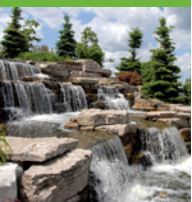




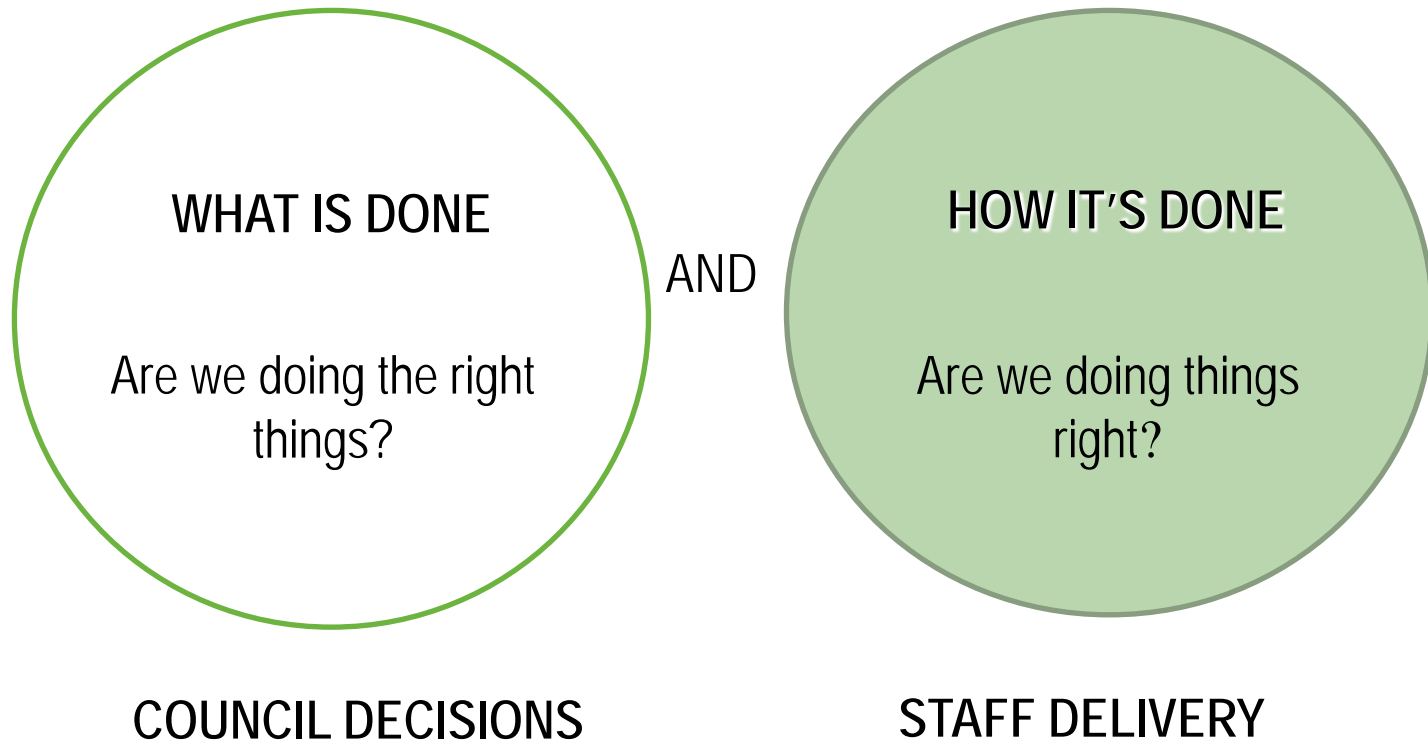
# 2018 Draft Operating Budget CAO Opening Remarks

Budget Committee of the Whole  
Tuesday, January 23, 2018



# One Team

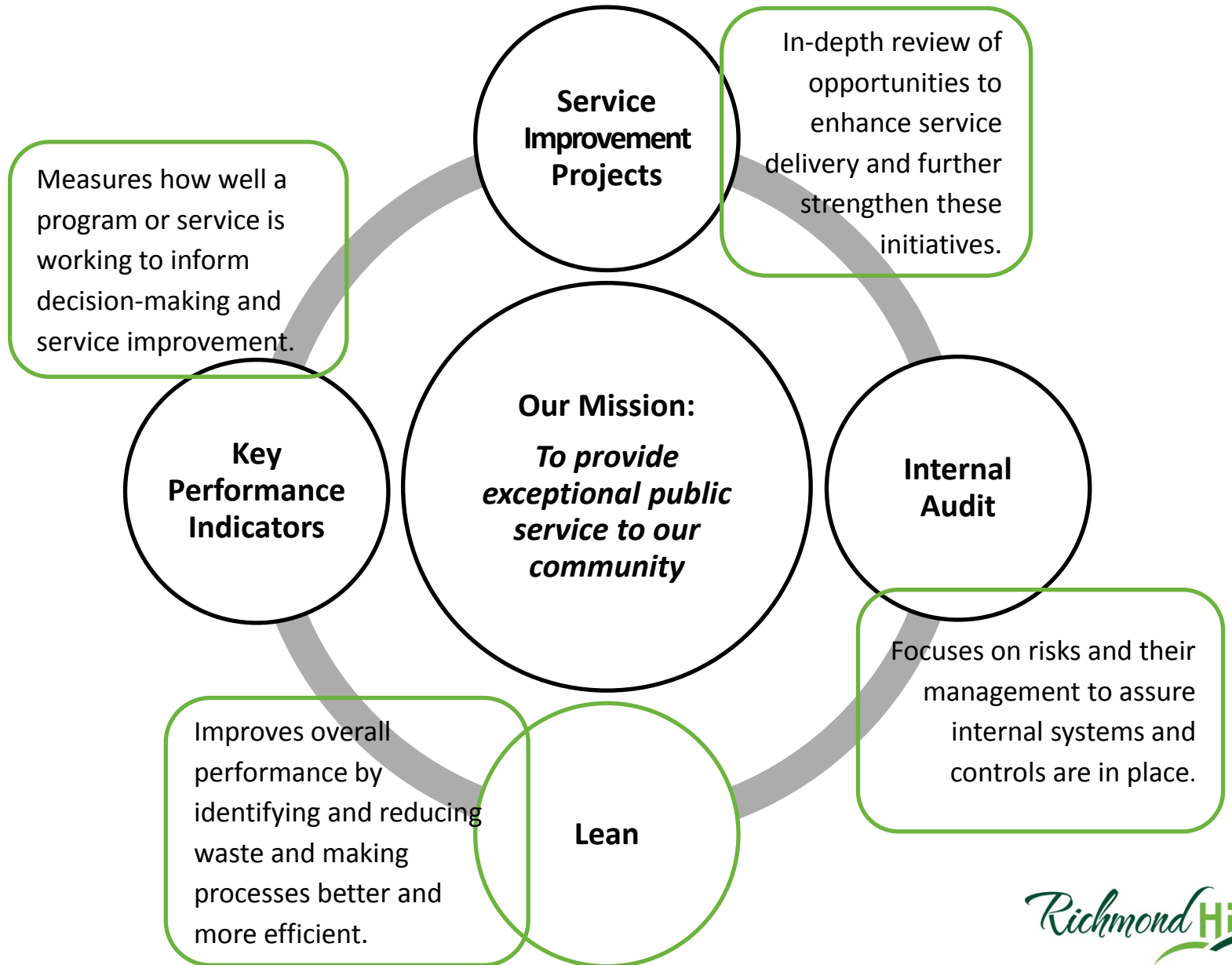
The success of one is the success of all



# Commitment to Fiscal Sustainability

- Through short and long term planning
  - Future impacts are considered before decisions are made today
  - Reduce budget reliance on unsustainable revenue sources (e.g. investment income, gapping & growth stabilization)
- Prudent Consideration of Reserves
  - Capital Asset Sustainability Strategy has prolonged the estimated life of repair & replacement reserves to 2027 (includes Infrastructure Levy to each tax account)
  - Tax Rate Stabilization Reserve, for one-time, unforeseen events or circumstances that would require excessive tax rate impacts
- Leverage All Available Funding Sources
  - Grant funded Capital Strategy
  - Wise use of Gas Tax Funds

# Service Improvement Framework

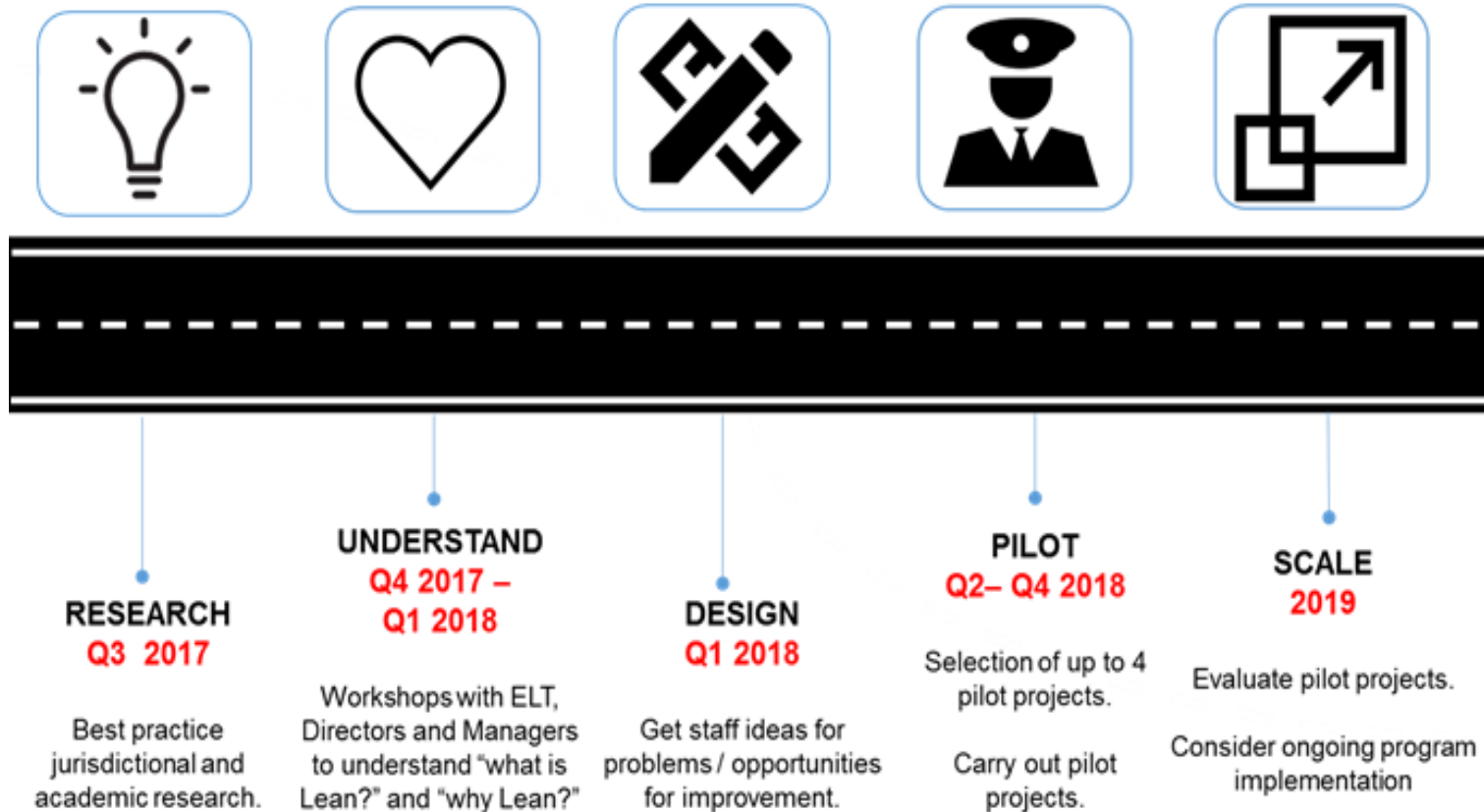


# What is Lean?

- Provides a consistent approach and set of tools for innovation.
- Engages all staff – from leadership to the front line – to improve the work we do.
- Respects employees by encouraging all of us to reduce our day-to-day pain points.
- Focuses on the community by improving what we do.

# Lean Pilot Program Road Map

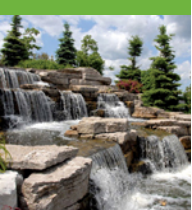
*To design a "made in Richmond Hill" approach*





# 2018 Draft Operating Budget Overview

Budget Committee of the Whole  
Tuesday, January 23, 2018

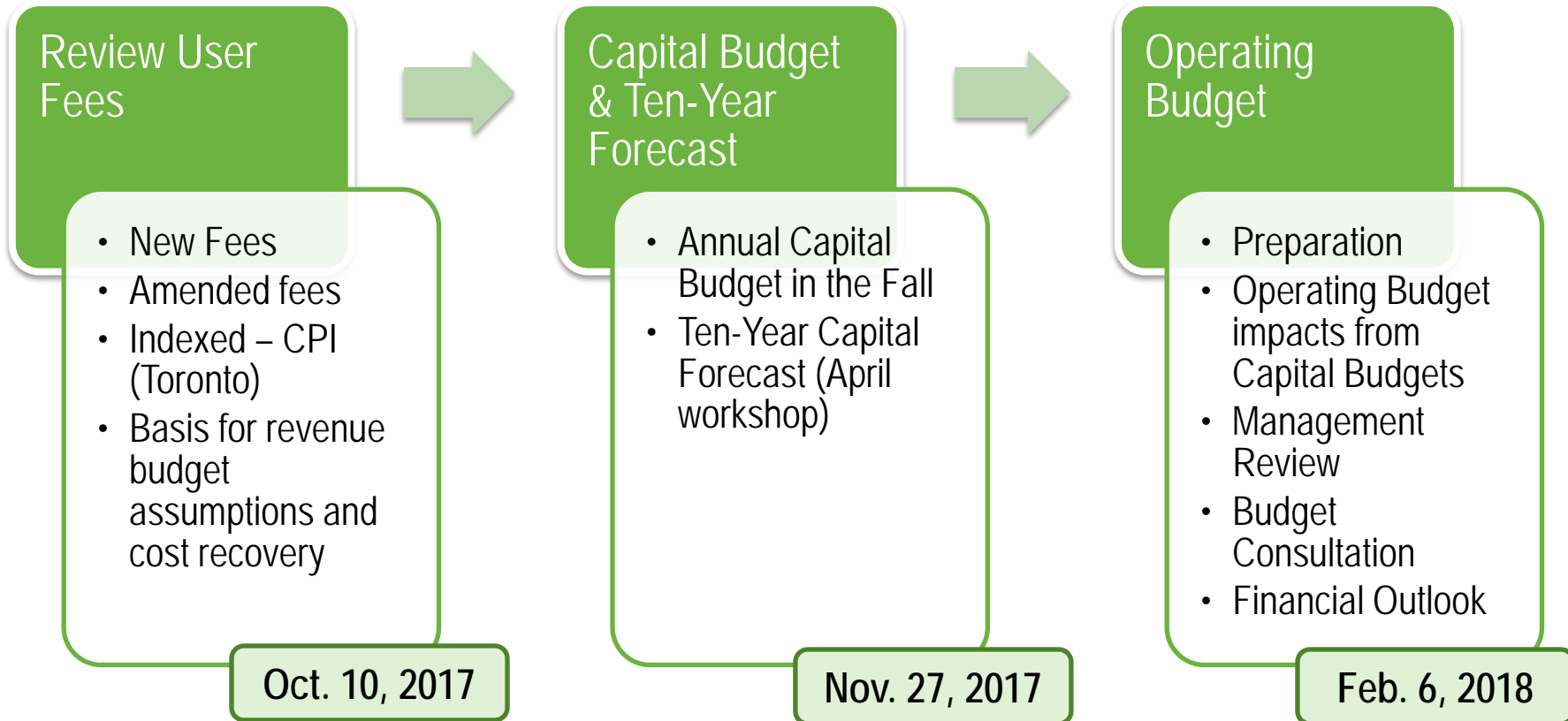


# Overview

1. Budget Process & Direction
2. Economic and Growth Indicators
3. 2018 Draft Operating Budget
4. Tax Impact to Homeowner
5. 2019 - 2021 Financial Outlook
6. Tax Rate Stabilization Reserve
7. Next Steps



# Budget Process



# 2018 Operating Budget Process

## 2018 Budget

- **Budget Consultations & Engagement**
  - Business Community Information Session – December 8<sup>th</sup>, 2017
  - Public Budget Information Session – January 20<sup>th</sup>, 2018
  - Budget Video – How Richmond Hill's Budget Works
- **Budget Committee of the Whole**
  - Tuesday, January 23<sup>rd</sup> – Operating Budget Overview and Water/ Wastewater/ Stormwater Management Budgets
  - Tuesday, January 30<sup>th</sup> – if necessary
  - Tuesday, February 6<sup>th</sup> – Adoption the 2018 Operating Budgets

# Council Directions

- Maintain existing service levels
- Include items consistent with the Strategic Plan, that also provide for:
  - Annualizations of prior years' approved service enhancements
  - Impacts from development growth
  - Legislated changes
  - Phased-out reductions from the Growth Rate Stabilization Strategy and Investment Income as approved in 2017
- Continue with the Capital Asset Sustainability Fee Strategy as approved in 2016 while factoring in growth and inflation
- Update the Three-Year Financial Outlook and Staffing Plan for the years 2019 to 2021

# Council Directions

- Include no more than 4 additional firefighters and that the time frame identified in the Fire Master Plan be revisited in the 2019 Operating Budget
- Library Draft Net Operating Budget reflect an increase of no more than \$750,000
- Overall Draft Net Operating Budget reflect an increase of no more than \$3 million
- That the Compensation Policy for the Administrative and Salaried Employees Association be approved to come in effect January 1, 2018

# Economic Climate

Historical Price Indices (Source: Statistics Canada, unless otherwise noted)	2017 (%)
Construction Price Indices (non-res.)	2.92
Commercial	2.63
Industrial	2.91
Institutional	3.28
Electricity	0.86
Natural Gas	10.73
Gasoline	9.01
Energy	1.00
Water (York Region)	9.00 (2018 Forecast)
Recreation Programs	1.01
Consumer Price Index	2.00
Municipal Price Index (2018)	2.26

# Economic Climate

Forecasted Investment Rates	2018 Forecast (%)
Bank of Canada Overnight Rate	1.25
Three-Month Treasury Bill Rate	1.20
10-Year Bond Rate	2.20

Source: RBC Economics Research, Financial Markets Forecast – January 2018

# Growth Indicators

	2005	2010	2015	2017	2018	% Growth since 2005	% Growth over 2017
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Population	162,000	187,800	205,300	214,100	217,200	34%	1%
Households	53,000	57,000	64,150	67,255	68,545	29%	2%

Roads (km)	508	531	545	555	572	13%	3%
Sidewalks (km)	552	608	650	670	687	24%	3%
Storm Sewers (km)	460	500	513	524	530	15%	1%
Seniors Driveways	913	1,335	1,424	1,663	1,691	85%	2%

Waste Tonnage	51,593	55,963	54,862	56,932	54,251	5%	-5%
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Street Lights	13,680	15,154	15,973	16,305	16,832	23%	3%
Signs	8,704	9,870	12,288	12,600	12,850	48%	2%
Traffic Signals	19	22	29	30	31	63%	3%

Parkland (acres)	728	751	766	808	810	11%	0%
Open Space (acres)	1,604	1,826	2,038	2,272	2,298	43%	1%

# Growth Pressures (continued)

- New Library opening in Oak Ridges
- 2nd Arena Pad and Fitness Facility opening at Ed Sackfield Arena
- Growth of Fire Safety requirements (Fire Master Plan)



# 2018 Operating Budget

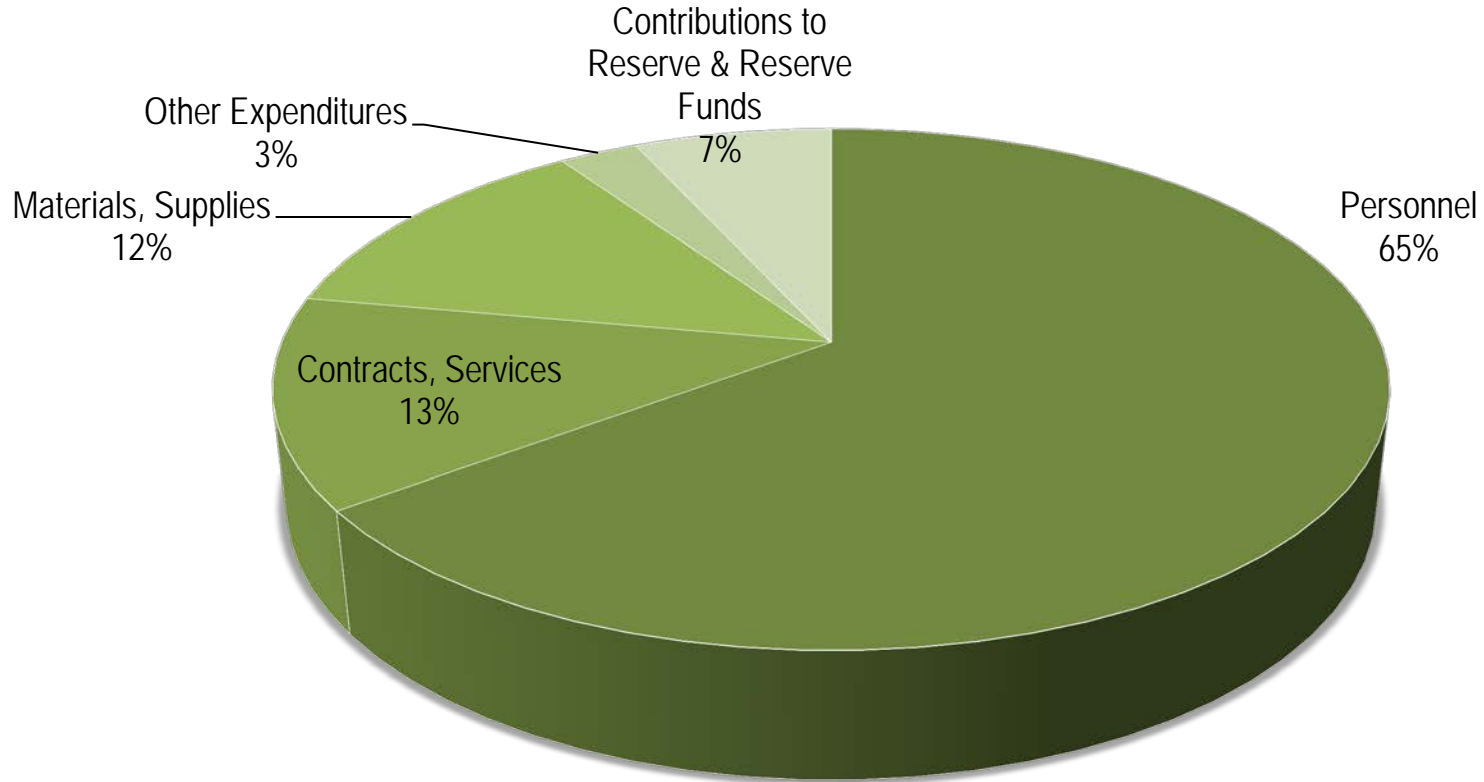
The 2018 Draft Operating Budget is presented by two main components:

1.	Town Services	\$2,182,600	
2.	Richmond Hill Public Library Board	<u>718,400</u>	
		\$2,901,000	(2.71%)

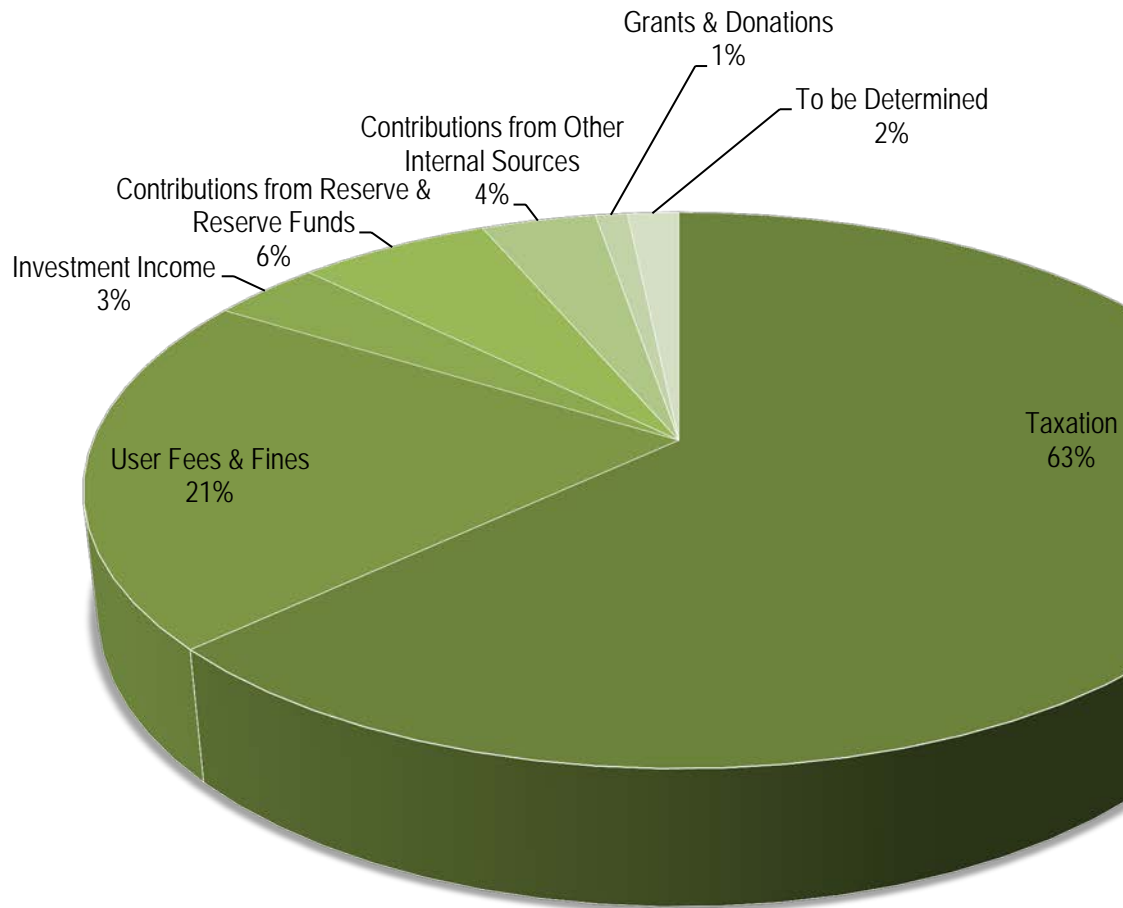
# Total Budget

Total Expenditure Budget	2017	2018 Draft	Inc / (Dec)	% Change
Operating				
Town Services	\$153,968,500	\$163,863,400	\$9,894,900	
Richmond Hill Public Library Board	10,168,800	10,952,000	783,200	
	<b>\$164,137,300</b>	<b>\$174,815,400</b>	<b>\$10,678,100</b>	<b>6.5%</b>
Capital Asset Sustainability	1,975,400	3,115,200	1,139,800	
Water & Wastewater Services	75,333,300	81,241,500	5,908,200	
Stormwater Management	3,497,100	3,847,700	350,600	
Capital (Approved)	61,690,900	64,520,000	2,829,100	
<b>Total Budget</b>	<b>\$306,634,000</b>	<b>\$327,539,800</b>	<b>\$20,905,800</b>	

# Overall Operating Budget Expenditures - \$174.8 million



# How Is It Funded



# Operating Budget Pressures

Tax Levy Impacts	2017	2018 Outlook	2018 Draft	Change from Outlook
Town Services				
Base	\$2,154,700	\$1,089,300	\$1,090,200	\$900
Legislated	221,400	54,600	15,000	(39,600)
Annualization	759,400	1,344,500	1,275,200	(69,300)
New / Growth Staff & Programs	1,937,100	1,141,000	740,800	(400,200)
Property Growth Assessment	(1,864,100)	(1,584,900)	(1,516,700)	68,200
Unsustainable Funding Sources	778,100	556,900	578,100	21,200
	<b>\$3,986,600</b>	<b>\$2,601,400</b>	<b>\$2,182,600</b>	<b>\$(418,800)</b>
Richmond Hill Public Library Board	444,600	750,000	718,400	(31,600)
<b>2018 Draft Operating Budget</b>				
<b>21- Tax Levy Increase</b>	<b>\$4,431,200</b>	<b>\$3,351,400</b>	<b>\$2,901,000</b>	<b>\$(450,400)</b>

# Base Pressures

Town Services – Base Budget Pressures	2018 Pressures
Total Expenditures	\$4,926,700
Total Non-Taxation Revenues	(3,836,500)
<b>Tax Levy Requirement – Town Services</b>	<b>\$1,090,200</b>

\* Does not include Library

# Base Expenditure Pressures

- Personnel expenditure pressures of \$4.0 million include the following for existing staff:
  - Cost of living adjustment provisions and step-rate increases
  - Adjustments to benefit rates
  - Compensation Review, partially funded through Tax Rate Stabilization and Staffing/Training/ Development Reserves
- Contracts and Services pressures from:
  - \$165,000 decrease in Streetlight Maintenance from LED lighting conversions
  - \$214,000 increase in Information Technology for Telephone, Cellular Phone and Data Communications contracts
- Materials and Supplies pressures from:
  - Utility costs – \$500,000 savings from streetlight hydro as a result of LED lighting conversions, and offset by \$354,900 costs for parks water usage for splash pads
- **All expense budgets were thoroughly reviewed to ensure appropriate contracted rates, reflective of any efficiencies and consistent with actual costs of the prior 3 years. This review resulted in about \$980,000 of savings to the budget**

# Base Revenue Pressures

- User fees and fines revenues are budgeted to increase \$801,900:
  - \$127,700 in additional instructional revenues from aquatic programs
  - \$108,600 additional revenue for Late Payment & MTO Registration Fees
  - \$125,000 additional revenue for Parking fines
  - \$159,300 additional revenue for Subdivision Maintenance
- Transfers from internal sources include:
  - Additional transfers from the Water & Wastewater Fund of \$700,600, greater staff efforts towards this service



# Legislated Pressures

Town Services Budget – Legislated		2018 Draft
CORP	Bill 148 Legislation	\$909,000
CORP	Transfer from Tax Rate Stabilization Reserve – temporary funding of Bill 148	(790,000)
CORP	Vacancy Rebate Provision	(107,000)
CSD	Specialized Training – Ministry of Transportation requirement	2,500
CSD	Event Services Contract – Ministry of Transportation permit for the Santa Clause Parade road closure	500
<b>Total Legislated</b>		<b>\$15,000</b>

# Bill 148 Legislation

- Effective in 2018, Bill 148 (Fair Workplaces, Better Jobs Act) will have an impact on minimum wage increases and changes to the calculations for vacation & holiday pay, personal emergency leave and other employment standards
- Staff have calculated a 2018 legislated impact of \$909,000 from Bill 148, which will be partially funded by the Tax Rate Stabilization Reserve

	2018 Impact
Minimum Wage Increase	\$262,300
Personal Emergency Leave, Holiday Pay, Vacation Pay, Equal Pay for Equal Work	<u>\$646,700</u>
<b>Total</b>	<b>\$909,000</b>

- An additional \$265,300 compression impact, due to the minimum wage increase has been included under base pressures, which is also partially funded from the Tax Rate Stabilization Reserve

# Annualization

Town Services Budget	2018 Draft
Staff Annualization	\$1,708,400
Program Annualization	469,500
Revenue Growth	(902,700)
<b>Total Annualization</b>	<b>\$1,275,200</b>

# 2018 Annualizations

## Staffing Annualization Pressures

- 2017 Town Services Operating Budget included partial year funding for 27 new permanent full-time staffing resources as well as additional casual staff
- The incremental cost of annualizing the personnel related costs for the 2018 budget is \$1,708,400

## Program Annualization Pressures

- Program annualization increase of \$469,500 were primarily due to AVL/ GPS Cellular Monitoring contracts & Ed Sackfield Expansion (Arena & Fitness Centre)

## Revenue Growth

- \$902,700 combined revenue growth in the areas of Development, Parking Fines and the administration of the Administrative Monetary Penalty System

# New/Growth Staff & Program Pressures

Town Services Budget – Growth	2018 Draft
New Staffing Resources Requested for 2018	\$519,800
New Programs & Contracts Requested for 2018	221,000
Property Assessment Growth (1.44%)	(1,516,700)
<b>Growth</b>	<b>\$(775,900)</b>

# 2018 New/Growth Resources

## New Staffing Resources Growth Pressures

- The Town Services Operating Budget includes 15 new and converted, as well as casual and contract staffing resources to support providing existing services to a growing community

## New Program Growth Pressures

- In supporting a growing community, the town incurs costs to expand a number of programs or to a larger population (including additional parks, roads, and IT hardware and software)
- The new program financial impact is \$221,000

# New /Growth Staffing

## Permanent Full Time Staff

- CSD Firefighter (4)
- CFS HR Advisor
- CSD Building Maintenance Repair Person I
- CSD Arena Operator – Ed Sackfield
- CSD Lead hand – Ed Sackfield
- CSD Skating Coordinator – Ed Sackfield
- PRS Parks Planner
- PRS HVAC/Plumbing Inspector
- CSD Teen & Adult Program Assistant
- CSD WWW Operator

## Casual Staff

- CSD Parks Operations (Collection of Recycling at community mail boxes) (6)
- CSD Parks Operations (Development of Parks Infrastructure) (3)
- CSD Crossing Guards (2)
- CSD Sidewalk Winter Maintenance Casual Staffs
- CSD Parks Admin Overtime
- EIS Natural Environment – Casual Staffing
- CAO Insurance & Claim Clerk – Contract
- EIS Casual Staff for Climate Vulnerability Assessment

## Conversions – Part Time to Permanent Full Time Staff

- CAO Program Assistant, Economic Development
- CAO Small Business Development Consultant, SBEC

# Unsustainable Funding Sources

Town Services Budget – Unsustainable Funding Sources		2018 Draft
CORP	Investment Income – Year 2 of a 3-year phase out	\$333,400
CORP	Eliminate Growth Rate Stabilization Strategy – Year 3 of 5-year phase out	244,700
<b>Unsustainable Funding Sources</b>		<b>\$578,100</b>



# Operating Budget – Richmond Hill Public Library Board

Operating Budget – Tax Levy Impacts	2017	2018 Outlook	2018 Draft
Base	\$206,300	\$359,300	\$304,000
Legislated	24,400	-	-
Annualization	115,500	284,000	288,700
New / Growth Staff & Programs	98,400	106,700	125,700
<b>Tax Levy Increase</b>	<b>\$444,600</b>	<b>\$750,000</b>	<b>\$718,400</b>

- Includes two full-time staff positions for a Manager, Emerging Technologies, and a Librarian, Digital Content, as well as a shared Building Maintenance and Repairs Service resource with the Town

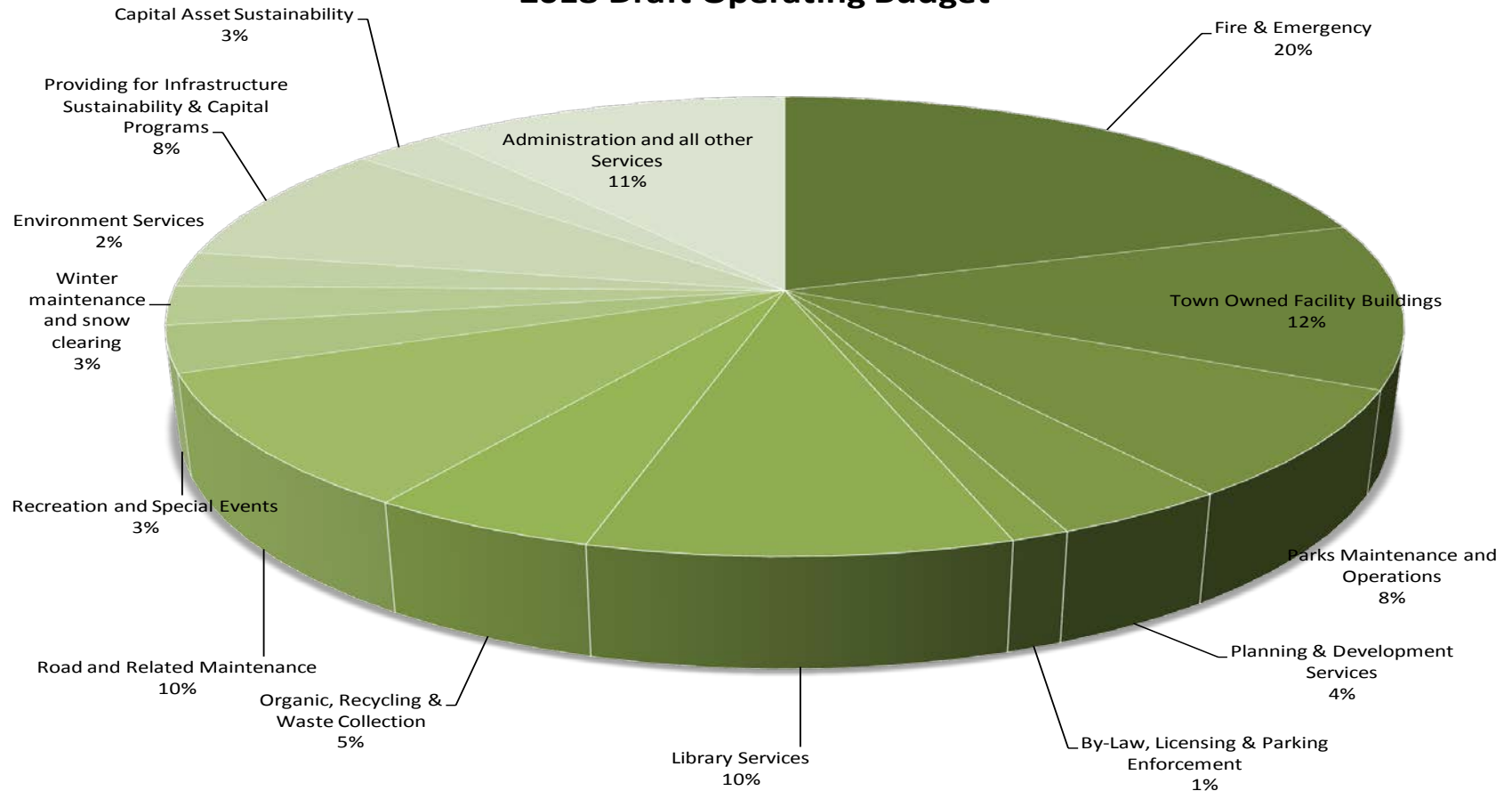
# Capital Asset Sustainability

Operating Budget – Tax Levy Impact	2017	2018 Draft	Inc / (Dec)
Capital Asset Sustainability	\$1,197,400	\$3,115,200	\$1,139,800

- Continuing with the Capital Asset Sustainability Strategy adopted by Council as part of the 2016 Operating Budget, the Capital Asset Sustainability Fee is proposed to increase by \$17 per tax bill each of the next nine years. The 2018 fee will be \$47
- This fee is separate from the Town Services Operating Budget
- The 2018 increase will generate an additional \$1,139,800 for future capital asset funding for a total budget of \$3,115,200

# Net Budget by Service

2018 Draft Operating Budget



# How is the residential tax bill split?

- Richmond Hill 28%
- Region of York 49%
- School Boards 23%



# 2018 Average Single Detached Residential Property

Single Detached Residential Property CVA – \$1,148,000

Estimated	Town	Region	School	Total
Annual Tax Impact	\$49.77	\$86.73	\$ -	\$136.50
Monthly Tax Impact	4.15	7.23	-	11.38
Daily Tax Impact	0.14	0.24	-	0.38
2018 Tax Bill	\$1,886.38	\$3,217.83	\$1,620.10	\$6,724.31

\*2018 Blended Rate Increase of 2.12%

# Financial Outlook and Staffing Plan

	2018 Draft	2019 Outlook	2020 Outlook	2021 Outlook
Town Services	\$2,182,600	\$5,854,700	\$5,237,800	\$3,618,900
Richmond Hill Public Library Board	718,400	659,700	766,500	772,000
Tax Levy Requirement	\$2,901,000	\$6,514,400	\$6,004,300	\$4,390,900
FT Staffing Additions	17	30	32	21
Previously Forecasted		\$5,818,600	\$3,335,200	

# 2019 – 2021 Outlook

- Personnel cost pressures includes 71 full-time staffing additions (26 -2019; 28 -2020; 17-2021) for Town Services to support Strategic Plan Initiatives
- Outlook includes growth pressures estimated at 1.75% for annual inflation, where applicable, 1.0% for non-tax revenue growth and 1.5% for assessment growth
- Outlook includes costs for:
  - Information Technology Strategy
  - Ed Sackfield Arena Expansion
  - David Dunlap Observatory Park programming and maintenance
  - Comprehensive Zoning-By-Law
  - Fire Master Plan
  - Environment Strategy Implementation

# Use of Tax Stabilization Reserve for 2018

- Bill 148 total impact of \$1,174,300 of which Tax Rate Stabilization Reserve funds \$1,024,300 in 2018, until user fee increase and program reviews are completed this year
- Compensation Review Operating Budget financial impact of \$1,531,300 with approved 2018 funding of \$1,265,600 from Reserves. The full impact of the review will be phased-in over two to three years
- **Caution should be given to any further use of the Tax Rate Stabilization Reserve for 2018 in order to ensure sufficient funding for the balance of the phase-in strategies and any future unknown challenges**



# Tax Rate Stabilization Reserve Outlook

	2017 <u>Forecast</u>	2018 <u>Outlook</u>	2019 <u>Outlook</u>	2020 <u>Outlook</u>
Opening Balance	\$9,247,309	\$8,763,144	\$6,601,509	\$5,999,409
Growth Rate Stabilization Strategy Draw	(734,200)	(489,500)	(244,800)	-
<b>Draws for one time Items:</b>				
Records Information Management operating costs	(74,765)	(108,235)	(96,500)	-
Minor Capital for staffing requests	(24,000)	(24,000)	(128,000)	(104,000)
Compensation Review		(765,600)	(382,800)	
Bill 148 - Fair Workplaces, Better Jobs Act		(1,024,300)		
Strategic Initiatives - Employee Strategy Costs	(50,000)			
<b>Total Draws</b>	<b>(882,965)</b>	<b>(2,411,635)</b>	<b>(852,100)</b>	<b>(104,000)</b>
Surplus/(Deficit) Allocation (Estimate)	398,800	250,000	250,000	250,000
<b>Ending Balance</b>	<b>\$8,763,144</b>	<b>\$6,601,509</b>	<b>\$5,999,409</b>	<b>\$6,145,409</b>

# Summary of 2018 Operating Budget

- Tax Levy increase of \$2,901,000 (2.71%)
- Capital Asset Sustainability Fee increase to \$47 from \$30
- Next Steps – February 6<sup>th</sup> Special Council Meeting for Adoption

# Discussion