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## **Service Level Reduction Options Staff Report to Council**

Report Number: 2023-12

Department(s): Financial Services

Author(s): Mike Mayes, Director, Financial Services / Treasurer

Meeting Date: March 6, 2023

### **Recommendations**

1. That the report entitled Service Level Reduction Options dated March 6, 2023, be received; and,
2. That Committee provide direction to staff if there are to be any further amendments to the proposed Tax-supported Operating Budget that should be incorporated into the Draft Budgets to be presented to Committee of the Whole on March 27, 2023; and,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

### **Executive Summary**

At the direction of Council following the January 30, 2023, Special Committee of the Whole meeting, staff have reviewed potential areas for service level reductions in order to explore a reduced tax rate for 2023. Consideration was given to possible cost savings, service level impact and risks.

Over the past years, approved operating budgets have been lean and as a result there were no large sources of individual savings from reductions. In aggregate, there is a possible 0.79% tax levy reduction – this has not been factored in and awaits Committee's direction.

A more thorough analysis would require more time and better tools, such as the Activity Based Costing being developed as part of the Informed Service Delivery project.

## Purpose

The purpose of this report is to respond to Committee's request for information on potential service level reductions.

## Background

Report 2023-09, 2023 Preliminary Draft Capital and Rate-Supported Operating Budgets, presented a tax levy increase of 7.67%.

Committee directed staff to provide options on service level reductions to help reduce the increase. The goal was to seek tax savings with minimum service disruption. Both staff and members of Council provided suggestions.

Historically, the Town has costed services at a high level – “service bundles” – and applied sufficient cost (and overhead) allocations to support our Service Pricing Policy and the setting of fees and charges. This is not a robust system and will be reviewed as part of the Informed Service Delivery project.

## Discussion

In general, the Town's budgets are lean. At the budget meeting on January 30, it was highlighted that base tax increases have been limited to inflationary increases, except for 2022 where we fell 6% behind. In the budget we try to include a provision for unscheduled / unplanned requests.

Options for Committee to consider.

### Winter Control

1. Sidewalk snow clearing
  - Option: Reduce or eliminate contracts
  - Potential annual savings up to \$390,000
  - Risk
    - i. Legislation has set minimum maintenance standards.
    - ii. Potential greater number of winter related sidewalk claims
    - iii. Property owners would be required to clear with Bylaw Enforcement
  - Not recommended: in addition to the above risks and legislated requirements, possible 2023 savings would be limited due to timing. If there is interest, defer consideration to 2024 budget.
  
2. Snowplowing, roads
  - Option: Do not deploy snowplows until snowfall hits 8 cm.
  - Potential annual savings: none

- Background: there were 13 winter events in 2022 – 6 were cm. or more, the remaining 7 were 5-7 cm. For those below 8 cm., the response would have used salt and sand rather than plowing at a greater price. Plowing is more cost effective.
- Risk: liability for health and safety
- Not recommended: even if there were savings, they would be limited in 2023 due to timing. If there is interest, defer consideration to 2024 budget.

## Facility Hours

Reduce facilities operating hours.

3. Ray Twinney
  - Option: Limit hours of operation to 7:00 am to 11:00 pm; and close for the weekend in the summer
  - This would mean loss of early morning lane swims, and swim team pool rentals that would not be able to be accommodated at Magna Centre due to other program offerings.
  - Risk: loss of early morning lane swim, team pool rentals and aquatics programing.
  - Not recommended: the loss of programing revenues would offset the potential facility savings.
4. Seniors Meeting Place
  - Option: Limit operating hours to daytime only
  - Seniors' special events including pub nights, dances, special events for seniors, evening cards, and specialized fitness classes would no longer be offered, as no other facility is available to accommodate these programs.
  - Risk: reduced number of special events, specialized fitness, and evening card nights
  - Not recommended: the loss of programing revenues would offset the potential facility savings.
5. Old Town Hall
  - Options: Close during the day Monday to Friday
  - The type of services offered during daytime hours involve use of the technical equipment and art gallery space at Old Town Hall and could not be accommodated elsewhere. This would impact special group rentals such as music institutions.
  - Risk: access to specialized AV equipment in this space and reduced space overall available for weekday rentals
  - Not recommended: the loss of programing revenues would offset the potential facility savings.

6. Elman Campbell Museum
  - Option: Only open Thursday to Saturday
  - Potential annual savings: \$14,000.
  - Risk: less public access time
  
7. Cleaning/janitorial services
  - Option: redeploy some staff from the Town Office to replace the janitorial contract at the Operations Centre
  - Potential annual savings: \$42,000
  - Risk: potential for less time for minor repairs, spot painting etc. at 395 Mulock Drive

Options	Potential Savings \$	Potential Tax Savings %	Annual impact - \$706,000 assessment	Annual impact - \$900,000 assessment
Reduce Museum hours	\$ 14,000	0.02%	\$ 0.46	\$ 0.59
Reduce Town Office cleaning	\$ 42,000	0.06%	\$ 1.39	\$ 1.77
<b>Total</b>	<b>\$ 56,000</b>	<b>0.08%</b>	<b>\$ 1.85</b>	<b>\$ 2.36</b>

### **Park Maintenance**

8. Grass Cutting
  - Option: reduce total area cut by 25%
  - Potential annual savings: \$100,000
  
9. General Parks Maintenance
  - Option: reduce provisional funding for unscheduled/unplanned works and efficiencies being realized through improved asset management practices
  - Potential annual savings: \$100,000
  - Risk: loss of flexibility to deal with non-program requests
  
10. Playground Maintenance
  - Option: Extend the lifecycle replacement of play structures by 3-5 years based on wear and tear
  - Potential annual savings: \$60,000
  - Risk: the risk is low and would align the replacement cycle with the condition of play equipment that requires replacement

Options	Potential Savings \$	Potential Tax Savings %	Annual impact - \$706,000 assessment	Annual impact - \$900,000 assessment
Reduce grass cutting	\$ 100,000	0.15%	\$ 3.30	\$ 4.21
Reduce general parks maintenance	\$ 100,000	0.15%	\$ 3.30	\$ 4.21
Playground Maintenance	\$ 60,000	0.09%	\$ 1.99	\$ 2.53
Total	\$ 260,000	0.38%	\$ 8.59	\$ 10.95

### Road Maintenance

11. General Roads Contracts
- Option: reduce contracted roads maintenance
  - Reductions may impact services such as crack sealing, asphalt patching, and minor road improvements.
  - Potential annual savings: \$100,000
  - Risk: deterioration in quality of roads

Options	Potential Savings \$	Potential Tax Savings %	Annual impact - \$706,000 assessment	Annual impact - \$900,000 assessment
Reduce general roads contracts	\$ 100,000	0.15%	\$ 3.30	\$ 4.21

### Staffing and consulting

12. Managing staff turnover
- Option: increase gapping – delay hiring replacement staff
  - Potential annual savings: \$130,000
  - Risk: difficult to predict which positions/services would be impacted, and when

Options	Potential Savings \$	Potential Tax Savings %	Annual impact - \$706,000 assessment	Annual impact - \$900,000 assessment
Increase gapping	\$ 130,000	0.19%	\$ 4.29	\$ 5.47

## **Sustainable Service Delivery**

All of the options provided would result in a lower service level, some to specific groups and some to residents as a whole. The estimated realizable savings to the individual taxpayer were provided to give a basis to determining value of the service.

Reduced grass cutting could have a positive impact on the environment.

If Committee moves forward with any of these reduction options, they will need to determine if the adjustment will be temporary or permanent. It should be noted that any temporary adjustments will be tax drivers in the future when the service level is reinstated.

Wherever possible, risks have been identified.

## **Conclusion**

If Committee so chooses, adjustments can be made to the preliminary draft 2023 Tax-supported Budget and be included in the discussion at the Special Committee of the Whole (Budget) on March 20, 2023.

In the future, the informed Service Delivery project will enable a more robust analysis.

## **Business Plan and Strategic Plan Linkages**

This supports a service level analysis under the strategic pillar of Long-term Financial Sustainability.

## **Consultation**

The Strategic Leadership team (SLT).and relevant departments were consulted in gathering the data for, and preparation of this report.

## **Human Resource Considerations**

Not applicable

## **Budget Impact**

This report lists potential budget reductions options of up to \$546,000, equal to a tax levy reduction of 0.79%,

## **Attachments**

None

## **Approval**

Mike Mayes, CPA, CGA, DPA  
Director of Financial Services

Esther Armchuk, LL. B  
Commissioner, Corporate Services

## **Contact**

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