



INFORMATION REPORT

Corporate Services Commission, Financial Services

395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.953-5300 ext. 2102

October 23, 2017

CORPORATE SERVICES INFORMATION REPORT – FINANCIAL SERVICES 2017-49

TO: Mayor Tony Van Bynen and Members of Council

SUBJECT: Supplementary Information for Preliminary Draft Budgets

ORIGIN: Director, Financial Services/Treasurer

In accordance with the Procedure By-law, any Member of Council may make a request to the Town Clerk that this Information Report be placed on an upcoming Committee of the Whole agenda for discussion.

COMMENTS

As part of the 2018 Preliminary Draft Budgets presentation at Committee of the Whole on October 16, 2017 a commitment was made to provide an Information Report on October 23, 2017 with additional details. This report addresses that and includes the following:

- Additional information
- Decision Packages
- Capital Budget requests
- Budget Game feedback
- Other public feedback
- Answers to questions received from Members of Council

ADDITIONAL INFORMATION

Magnitude of the Budget

On an annual basis, the Town of Newmarket prepares an annual budget to authorize its expenditures for the year. For 2018, this includes:

- \$127 million in operating expenditures
 - \$84 million in tax-supported operations, including:
 - \$16 million for Fire Services
 - \$4 million for Library Services

- \$43 million in rate-supported operations, including:
 - \$39 million for water and wastewater
 - \$1.9 million for stormwater
 - \$2.5 million for building permit services
- \$26 million in capital expenditures

Budget assumptions

A 1% change in the tax levy is equivalent to \$560,661, and is \$17.98 for the average residential taxpayer (2017 assessment of \$508,750).

The inflation assumption for the budget was 2.1% - this was the annual increase in the Toronto Consumer Price Index (Toronto CPI) at the end of March when budget preparation began. It is also the Toronto CPI for September. Because the bundle of goods and services purchased by a municipality are different from those purchased by the average consumer, and are subject to higher increases, it was proposed that an additional 0.25% to 0.50% be added to the inflationary increase.

Budget Target

Further to the above assumptions, the recommendation from our consultant for the Capital Financing Sustainability project was that an additional 1% be added to the annual tax levy for infrastructure. Consequently, a tax increase of 3.35% to 3.50% was originally proposed as a target for 2018.

On June 6, Council adopted a 3.35% tax increase target with staff providing options for a further \$200,000 in budget reductions. This resulted in the tax target of 2.99%.

The water, wastewater and stormwater budget targets were set by their respective 6-year financial plans which were adopted by Council earlier this year. It should be noted that the 12.3% stormwater rate increase for 2018 was projected prior to the creation of the new stormwater rate group.

Impact on average taxpayer

For an average residential property assessed at \$508,750 in 2017, the impact of the preliminary budget would be:

	2017	2018	Increase \$	Increase %
Town Portion	\$ 1,797.52	\$ 1,851.27	\$ 53.75	2.99%
Region Portion	\$ 1,892.06	\$ 1,936.52	\$ 44.46	2.35%
School Board Portion	\$ 910.66	\$ 910.66	\$ 0.00	0.00%
Total	\$ 4,600.24	\$ 4,698.45	\$ 98.21	2.13%

Region portion is based on their outlook for 2018. School Board portion assumes no increase but there has been no notification yet. All increases are subject to changes due to tax shifting. The Region has not determined what the tax ratios will be for 2018 yet.

Water Rates

Type of consumer (size refers to meter)	Annual consumption	2017	2018	Increase \$	Increase %
Residential Commercial to 1"	200 m ³	\$ 1,090	\$ 1,164	\$ 74	6.8%
Commercial/industrial 2"	4,600 m ³	\$ 17,629	\$ 19,406	\$ 1,777	10.1%
3"	6,900 m ³	\$ 26,709	\$ 29,690	\$ 2,981	11.2%
4"	22,000 m ³	\$ 83,140	\$ 90,236	\$ 7,096	8.5%

Stormwater Rates

For the average residential property, the charge will increase from \$30.25 to \$33.97, an annual increase of \$3.72 or 12.3%.

Staffing requests

The preliminary draft operating budgets include the following request for additional fulltime staff equivalents (FTE's) to sustain service levels and delivers on Council priorities. References are made to the Decision Packages (DP) which provides details.

- 5 for Central York Fire Services – 4 firefighters (DP#16) and an IT support position (DP#24). 40.65% of the funding comes from Aurora's share of the joint operation and the remainder is funded from growth revenues. This is part of the 5 year implementation of the Fire Department Master Plan (FDMP)
- 4 are supporting the capital program
 - 2 for Asset Management (DP#4)
 - 1 for Telecommunications (DP#23)
 - 1 for GIS in the Water and Wastewater area (DP#22)
- 3 are offset by additional revenues
 - 2 Enforcement Officers for Parking (DP#25)
 - Enforcement Officer for Licensing (DP#10)
- 4 positions converting part-time or casual staff to fulltime permanent
 - Solid Waste Inspector (DP#37)
 - Park's Operator (DP#33)
 - Fitness Programmer (DP#38)
 - Water Quality Analyst (DP#3)
- 1 position from the 6-Year Financial Plan for Stormwater
 - Sr. Climate Change Coordinator (DP#18)
- 1 position funded from assessment growth
 - Digital Communications Specialist (DP#19)

DECISION PACKAGES

Appendices A1-A3 of Financial Services Report 2017-46 provided a summary of the Decision Packages that had been included in the preliminary draft operating budgets, and those that had been deferred for consideration in future years. They have been segregated according to main funding source and by budget component – mandatory, enhancement and growth. They have been given evaluation points which was the initial prioritization used by staff.

The 40 Decision Packages are in Appendix A.

CAPITAL BUDGET REQUESTS

Appendices B1-B2 of Financial Services Report 2017-46 provided a summary of the Capital Budget requests that had been included in the preliminary draft capital budget and those that had been deferred for consideration in future years.

The 79 Capital Budget requests are in Appendix B.

BUDGET GAME FEEDBACK

2018 Budget – Community Engagement Phase I and Phase II

Phase I – July to September 30, 2017

The first objective of the community engagement plan was to have residents understand the budget process and communicate the budget theme of sustainability with a focus on the three priorities as identified by Council: Developing our corridors and community; Managing assets and maintaining our service levels; and Cultivating innovation and growth.

The second objective was to gather feedback through the “Put your money where it matters” budget game, in which residents have one “budget buck” to allocate to the priority that matters the most to them.

Residents were also given the option to choose “other” and provide their own priority. The game was available both online and in person at events. A goal of collecting over 516 responses (2016’s total participation rate) was set for the entire engagement campaign (July to end of October).

The three priorities, the budget process and the budget game were promoted through a new 2018 budget webpage, postcards, media releases, media pick-up, emails, the Newmarket Now e-newsletter, marquees and signage at Town facilities, Town Page ads, posters, social media posts and community events. As part of the community engagement efforts, the budget team attended a number of new Town-run events to help drive participation in the budget game.

The budget team attended a Moonlight Movies night, “New’bark’et, the Central York Fire Services annual Open House and a Farmers’ Market. In September, an incentive to enter to win a \$100 credit to apply to any future Recreation & Culture program was added to the promotion of the game to further encourage participation.

As a result of the communications tactics and community outreach efforts, a **total of 531** responses were collected for Phase I of community engagement, exceeding the overall participation rate for 2016.

- **388** people participated in the budget game at the events
- **143** responses were collected through the online version of the budget game (as of September 30, 2017).

From the 531 responses collected (as of September 30, 2017):

- 47% (251 participants) chose “Managing assets and maintaining our service levels”
- 22% (119 participants) chose “Cultivating innovation and growth”
- 21% (109 participants) chose “Developing our corridors and community”
- 10% (52 participants) chose “Other”

Comments – for a full listing of comments, please see Appendix C.

Phase II – October 1 to 31, 2017

Phase II of Budget Engagement will take place during the month of October and will continue with promotion of the game through Town Page ads, the Newmarket Now e-newsletter, The Town’s social media accounts, media pitching and through a more targeted online approach. Feedback will be collected through the online version of the game until October 31, 2017.

As part of Phase II, we will communicate opportunities for participation in the budget process through various communications tactics.

Phase II will continue with inviting people to get engaged in the process through deputations or attending upcoming budget meetings. A media release on the direction of the budget – what’s included, what’s not included and the efficiencies realized to meet the target for the budget will be issued.

Final comments and final engagement numbers will be made available for the Special Committee of the Whole meeting on November 27.

OTHER PUBLIC FEEDBACK

An item under New Business from Committee of the Whole on October 16 was referred to the budget process. This was a letter to the Town Clerk dated October 12, 2017 regarding Hospital Parking Area around Lundy’s Lane.

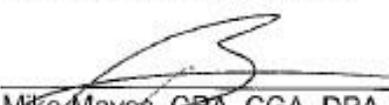
A growing Town needs to expand its bylaw enforcement resources. In response to this type of complaint and others, Legislative Services has requested a four additional Parking Enforcement Officers (decision Package #25). The preliminary draft budget includes two of these positions, funded from assessment growth. The remaining two have been deferred for consideration in future years.

ANSWERS TO QUESTIONS RECEIVED FROM MEMBERS OF COUNCIL

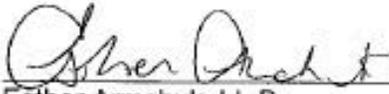
Answers to budget-related questions asked at the Committee of the Whole meeting held on October 16, 2017 are included in Appendix D.

CONTACT

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



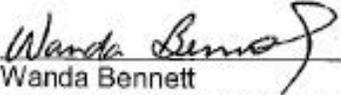
Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer



Esther Armchuk, LL.B.
Commissioner, Corporate Services



Liz Tcheskis
Communications Specialist



Wanda Bennett
Director, Corporate Communications



Robert N. Shelton
Chief Administrative Officer

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Attachment(s): *these should be listed as below:*

- a) Appendix A – Decision Packages
- b) Appendix B – Capital Budget requests
- c) Appendix C – Comments from Phase I of Community Engagement
- d) Appendix D - Answers to Questions Received From Members of Council

Attachment(s): *these should be listed as below:*

- a) Appendix A – 2018 Decision Package Details
 - a. Appendix A1 - Recommended 2018 Decision Packages Tax Supported
 - b. Appendix A2 - Recommended 2018 Decision Packages. Rate Supported
 - c. Appendix A3 - 2018 Decision Packages. Deferred
- b) Appendix B – 2018 Capital Project Request Forms
 - a. Appendix B1 - 2018 Capital Budget Request List Recommended
 - b. Appendix B2 - 2018 Capital Requests Deferred
- c) Appendix C – Comments from Phase I of Community Engagement
- d) Appendix D - Answers to Questions Received From Members of Council