



**Mike Mayes, Director  
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November 5, 2015

## **JOINT CAO/COMMISSIONERS AND FINANCIAL SERVICES REPORT - 2015-55**

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

**SUBJECT:** 2016 Preliminary Draft Operating, Capital and Utility Budgets

**ORIGIN:** Director, Financial Services/Treasurer

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### **RECOMMENDATION**

**THAT Joint CAO/Commissioners and Financial Services Report – 2015-55 dated November 5, 2015 regarding 2016 preliminary Draft Operating, Capital and Utility Budgets be received and that the preliminary draft budgets be made available for public comment.**

### **COMMENTS**

#### **Purpose**

The purpose of this report is to present an overview of the preliminary Draft 2016 Operating, Capital and Utility Budgets.

#### **Budget Impact**

Council's tax target for 2016 (up to 2.50%) would result in an annual increase of \$44.05 in the Town portion of property taxes for the average resident owning a home assessed at \$450,072. This excludes any contribution to the Asset Replacement Fund.

Previously, Council had approved an infrastructure levy - 0.80% in 2013, 0.74% in 2014 and 1.00% in 2015, but has yet to do so for 2016. Staff would recommend that Council continue the practice of the 1.00% contribution to ARF which would be an additional \$17.63 to the average resident.

## **BACKGROUND**

Budgets are a financial tool by which services and programs are delivered to the community. It's a focused approach to delivering the right services at the right cost while maintaining municipal infrastructure and advancing Council's strategic priorities.

The Town collects taxes from its residents and the tax revenue collected is split with the Region and school boards. For every dollar of taxes collected, both residential and non-residential, Newmarket retains 35 cents with the Region's portion at 36 and the school boards at 29.

As has been earlier reported, the Town continually strives to make Newmarket even better by providing new and enhanced services to its residents. Year over year however, this is becoming increasingly difficult given higher service expectations coupled with modest tax increases.

The process that staff conducted for the 2016 budget year included historic budget trend reviews and leadership team meetings that fostered a collaborative approach to exploring further budget efficiencies and innovation corporate wide. The process, while requiring a little more time to finalize, will permit staff to achieve the Council tax increase target of up to 2.5% (Town portion only and excluding any contribution to the Asset Replacement Fund).

The following assumptions were made during the preparation of the 2016 budget:

- CPI of 1.5%
- Continuation of low interest rates
- Lower assessment growth
- Annualization of items approved but de-annualized during the 2015 Budget process
- De-annualization of CYFS staffing requests (JCC approval required)
- Annualization of all other growth item requests (prioritized and some deferred to future)
- Optimizing revenues to reflect achievable targets
- Strive to match growth revenues with growth related expenses
- Capping the tax supported capital program at \$500,000
- No 2016 enhancement items considered unless they have no tax impact
- 2015 carry over enhancement items annualized as part of the 2016 base (e.g. sidewalk snow clearing)
- Wherever possible, financially sustainable measures have been included

### ***2016 Operating Budget***

As a starting point for the 2016 preliminary Draft Operating budget, staff included as part of the base, items that had been given approval in the 2015 budget process but had phase in provisions. These items relate to sidewalk snow clearing and transportation initiatives. In 2016, the phase in provision represented \$173,028; for 2017 it will represent \$150,000 and for 2018, \$155,000.

For the 2016 budget year, a 1% tax increase represents \$530,729.

To achieve the budget targets, there were more than \$1 million in reductions made. It is not anticipated that levels of service will be affected; however, staff will have to track budgets carefully and emphasize efficiencies when delivering services by keeping to planned work schedules and minimizing the impact requests for items or services beyond what have been included in the budget.

The following chart sets out the percentage allocated for each budget category under the headings – Town, Central York Fire Services (CYFS) and Newmarket Public Library (NPL).

	TOWN	CYFS	NPL	TOTAL
Base budget	0.88%	1.05%	0.24%	2.17%
Mandatory items	0.16%	0.00%	0.00%	0.16%
Growth revenue	-1.00%	0.00%	0.00%	-1.00%
Growth items	0.89%	0.28%	0.00%	1.17%
Enhancements	0.00%	0.00%	0.00%	0.00%
	0.93%	1.33%	0.24%	2.50%

The items that have been included above in both Mandatory, Growth and Enhancements (with no tax impact) are attached as Appendix A and for reference, deferred Growth and Enhancement items are listed on Appendix B.

### **2016 Capital Budget**

As a starting point for the 2016 preliminary Draft Capital Budget, staff went on the premise that the portion of the capital budget funding envelope funded by the operating budget would be capped at \$500,000. In previous years that had been capped at \$722,776.

The 2016 preliminary Draft Capital Budget includes expenditures of \$27,152,224:

- 48% of this is for replacement primarily funded by the Asset replacement Fund (ARF) and Federal Gas Tax allocation
- 45% is for growth with funding from Development Charges (DC's) and the voluntary trail levy.
- The remaining 7% is funded from the operating budgets - tax-supported and rate-supported (water and wastewater) – and grants.

Capital items under consideration are listed on Appendix C and those items deferred are listed on Appendix D.

### **2016 Utility Budget**

The current 6-year Water and Wastewater Financial Plans project as 7.5% increase in the consolidated rates to the average resident. The budgets are not finalized yet but are anticipated to include the Regional increases and provide for additional sustainability measures - increased

contributions to the Asset Replacement and Rate Stabilization Reserve funds, while limiting the increase to the average residential water user to the 6.5% to 7.5% range.

The 2016 rates will include phasing in a new rate structure starting on July 1, 2016. We are working towards introspection of a Stormwater Management Rate for January 1, 2017.

### ***Asset Replacement Fund (ARF)***

Council has supported a strong emphasis on infrastructure maintenance and replacement by introducing in 2013 a dedicated 0.80% infrastructure levy. This was followed by a 0.74 % levy in 2014 and a 1.00% levy in 2015. These contributions represent an annual \$1,227,025 investment in the Town's ARF. Staff recommends the 1% levy as a positive approach to funding the future replacement and renewal of the Town's aging infrastructure (over \$1 billion in capital assets).

Previously, Council has approved as an infrastructure levy - 0.80% in 2013, 0.74% in 2014 and 1.00% in 2015, but has yet to do so for 2016. Staff would recommend that Council continue the practice of the 1.00% contribution to ARF which would be an additional \$17.63 to the average resident.

### ***Multi Year Budgets***

Multi-year budgets, generally speaking, are a forecast for a certain time period (eg. ideally the beginning of a term and over four years) that provides funding envelopes over that time period. Significant adjustments would be brought back for Council consideration annually. Multi-year budgets would provide the funding mechanism to support Council's identified strategic priorities for that term of office. Benefits of multi-year budgeting include the following:

- Alignment of longer-term priorities with longer-term funding plans;
- Greater certainty is provided to residents not only about the future years tax impact but also about the future services/direction of the Town
- Enhanced accountability and transparency over funding plan changes

### ***2016 and Beyond - Budget Considerations***

As indicated, considerable effort was made to find efficiencies within the 2016 budget in order to maintain the targeted funding envelope. As the number of efficiencies to be gained is being reduced or even eliminated, staff will continue to place an emphasis on ensuring that Council is advised of the financial implications of the various requests for enhanced services/programs that are received during the upcoming year – whether the requests are from Council, staff or the community. These “mid-year” requests can sometimes significantly affect the following year's budget and this information will be provided to assist Council in balancing the needs of the community with financial sustainability in the following budget year.

### **Next Steps**

It is recognized that Committee is being presented with an overwhelming amount of information at this time. On this basis, it is suggested that the November 16 Special Committee of the Whole be used as an opportunity for more robust discussion.

Members of Council and the public can contact the Treasurer directly should there be any questions.

### **BUSINESS PLAN AND STRATEGIC PLAN LINKAGES**

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

### **CONSULTATION**

Significant budget discussion has occurred internally. The budget schedule and public engagement approach was developed by the Budget Coordination Committee which has cross corporate representation. It was condensed somewhat given that the Town will be approving two budgets in the 2015 calendar year (due to the 2014 Municipal Election).

Public consultation to date includes the use of the online budget tool.

The draft Preliminary 2016 budget detail will be made available for public input in advance of the November 16<sup>th</sup> Special Committee of the Whole. This will be presented as a starting point for further public consultation and Council consideration.

### **HUMAN RESOURCE CONSIDERATIONS**

Exclusions were made to growth related staffing requests (refer to Appendix B). This has been done strategically and to monitor maintaining service levels to an expanding community.

### **BUDGET IMPACT**

The 2016 operating and capital budgets, once approved, will ensure that the Town has sufficient funds to maintain, and in some instances enhance its services to a growing community. Should Council approve a dedicated 1% ARF levy again this budget year, this will result in an additional contribution of \$530,729.

For the purposes of calculating tax impact, staff use for illustration, a home with an average assessment value of \$450,072. Based on the preliminary draft budgets as presented, and including a 1% ARF levy, the tax bill for this Newmarket home (Town portion only) would increase by \$61.68.

The projected all-in impact – combining the Town, Region and school boards portions - for this home is as follows:

	2015	2016	\$ CHANGE	% CHANGE
Town Portion	\$1,762.15	\$1,806.20	\$ 44.05	2.50%
Region Portion	1,831.75	1,883.96	52.21	2.85%
<b>Municipal Sub-total</b>	<b>\$3,593.90</b>	<b>\$3,690.16</b>	<b>\$96.26</b>	<b>2.68%</b>
School Board Portion	878.87	878.87	0.00	0.00%
<b>TOTAL</b>	<b>\$4,472.77</b>	<b>\$4,569.03</b>	<b>\$96.26</b>	<b>2.15%</b>

- Based on an average assessment of \$450,072
- The Region's 2014-2018 outlook projects a tax increase of 3.34%
- No increase in the School Board is anticipated at this time


## CONTACT

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

  
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Development & Infrastructure Services

  
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Director, Financial Services/Treasurer

### Attachments:

- Appendix A – 2016 Mandatory, Growth and Enhancement Requests
- Appendix B – 2016 Growth and Enhancement items deferred
- Appendix C – 2016 Capital Budget Request List
- Appendix D – 2016 Capital Budget Requests deferred

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Appendix A

2016 OPERATING BUDGET REQUEST LIST  
MANDATORY, GROWTH AND ENHANCEMENT REREQUESTS

DP Form #	Business Unit Name	Project/Initiative Name	Mandatory	Growth	Enhancement
2016 - 3	Central York Fire Services	Four Additional Fire Fighters less deferred start - 4 months		\$ 221,734	
2016 - 13	Communications Office	Web Development & Maintenance/ Accessibility	\$ 25,000		
2016 - 14	Communications Office	Graphics Support Full Time Staff		\$ 18,602	
2016 - 29	Facility Administration	Conversion of PT staff to FTE (Facility Worker)		\$ 42,120	
2016 - 12	Finance - Accounting	Financial analyst		\$ -	
2016 - 16	Information Technology	Applications Support Analyst		\$ 5,268	
2016 - 17	Information Technology	GIS Analyst		\$ 11,347	
2016 - 19	Legal	Associate Solicitor - Full Time		\$ 56,573	
2016 - 10	Newmarket Public Library	Year Round Sunday Service		\$ 16,682	
2016 - 9	Newmarket Public Library	Growing community outreach to meet demand		\$ 25,732	
2016 - 32	Parks Maintenance-General	Forestry Supervisor		\$ 82,570	
2016 - 37	Parks Maintenance-General	Natural Heritage Co-ordinator		\$ 110,984	
2016 - 42	Parks Maintenance-General	Roll over of Casual Contract Staff to full time		\$ 26,008	
2016 - 46	Parks Maintenance-General	Trainer and Safety Compliance	\$ 57,907		
2016 - 25	Procurement Services	Contractor Performance - Staff FTE		\$ 73,600	
2016 - 11	Storm Water Management Cost	Economic Policy Coordinator, Utilities		\$ -	\$ -
2016 - 30	Vehicle & Equipment Maintenance	Fleet Services - Lead Hand		\$ 4,096	
2016 - 53	Various	Asset maintenance and condition assessment	\$ -	\$ -	\$ -
<b>Total</b>			\$ 82,907	\$ 621,405	\$ -

Appendix B

2016 OPERATING BUDGET REQUEST LIST  
GROWTH AND ENHANCEMENT ITEMS DEFERRED

DP Form #	Business Unit Name	Project/Initiative Name	NET IMPACT	
			Mandatory	Growth
2016 - 24	Bylaw Enforcement	GPS in Enforcement Vehicles		\$ 2,108
2016 - 52	Bylaw Enforcement	Part-time Municipal Enforcement Officer		\$ 44,053
2016 - 3	Central York Fire Services	Four Additional Fire Fighters (de-annualization)		73,911
2016 - 4	Central York Fire Services	Fire Prevention Inspector	\$	55,433
2016 - 5	Central York Fire Services	Fire Prevention Life Safety Educator	\$	55,433
2016 - 6	Central York Fire Services	Human Resource Consultant Position	\$	76,691
2016 - 7	Central York Fire Services	Network and Communications Coordinator	\$	61,353
2016 - 22	Clerk's	Ombudsman Services		\$ 10,000
2016 - 23	Clerk's	Wedding Program Marketing		\$ 10,000
2016 - 20	Clerk's	Cyber Insurance		\$ 24,357
2016 - 21	Clerk's	2018 Municipal Election		\$ 42,000
2016 - 1	Customer Service Centre	Community Survey(s)		\$ 20,000
2016 - 2	Customer Service Kiosks	Customer Service Kiosk Associates		\$ 46,045
2016 - 33	Development	Greenspace Development Coordinator (full time)	\$	22,800
2016 - 27	Facility Administration	Energy Consultant		\$ 20,000
2016 - 28	Facility Administration	Facilities Maintenance Operator	\$	78,211
2016 - 51	Health & Safety	E-Learning		\$ 6,700
2016 - 31	Horticulture	Flowers on Fairy Lake Bridge		\$ 8,700
2016 - 49	Human Resources	Talent Development		\$ 5,000
2016 - 50	Human Resources	Attraction		\$ 35,000
2016 - 18	Information Technology	Town Central	\$	16,000
2016 - 15	Mulock Building-395 Mulock Dr.	Building Maintenance Worker		\$ 27,668
2016 - 8	Newmarket Public Library	Monday Service		\$ 164,589
2016 - 36	Parks Maintenance-General	Maintaining of Forestry Assets		\$ 22,292
2016 - 38	Parks Maintenance-General	Parks General Response Crew		\$ 145,160
2016 - 39	Parks Maintenance-General	Parks washroom cleaning		\$ 13,000
2016 - 43	Parks Maintenance-General	Casual Contract Staff to full time - (2nd position)	\$	26,008
2016 - 44	Parks Maintenance-General	Casual Contract Staff to full time (3rd position)	\$	26,008
2016 - 34	Parks Maintenance-General	Horticulture Supplies	\$	3,600
2016 - 48	Parks Maintenance-General	Outdoor Community Rinks		\$ 6,500
2016 - 35	Road Maintenance-Gen.Admin.	Main St - Weekend Waste Collection		\$ 15,360
2016 - 41	Road Maintenance-Gen.Admin.	Roads Operator	\$	57,171
2016 - 40	Playground Maintenance	Enhancement to playgrounds undergoing replacement		\$ 84,600
2016 - 47	Traffic Management	Traffic Safety - Transportation Initiatives		\$ 105,000
2016 - 45	Winter Control-Roads	Snow Storage Truck Rental		\$ 93,000
2016 - 26	Winter Control-Roads	Contract Court Clearing		\$ 64,000
<b>Total</b>			\$ -	\$ 1,015,132



2016 CAPITAL BUDGET REQUEST LIST

Line #	Project Name	Priority Ranking	EXPENDITURES		FINANCING					Comment	
			Project Cost	ARE	DC	Reserves & Reserve Funds	Gas Tax	General	Other		
<b>GROWTH RELATED</b>											
CYFS	1 Purchase Bunker Gear	2	57,000	28,500	17,100	11,400					
CYFS	2 Station 4-5 Design & Construction	3	3,000,000		1,800,000					1,200,000	Aurora's share
CYFS	3 Station 4-5 Land Acquisition	3	4,500,000		2,700,000					1,800,000	Aurora's share
Engineering	4 CCL - Parking Sub Committee Studies	3	150,000		150,000						
Engineering	5 Davis Drive/Yonge Street Consulting	2	400,000		400,000						
Engineering	6 Detailed Trail Implementation Plan	3	300,000		300,000						
Engineering	7 Hasket Park Trail connection to Davis	3	150,000		150,000						
Engineering	8 Implementation of Bike Lanes in existing roads network	3	150,000		150,000						
Engineering	9 Tom Taylor Trail-Davis Dr. Underpass	3	1,775,000			1,775,000					Fund 410970 & Trail levy or DC & Region grant
Engineering	10 Water/Wastewater Master Servicing Study Implementation	3	1,000,000		1,000,000						
Engineering	11 Wayne/Waralala SWM Pond	3	100,000		100,000						
Planning	12 Mobility Hub Study	3	300,000		270,000	30,000					
Planning	13 Zoning By-law update	2	300,000		270,000	30,000					
PWS - Parks	14 Frank Stronach Basketball & Tennis Courts	3	155,500		139,950				15,550		
Sub-total			12,337,500	28,500	7,447,050	1,846,400			15,550	3,000,000	
<b>REPLACEMENT</b>											
Building	15 395 Muleck Condition Assessment Needs	2	300,000	300,000							
Building	16 Space planning & Implementation	2	170,000	150,000					20,000		
CYFS	17 Bunker Gear Washer/Extractor and Dryer	2	25,000	25,000							
CYFS	18 Replacement of all Breathing Apparatus	2	900,000	900,000							
CYFS	19 Replacement of Equipment	2	50,000	50,000							
CYFS	20 Replacement of Fire Truck 97-02	2	800,000	800,000							
CYFS	21 Replacement of Firefighter Helmets	2	45,000	45,000							
CYFS	22 Replacement of Hazmat Decon Tent	2	20,000	20,000							
CYFS	23 Replacement of Platoon Chief Emergency Response Vehicle	2	70,000	70,000							
Engineering	24 Bridge and Culvert Repair and Replacement	2	760,000	760,000							
Engineering	25 Drainage Improvement Program.	2	150,000	150,000							
Engineering	26 Engineering/Design for future Projects	2	700,000	700,000							
Engineering	27 Roads Infrastructure Projects	2	6,050,000	3,950,000					2,100,000		



2016 CAPITAL BUDGET REQUEST LIST

Line #	Project Name	Priority Ranking	EXPENDITURES		FINANCING						Comment		
			Project Cost	ARF	DC	Reserves & Reserve Funds	Gas Tax	General	Other				
IT													
81	Open Data Readiness	3	25,000							25,000			phase 1 of 2
PWS - Facilities	Consultant for Washbay Expansion Options	2	10,000							10,000			
PWS - Facilities	Facilities Lead Hand Vehicle	2	50,000							50,000			
PWS - Facilities	Heating System for Hose Reel	3	10,000							10,000			
PWS - Facilities	Lift for stage	2	10,000							10,000			
PWS - Facilities	Magna Access to Timekeepers booth	1	7,000							7,000			
PWS - Facilities	New Window - Youth Center (Trail View)	3	60,000							60,000			
PWS - Facilities	Operations Yard Upgrade	3	100,000							100,000			
PWS - Facilities	Portable Melting Pit for Ice Out (2)	3	14,000							14,000			
PWS - Facilities	Repeater Cell Phone Service Upgrade	1	50,000							50,000			
PWS - Facilities	Riding floor cleaning machine	3	15,000							15,000			
PWS - Facilities	Roof Drainage - Community	1	15,000							15,000			
PWS - Facilities	Set Up Table for Welding Shop	1	12,000							12,000			
PWS - Facilities	Signage - OTH & Seniors	2	50,000							50,000			
PWS - Parks	Ray Twinney Complex partnership with Softball	3	300,000	150,000							150,000		
PWS - Roads	Main St - Waste Container Lid Replacement	3	3,400							3,400			
PWS - Roads	Mobile Surveillance Camera	3	7,200							7,200			
PWS - Roads	Road Closure Event Trailer	2	9,800							9,800			
PWS - Water/Wastewater	Automatic cleaning of grates inside pumping stations - Consultant	1	50,000								50,000		water rates
PWS - Water/Wastewater	Gilaine Saw	2	13,000								13,000		water rates
PWS - Water/Wastewater	GPS Locate Equipment	2	9,000								9,000		water rates
PWS - Water/Wastewater	Portable Lights	2	12,000								12,000		water rates
PWS - Water/Wastewater	Second Fill Station	3	90,000								90,000		water rates
PWS - Water/Wastewater	Tilt & Load Truck & Container	3	200,000								200,000		water rates
	final revisions to be made		(5,250)							(5,250)			
<b>Sub-total</b>			<b>1,828,850</b>	<b>150,000</b>			<b>90,000</b>				<b>443,150</b>		<b>1,145,700</b>

<b>TOTAL</b>	\$27,152,224	\$11,023,074	\$7,447,050	\$1,998,400	\$2,100,000	\$590,000	\$4,145,700
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Appendix D

2016 CAPITAL BUDGET REQUESTS DEFERRED

Line #	Project Name	Priority Ranking	EXPENDITURES			FINANCING						Comment
			Project Cost	ARF	DC	Reserves & Reserve Funds	Gas Tax	General	Other			
IT	85 GIS Strategic Plan	3	100,000						100,000			covered by AMP
IT	86 Open Data Readiness	3	25,000						25,000			phase 2
IT	87 Phone Systems - New Technologies	3	75,000						75,000			
IT	88 Website Enhancements	3	20,000						20,000			
PWS - Facilities	89 Additional Storage	3	6,500						6,500			
PWS - Facilities	90 Av Equipment	3	5,000						5,000			
PWS - Facilities	91 Generator Study for Major Facilities	1	20,000						20,000			
PWS - Facilities	92 Integrated Audio System - Wireless Mics	3	13,000						13,000			
PWS - Facilities	93 iPads to replace logbooks	3	6,500						6,500			
PWS - Facilities	94 Lunch Room Blinds	2	8,000						8,000			
PWS - Facilities	95 Magma - Replace tile flooring with rubber flooring	3	85,000						85,000			
PWS - Facilities	96 Mirrored wall	3	6,200						6,200			
PWS - Facilities	97 Sensory Room/Equipment	1	15,000						15,000			
PWS - Facilities	98 Shelving in MPR 3 - RTC	2	5,000						5,000			
PWS - Facilities	99 Storage bin/drinker	3	5,000						5,000			
PWS - Facilities	100 Wubit Aqua Obstacle Course	3	20,000						20,000			
PWS - Parks	101 Art Ferguson Netting	1	150,000						150,000			
PWS - Parks	102 Fencing at Art Ferguson Park	2	15,000						15,000			
PWS - Parks	103 Ken Sturgeon Park Walkways	3	105,000						105,000			
PWS - Parks	104 Lighting George Luesby Trail	3	90,000						90,000			
PWS - Parks	105 Vehicle Charging Station	3	18,000						18,000			
PWS - Roads	106 Operations Cr. Material Bin Canopy	3	200,000						200,000			

Total Deferred	\$993,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$993,200	\$0	\$0	\$0
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