE (1.5 to 2)	0.5 FTE	49,906
FIN1	Meet the needs of increased volumes due to P-card best practices and Prompt Payment requirements	0.4 FTE	35,760
		1.9 FTE's	\$ 113,402
CYFS6	2 Additional Firefighters	2 FTE's	151,000
LIB4	Electronic Materials		22,000
		3.9 FTE's	\$ 286,402



Staffing Requests

The budget contains requests for 5.1 fulltime equivalents – 1.2 in the base budget and 3.9 in growth

- 0.2 FTE's for CYFS Accounts Administrator for Cost-Recovery Program (CYFS7) was approved by Council on September 21.
- The remaining are provisions in the budget with hiring on hold until approved by Council
 - A similar approach was taken in 2020



Efficiencies realized

On preparing the budget staff were directed to find \$508,000 in budget reductions. This target was exceeded by 7%.

This is exclusive of REV IT Up initiatives.



Rate-supported Operating

Water, Wastewater, Stormwater and
Building



Rate-supported budgets are based on financial plans



The Water, Wastewater and Stormwater financial plans are still in development.

- Details are not currently available
- 2021 increase is targeted to align with the current 6-year plan
 - 4% for water and wastewater
 - 10.2% for stormwater



Decision Packages included in the Rate Budgets



Ref	Description	Staffing	Net Impact
W&WW 1	AMI Project - Sensus Analytics		\$ 44,460
SW1	Stormwater Master Plan Detailed Review/Update		\$ 0
SW3	Stormwater CCTV Inspection Program		120,000
			\$ 120,000



Capital Budget

Infrastructure to deliver services



Capital Budget allocation has been revised

	Original target	Revised
Program	\$ 15.0 million	\$ 13.7 million
Provision unallocated allocated	\$ 5.0 million	\$ 3.1 million \$ 3.2 million
“Normal” spend	\$ 20.0 million	\$ 20.0 million
Major items	\$ 12.7 million	\$ 17.2 million
Total	\$ 32.7 million	\$ 37.2 million



Capital budget by department

Area	Program	Provision	Major	Total
(In \$ millions)				
CYFS	\$ 0.4	\$ 0.2	\$ 8.9	\$ 9.5
Engineering - capital projects	8.4			8.4
Engineering - transportation	0.4			.0.4
IT	0.2	0.6		0.8
Library	0.2			0.2
Public Works – Facilities	0.7	0.3		1.0
Public Works – Parks	0.1	0.9		1.0
Public Works – Roads	2.7	1.0		3.7
Stormwater	0.1			0.1
Water / wastewater	0.2		8.3	8.5
Other (Incl. unallocated)	0.3	3.3		3.6
	\$ 13.7	\$ 6.3	\$ 17.2	\$ 37.2



Priority setting

1. Projects are rated based on:
 1. Being a Council or other priority
 2. Risk – extent & consequences of failure
 3. Payback, if applicable
2. This was then reviewed and adjusted for commitments and other factors
3. Emphasis placed on ability to deliver



Capital Program

- new requests



	ARF	DC	General	Other	Total
	(in \$ millions)				
Mandatory	\$ 2.4	\$ 0.1	\$ 0.0	\$ 0.2	\$ 2.7
Replacement	4.6	1.2	0.1	2.5	8.4
Growth	0.0	2.4	0.0	0.2	2.6
	\$ 7.0	\$ 3.7	\$ 0.1	\$ 2.9	\$ 13.7



Options

For Council's consideration



Council budget direction

*That endorsement be given to staff to proceed with preparation of the 2021 budgets employing the structure and targets as amended, **with options for reductions around Asset Replacement Fund contributions and Consumer Price Index as decision points for Council** and a tax levy increase target of 2.99% consisting of:*

- a. 0.99% base rate;*
- b. 1.00% COVID-19 related contingencies;*
- c. 1.00% Asset Replacement Fund contributions.*



When setting the target Council wanted reduction options

Potential areas for reduction	Basis for a reduction	Risk
Asset Replacement Fund (ARF)	Although 1% is the target, this has been reduced in the past.	Defers increase to future years
Base Budget	0.99% base increase assumes 0.43%, but inflation is lower	Drop in the inflation rate may be temporary
COVID contingency	Provision is prudent, but does not yet have tangible application	Unknowns – second wave, recovery - may be substantial



Next Steps

Schedule of upcoming meetings



Public engagement

Continue to build on previous years' successes
Seeking new and creative ways to engage and interact virtually, could include:

- Budget-themed Facebook Live event
- Hey Newmarket virtual engagement
- Expanded website presence

Investigate use of simpler, more graphic-based messaging



Important future dates

ACTIVITY	DATE	MEETING	STATUS
Presentation of the Preliminary Draft budgets	October 5	Committee of the Whole	In process
Review of the CYFS budget	October 13	Joint Council Committee	
Capital and Rate-Supported Operating Budgets, Rate Financial Plans	October 19	Special Committee of the Whole	
Tax-Supported Operating Budget ARF and Fiscal Strategy	November 9	Special Committee of the Whole	
Presentation of the Draft Budgets and remaining Fees & Charges for approval	December 7	Committee of the Whole	
Approval of the Budgets and remaining Fees & Charges	December 14	Council	

