

2016 Draft Budget

Committee of the Whole

December 14, 2015

Presenter:

Bob Shelton - CAO

Mike Mayes - Director, Financial Services/Treasurer



Today's Objectives



1. Revisit the Draft 2016 Capital Budget
2. Review Funding of the Capital Budget
3. Investigate Infrastructure Levy options
4. Finalize Capital Budget

For further details, please see the companion report: Joint CAO, Commissioners and Corporate Services Report – Financial Services 2016-63 - 2016 Capital Budget



2016 Budget Schedule

ACTIVITY	DATE	STATUS
Special Council – Approval of Fees & Charges	November 30	Completed
Special CoW – Operating budgets, proposed staffing requests & CYFS governance	December 7	Completed
Special CoW – Capital budget, ARF funding & infrastructure levy	December 14	In process
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Budget Revisions



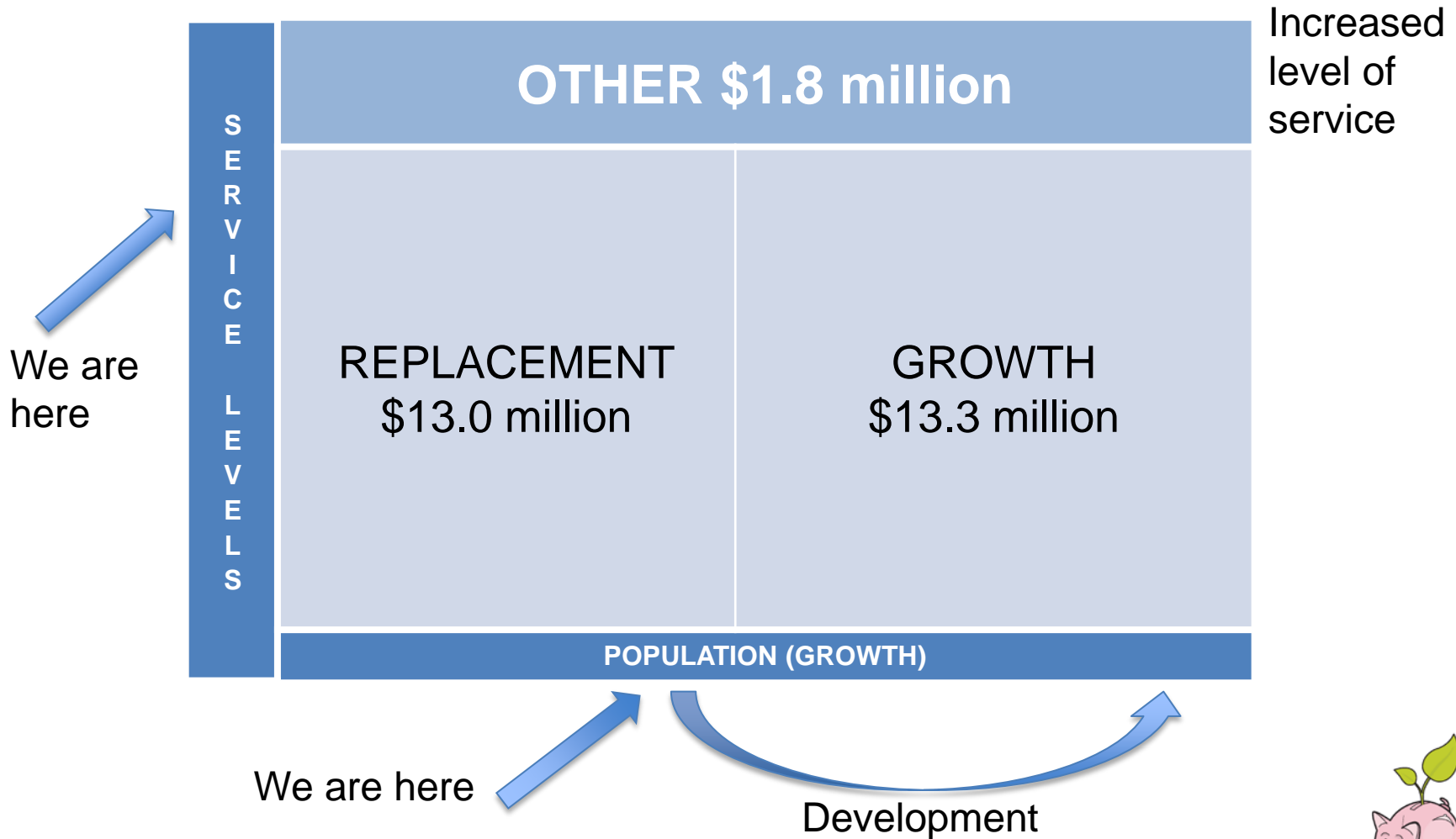
Preliminary draft capital budget presented November 16	\$ 27,152,224
Additions from November 30 CoW: (subject to Council approval on December 14)	
Trail from Yonge Street to Rita's Avenue Development & Infrastructure report 2015-44	630,000
Magna Centre renovation re: fitness centre Recreation & Culture Report 2015-37	300,000
Draft budget - December 14	\$ 28, 082,224



**The capital budget
provides infrastructure to
deliver municipal
services.**



2016 Draft Capital Budget



Priority Ranking of Capital Projects

1. Legislative requirement, health and safety
2. Replacement
3. Other

This ranking system is used for administrative purposes only and does not reflect Community or Council priorities which may be set from time to time.



**The growth component of
the capital budget
maintains service levels
for a growing population.**



2016 Capital Budget

- Growth



FUNDING	PRIORITY 1	PRIORITY 2	PRIORITY 3	TOTAL
DC		\$ 687,100	\$ 7,009,950	\$ 7,697,050
ARF		28,500		28,500
Reserve Funds		41,400	2,435,000	2,476,400
General			15,550	15,550
Other funding			3,050,000	3,050,000
Total	\$ 0	\$ 757,000	\$12,510,500	\$13,267,500



The “other” portion of the capital budget consists of investments that increase service levels.



2016 Capital Budget

- Other



FUNDING	PRIORITY 1	PRIORITY 2	PRIORITY 3	TOTAL
DC				
ARF			\$ 150,000	\$ 150,000
Reserve Funds			90,000	90,000
General	\$ 84,000	\$ 129,800	229,350	443,150
Other funding	367,700	338,000	440,000	1,145,700
Total	\$ 451,700	\$ 467,800	\$ 909,350	\$1,828,850



2016 Capital Funding - General

GENERAL	
Opening reserve balances	\$2,246,662
Capital budget - other	(443,150)
Capital budget - growth	(15,550)
Capital budget - replacement	(41,300)
2016 contributions	500,000
Closing reserve balances	\$2,246,662

No general capital reserves will be drawn on for 2016.



**The replacement section
of the capital budget
consists of investments
to maintain existing
service levels.**



Replacement Programs



Bridges and culverts	\$ 760,000
Engineering Design	700,000
Facilities	846,800
Fire Services	2,010,000
Information Technology	671,524
Library	175,700
Parks	292,350
Public Works Equipment	929,500
Roads	6,050,000
Stormwater Management	450,000
Water and Wastewater	100,000
TOTAL	\$12,985,874



2016 Capital Budget - Replacement



FUNDING	PRIORITY 1	PRIORITY 2	PRIORITY 3	TOTAL
DC				
ARF	\$162,500	\$10,572,074	\$110,000	\$10,844,574
Reserve Funds				
General	20,000	21,300		41,300
Other funding		2,100,000		2,100,000
Total	\$182,500	\$12,693,374	\$110,000	\$12,985,874



ARF Funding Envelope



	0.80% ARF Levy	1.00% ARF Levy
Opening reserve fund balances	\$ 3,530,379	\$ 3,530,379
2016 contributions	15,046,430	15,046,430
2016 increase – tax-supported	424,583	530,729
2016 increase – rate-supported	488,395	488,395
2016 maintenance and condition assessments	(5,650,784)	(5,650,784)
Funding available for 2016	\$ 13,839,003	\$ 13,945,149



Reduction Options

- A. No reduction
- B. Reduce to maintain existing ARF balance
- C. Reduce to increase the ARF balance by the amount of the tax-supported levy
- D. Reduce by \$1.6 million
- E. Other



Options with 0.80% ARF Levy



	A	B	C	D
Funding envelope	\$ 13,839,003	\$ 13,839,003	\$ 13,839,003	\$ 13,839,003
2016 capital requirements	(11,023,074)	(11,023,074)	(11,023,074)	(11,023,074)
Further reductions	0	714,450	1,139,033	1,600,000
Closing reserve fund balances	\$ 2,815,929	\$ 3,530,379	\$ 3,954,962	\$ 4,415,929
Net change in reserve fund balance	(\$ 714,450)	0	\$ 424,583	\$ 885,550



Options with 1.00% ARF Levy



	A	B	C	D
Funding envelope	\$ 13,945,149	\$ 13,945,149	\$ 13,945,149	\$ 13,945,149
2016 capital requirements	(11,023,074)	(11,023,074)	(11,023,074)	(11,023,074)
Further reductions	0	608,304	1,139,033	1,600,000
Closing reserve fund balances	\$ 2,922,075	\$ 3,530,379	\$ 4,061,108	\$ 4,522,075
Net change in reserve fund balance	(\$ 608,304)	0	\$ 530,729	\$ 991,696



Increases in Asset Replacement Fund contributions will be required to offset the infrastructure deficit.



Sustainability measures

- Central York Fire Services
 - ARF contributions increased in 2013 based on 10 year capital plan
- Library
 - Working on a multi-year capital plan
- Water
 - 50 year forecasts built into updated financial plans



Capital Financing Sustainability Study



- Hemson Consulting's final Phase 2 report can be found on the Town website at:
http://www.newmarket.ca/TownGovernment/Documents/Background%20report_capital%20financing%20sustainability%20strategy.pdf
- Recommendation for tax-supported ARF contributions:
 - 1.08% annual tax increase, or
 - 0.85% if there is a separate Stormwater Management rate



Infrastructure Levy

Infrastructure levies adopted by Council:

- 2013 0.80% = \$ 363,773
- 2014 0.74% = \$ 358,125
- 2015 1.00% = \$ 505,127
- 2016 1.00% = \$ 530,729
0.80% = \$ 424,583

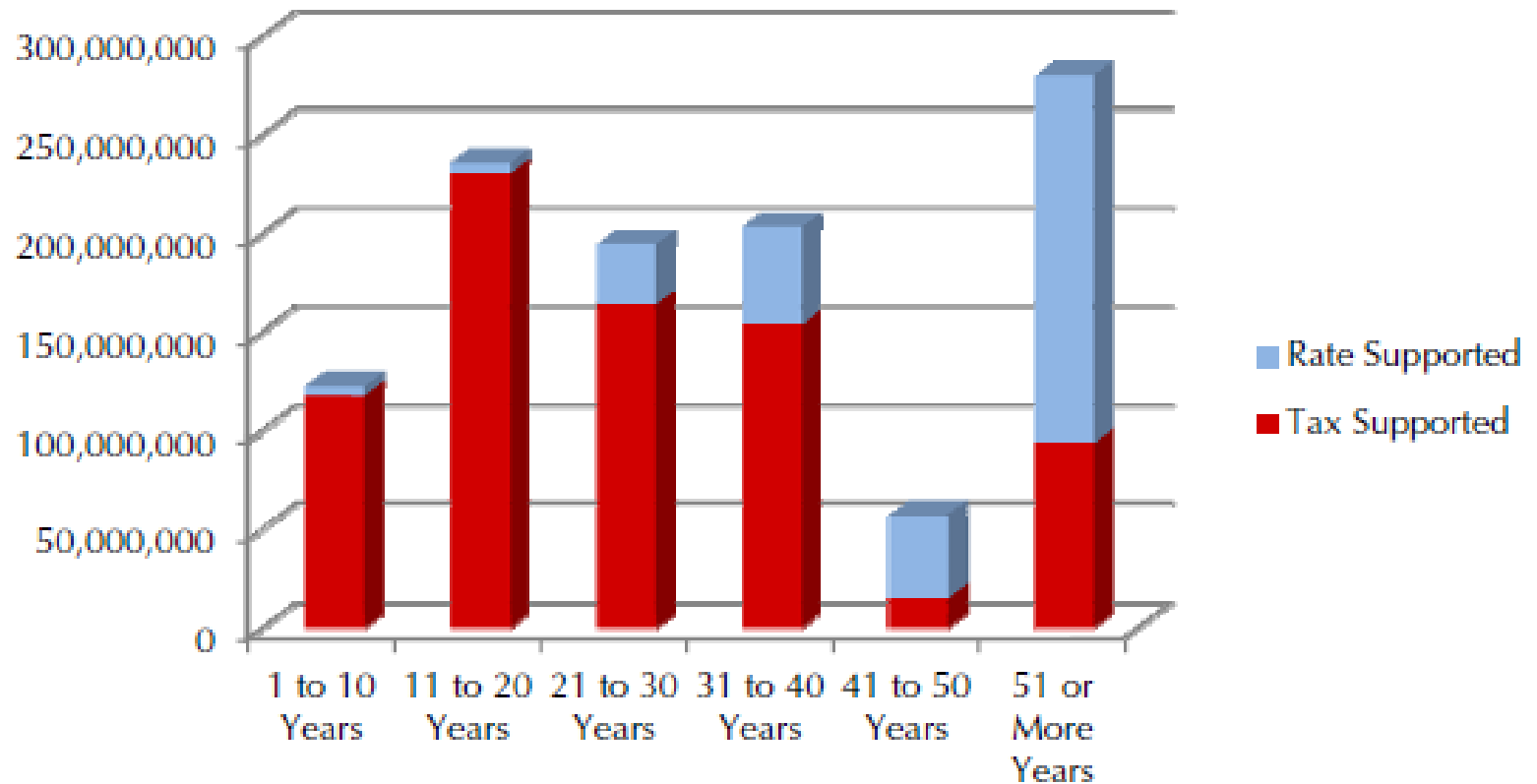


**Significant investment in
infrastructure will
continue to be required.**



Hemson's Projections

Town of Newmarket
Asset Remaining Useful Life Profile



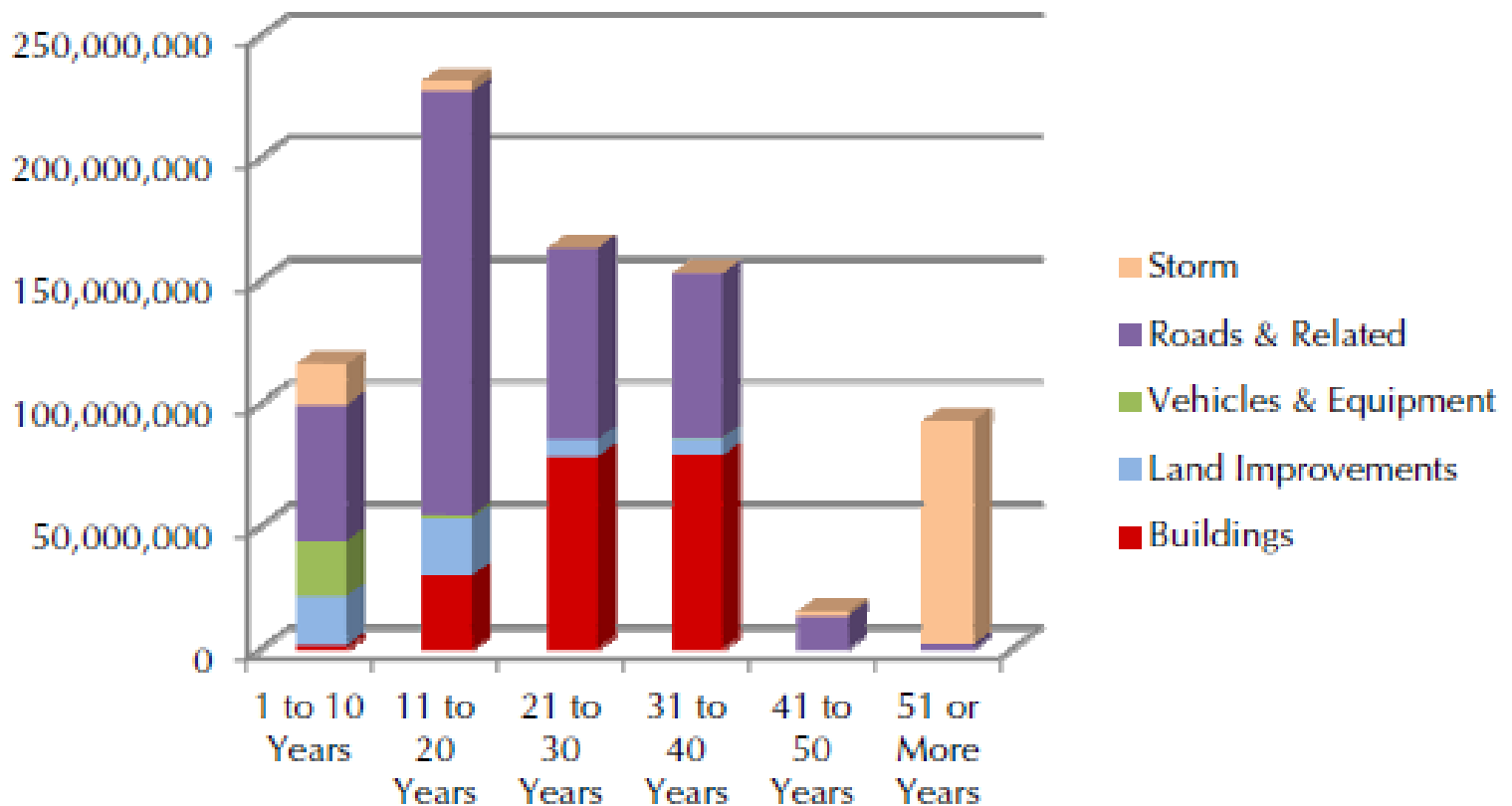
Source: Hemson based on Town ARF data



Hemson's Projections



Town of Newmarket
Tax Supported Asset Remaining Useful Life Profile



Source: Hemson based on Town ARF data



Capital Budget Outlook



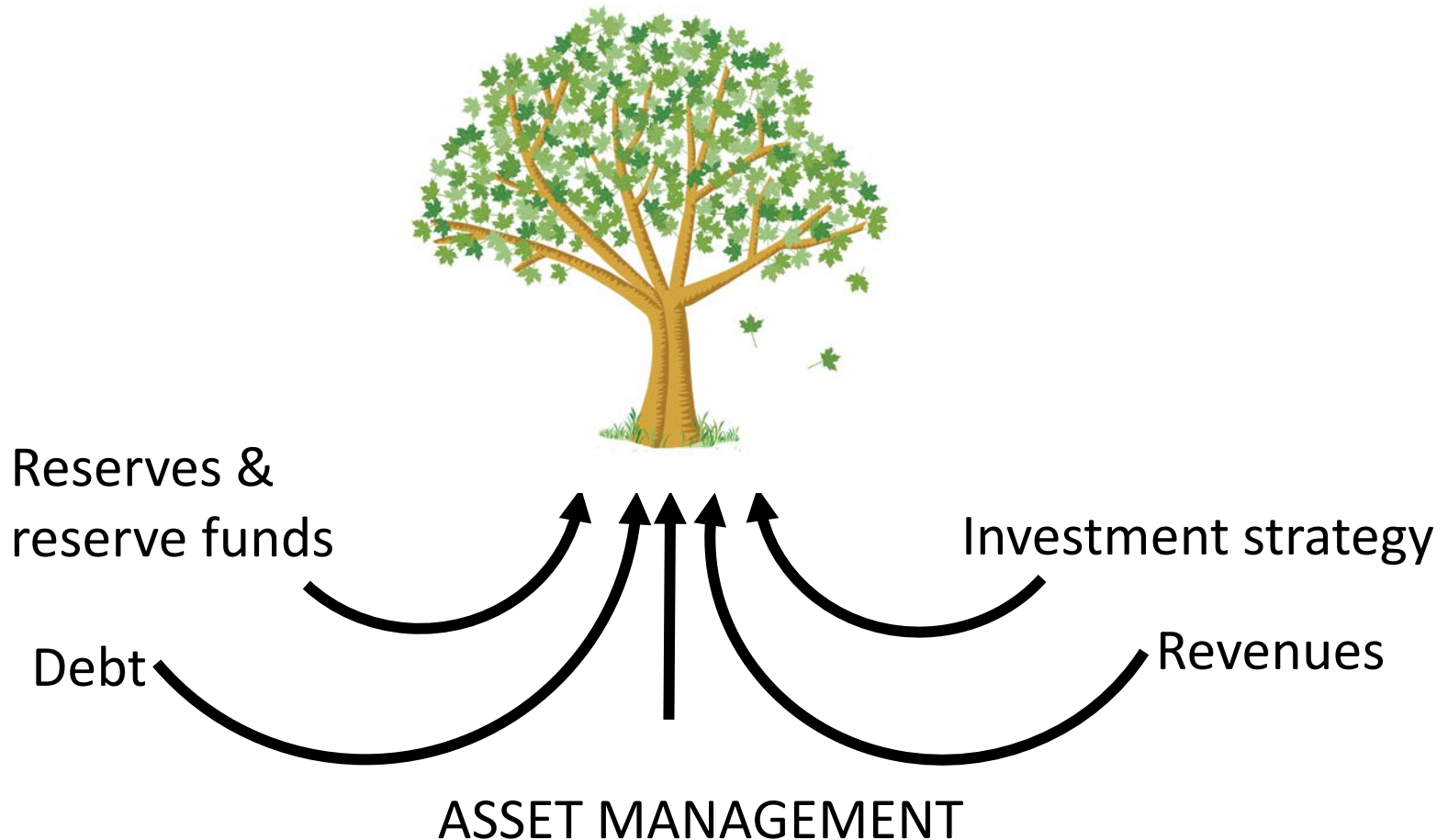
YEAR	Project Cost	ARF	DC	Gas Tax
2016	27,782,224	11,023,074	7,447,050	2,100,000
2017	27,343,734	8,096,099	9,837,744	2,100,000
2018	32,040,987	11,066,206	8,302,399	2,100,000
2019	25,233,725	10,011,790	7,800,744	2,100,000
2020	18,330,194	9,627,104	6,603,090	2,100,000
2021	18,945,337	10,242,247	6,603,090	2,100,000
2022	13,641,658	11,541,658		2,100,000
2023	14,695,017	12,595,017		2,100,000
2024	16,130,487	14,030,487		2,100,000
2025	17,796,569	15,696,569		2,100,000



**The proposed capital
program aligns with the
Sustainable Financial
Strategy.**

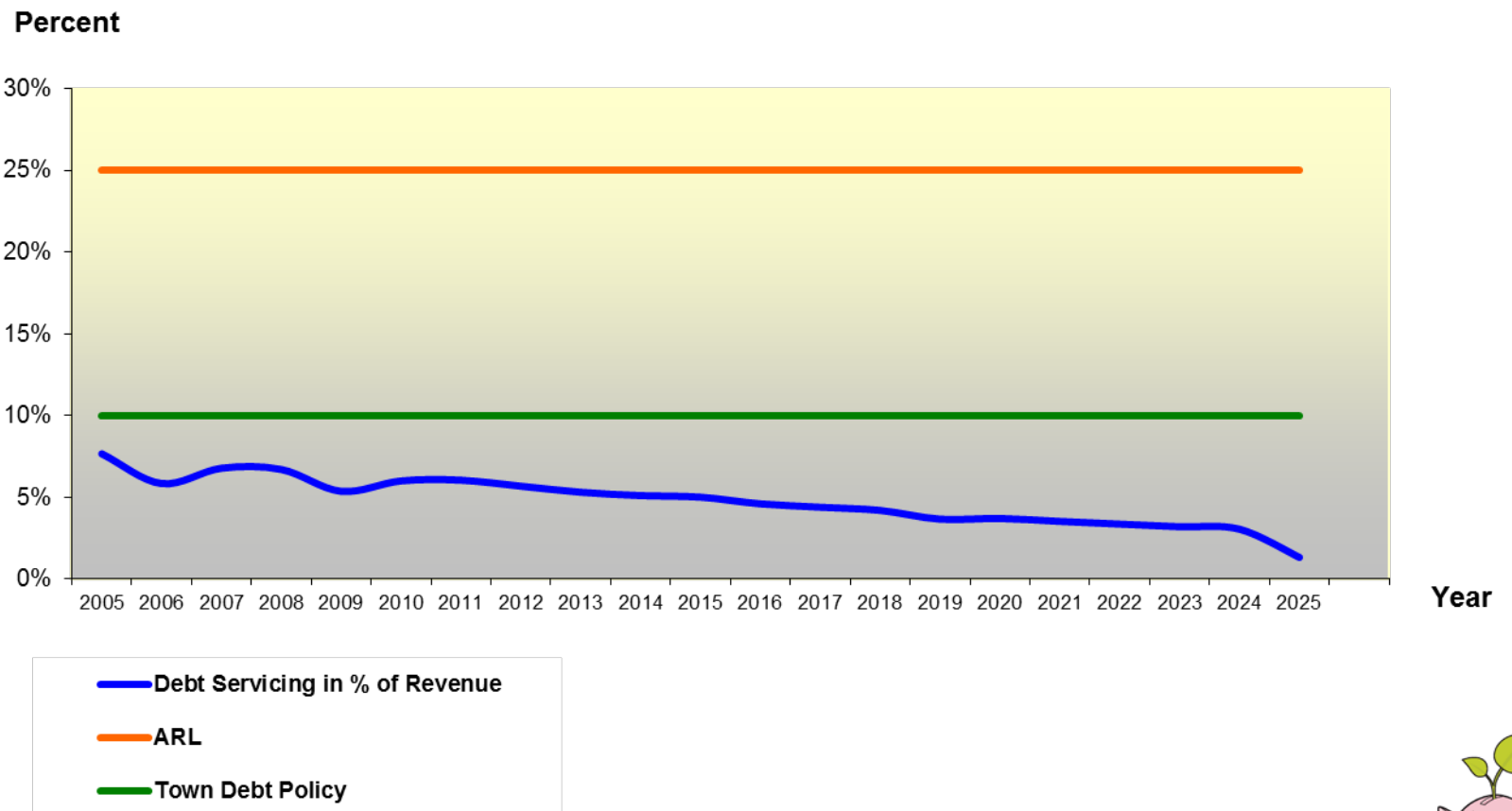


Elements of the Sustainable Financial Strategy



Debt

Debt vs. Town Debt Policy and Provincial ARL



Next Steps



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Thank You

