



2018 Draft Operating Budget Overview

2018
Budget

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Operating Budget Process

Process Overview

The Town of Richmond Hill's annual budget process is a continuous, year round undertaking. Staff begin to work on the following year's budget submission soon after the current year's budget is approved. The budget process goes through the following sequence:

1. Budget strategy adoption in June.
2. Review user fees & charges from July to September.
3. Capital Budget and Ten Year Capital Forecast process from July to November.
4. Draft Operating Budget and Financial Outlook preparation & senior management review from July to January.
5. Budget Information Sessions in December and January.
6. Budget Committee of the Whole meetings and Council adoption from January and February.
7. Present financial results of previous year, compared to the approved budget in June.

Operating Budget Strategy

Council adopted the budget strategy endorsed by the Budget Committee of the Whole (BCW) recommendations from the July 5, 2017 meeting. The approved 2018 Draft Operating Budget Strategy:

1. Maintains existing service levels
2. Includes items consistent with the Strategic Plan, that also provides for:
 - a. Annualizations of prior years' approved service enhancements;
 - b. Impacts from development growth;
 - c. Legislated changes; and
 - d. Phased-in reductions from the Growth Rate Stabilization Strategy and Investment Income as approved in 2017.
3. Continues with the Capital Asset Sustainability Fee Strategy as approved in 2016, while factoring growth and inflation
4. Updates the Three-Year Financial Outlook and Staffing Plan.
5. Utilizes, as a basis, the Revised 2018 Financial Outlook.
6. 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
7. Library Draft Net Operating Budget reflect an increase of no more than \$750,000
8. Overall Draft Net Operating Budget reflect an increase of no more than \$3 million

Tariff of Fees Update

As part of the Operating Budget process, staff annually review the following year's Tariff of Fees and identify potential areas for revenue opportunities, including rate increases and revenue increases to mitigate anticipated program cost increases. The updated by-law was adopted by Council on October 10, 2017, and the 2018 Draft Operating Budget reflects these new rates.

Budget Presentation Changes

Over the years, the Town of Richmond Hill has faced changes to the municipal environment with impacting financial pressures: slower growth, new legislation, and the implementation items identified in the Town's Strategic Plan. The 2018 Budget reflects a greater review of the various budget pressures through the various expense and revenue categories. In addition, the 2018 Draft Operating Budget is identified in two main components:

1. Town Services
2. Richmond Hill Public Library Board

A. Town Services

The Town Services component of the Draft Operating Budget comprises all of Richmond Hill's departments: Community Services, Environment and Infrastructure Services, Corporate and Financial Services, Planning and Regulatory Services, Office of the Chief Administrative Officer and Corporate Accounts.

The budget summary will be presented in a number of formats: by budget pressure category, by expense and revenue categories and by department services.

Prior year's budget pressure categories comprised of: Base, Growth, Legislated and Service Enhancements. The updated Budget Pressures descriptions used in the current budget package are summarized in the following table:

2018 Budget Pressures Category	Previous Budget Category	Description
Base	Base	Providing the same level of service with inflationary impacts. Any identified efficiencies and savings will be reflected here.
Legislated	Legislated	Incremental costs from new legislation imposed on how we provide municipal services.
Annualization	Growth	Incremental costs of a full-year impact of staff and initiatives approved in the previous year.
New/Growth Staff & Programs	Growth / Service Enhancement	Incremental costs from providing the same / enhanced levels of services to a growing community.

The updated expense and revenue types used in the current budget package are summarized in the following table:

Expenditure Categories	Revenue Categories
Personnel – Permanent	Taxation
Personnel – Casual	User Fees & Fines
Contracts, Services	Investment Income
Materials, Supplies	Grants
Other Expenditures	Revenues from Reserve & Reserve Funds
Contributions to Reserve & Reserve Funds	Transfers from Other Internal Sources

B. Richmond Hill Public Library Board

RHPL operates under the direction of a ten member Library Board appointed by the Town of Richmond Hill Council. The Board is governed by the *Public Libraries Act*. The Richmond Hill Public Library Board operating budget presented to BCW is based on their recommendations, and presented separately as a part of the overall Operating Budget.

Budget Consultations & Engagement

As in previous years, Richmond Hill’s 2018 Operating Budget outreach efforts include:

1. Hosting information sessions
 - a. Business Community Information Session was held on December 8, 2017, at Council Chambers at the Town of Richmond Hill. Invitations were sent to members of the Richmond Hill Board of Trade, Richmond Hill Markham Chinese Business Association, Village of Richmond Hill Village Business Improvement Area, and Richmond Hill TechConnex
 - b. Public Budget Information Session to be held on January 20, 2018, at the Richmond Hill Central Library. The public have been invited to attend through notices in the local newspaper and publications.
2. Providing budget information on the municipality’s website.
3. Monitoring a dedicated email address for budget input through budget@richmondhill.ca.

Similar to prior year’s Operating Budget process, staff will provide 2 educational videos, “How Richmond Hill’s Budget Works” & “How Your Property Tax is Calculated”.

Budget Presentations

The Corporate Overview, Operating Budget and Departmental Budget presentations will take place during the Budget Committee of the Whole (BCW) meeting scheduled on Tuesday January 23, 2018, with the following topics to be discussed:

1. Tuesday, January 23, 2018
 - a. Corporate Overview
 - b. Richmond Hill Public Library Board
 - c. Water, Wastewater and Stormwater Management
 - d. Community Services
 - e. Environment and Infrastructure Services
 - f. Corporate and Financial Services
 - g. Planning and Regulatory Services
 - h. Office of the Chief Administrative Officer
 - i. Corporate Accounts
2. Tuesday, January 30, 2018 – Draft Budget Follow Up (if necessary)
3. Tuesday, February 6, 2018 – Special Council for adoption of 2018 Operating Budget

Members of Council are encouraged to meet with Department Heads in advance of the January 23rd meeting.

Demographics and Economy

Income

Based on the 2016 Statistics Canada release, the average 2015 Richmond Hill household income was \$115,526, with 59.7% of households earning \$70,000 per year or more, and only 22.3% of households reported an income of \$40,000 or less. 25.1% of households earn more than \$150,000 compared to the 16.4% provincial average. The median age of a Richmond Hill resident is 42.4, with 14.6% over the age of 65. The unemployment rate in Richmond Hill was 6.9%, compared to the Ontario rate of 7.4%. 77% of the population has attained a minimum post-secondary education.

Financial Indicators

In developing the Town of Richmond Hill's operating budget, staff considered anticipated economic pressures facing the average Richmond Hill household, balanced with the economic pressures facing the municipality. Predicting the economic pressures for 2018 with accuracy is difficult, but a look at historical financial indicators and economic forecasts may provide insight.

The Province of Ontario's 2017 Economic Outlook and Fiscal Review (Fall Statement) projects the unemployment rate to remain steady at around 6.2%. The Canadian Dollar is projected to be about \$0.81 compared to the American Dollar at the end 2018. The Province of Ontario projects the annual Consumer Price Index (CPI) to reach 2% and the economy growing at 2.1% in 2018. The CPI measures price increases over the year and is based on an average household's spending habits and proportions of each type of expenditures it makes. A direct comparison of the CPI to municipal expenditure increases is not reflective of the municipality's spending habits. The table below provides examples of inflationary and investment pressures experienced by the municipality.

Price Indices	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 Wholesale rate increase)	9.00
Recreation Programs	1.01

Source: Statistics Canada unless otherwise noted

Investment Rates	2018 (%) Forecast
Bank of Canada Overnight Rate	1.00
Three-Month Treasury Bill Rate	0.90
10-Year Bond Rate	1.90

Source: RBC Economics Research, Financial Markets Forecast – December 2017

A Municipal Price Index (MPI) is a customized price index, similar to a CPI, except that it is tailored to include the basket of goods and services that are specific to a municipality, whereas a CPI includes items such as food, shelter, clothing, etc. The types of commodities and weights used to derive a CPI are not representative of municipal spending, however, it is a reputable, reliable and independent source that is generally used as a measure of inflation. A Fiscal Sustainability Index (FSI) is a measure used to assess a municipality's ability to sustain its current spending without risking insolvency or defaulting on liabilities. It compares the growth in operating spending against the sum of MPI and population growth. An FSI value of 1 is seen as sustainable and a sign of a mature and established municipality, however generally does not account for "one time" in nature programs and costs. Staff have calculated a preliminary MPI and FSI for 2017 and 2018.

	2017	2018
MPI	2.30	2.26
FSI	1.25	1.33

Growth Indicators

In addition to inflationary and contractual rate increases, the Town of Richmond Hill is also faced with growing population to service and increased infrastructure to maintain and operate. The table below shows how they have grown since 2005.

	2005	2010	2015	2018	% Growth since 2005
Population	162,000	187,800	205,300	217,200	34%
Households	53,000	57,000	64,150	68,545	29%
Roads (km)	508	531	545	572	13%
Sidewalks (km)	552	608	650	687	24%
Storm Sewers (km)	460	500	513	530	15%
Seniors Driveways	913	1,335	1,424	1,691	85%
Waste Tonnage	51,593	55,963	54,862	54,251	5%
Street Lights	13,680	15,154	15,973	16,832	23%
Signs	8,704	9,870	12,288	12,850	48%
Traffic Signals	19	22	29	31	63%
Parkland (acres)	728	751	766	810	11%
Open Space (acres)	1,604	1,826	2,038	2,298	43%

Additional Growth pressures for 2018 include the New Library opening in Oak Ridges, a 2nd Arena Pad opening at Ed Sackfield Arena and greater Fire Safety requirements as detailed in the Fire Master Plan.

Property Assessment Growth

Every four years, the Municipal Property Assessment Corporation (MPAC) is responsible for updating all the property assessment values in the Province, of which the changes are then phased-in over four years. The last update was January 1, 2016, and the values are to be phased-in for the taxation years 2017 through to 2020. It is important to note that assessment value changes do not affect the total amount of taxes received by the municipality. The property tax rates are re-evaluated annually to provide the same tax revenue. There may be fluctuations however, between homeowners, where some may increase and some may decrease, depending on how their property assessment has changed compared to the municipal average. The updated residential property assessment value, excluding multi-residential properties, is \$1,045,900 based on the January 1, 2016 assessment data.

The Operating Budget

2018 Operating Budget vs the 2018 Outlook

During the last operating budget cycle, staff projected the 2018 Draft Operating Budget would require a \$3.35 million tax levy increase. The 2018 Draft Operating Budget is proposed at \$2.9 million, a \$450,400 decrease from the 2018 Outlook.

Increase in Levy	2017 Budget	2018 Budget
Current	\$4,431,200	\$2,901,000
Previously Forecasted		3,351,400
Change		(\$450,400)

The combined \$2,901,000 tax levy increase is comprised of \$2,182,600 for Town Services and \$718,400 for the Richmond Hill Library Board. The following schedule compares the 2018 Draft Operating Budget to the 2018 Outlook:

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

The Town Services tax levy reflects a \$450,400 decrease over the 2018 Outlook, projected at \$3,351,400, due to a contribution increase from the Water & Wastewater Services fund and savings from the LED streetlight conversion, offset by additional costs due to the compensation review and Bill 148 (Fair Workplaces, Better Jobs Act) legislation. Property assessment growth was 1.44% compared to the 1.5% outlook.

The Richmond Hill Public Library Board request is \$31,600 less than the Council approved limit of \$750,000, mainly due to personnel cost efficiencies.

Town of Richmond Hill Budget

If approved, the Town of Richmond Hill's 2018 Total Budget will be \$327.5 million, including the Operating, Capital Asset Sustainability, Water & Wastewater, Stormwater Management and Capital budgets.

	2017	2018	
Total Expenditure Budget	Budget	Draft Budget	Inc / (Dec)
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
	\$ 164,137,300	\$ 174,815,400	\$ 10,678,100
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
Total Budget	\$ 306,634,000	\$ 327,539,800	\$ 20,905,800

2017 Accomplishments

The 2017 Budget, provided staff resources to accomplish the following significant initiatives:

- Oak Ridges Library construction ongoing
- The Asset Management Planning and Environment Services Division as established thereby creating a clear organizational home for the Asset management (AM) planning function
- Installation of LED lights and smart control system on street network substantially complete
- Brought forward new waste collection contract resulting in cost savings of \$572,000/yr. or 10.6% annually starting in 2019
- Launch of new ActiveNet Recreation software for registration and facility booking
- Implementation of numerous Canada 150 events and activities including SESQUI Dome experience, Canadian Pavilion, Canadian Lumberjack show, Indigenous performances, street banner contest, bell box mural project and Facebook gallery of Canada 150 photos
- AVL/GPS system winter fleet implementation; Where's My Plow Portal
- Richmond Hill Fire & Emergency Services Suppression Firefighters have received and successfully completed NFPA 1006 – Chapter 5 Certification. This training is the first requirement to certify firefighters to perform Specialty Rescues as per the technical rescue NFPA Standard (i.e. Trench, Rope, Confined Space Rescues)
- Administrative Monetary Penalty System (AMPS) implementation for parking infractions
- Economic Development Strategy
- David Dunlap Administration Building and Observatory Park land acquisition
- Civic Precinct project & Financial Plan
- Updated and Enhanced the Town's Pole Mounted Radar Boards Program
- King Road Tertiary Plan
- Water/Wastewater and Stormwater Financial Plan Update
 - Installed 3,000 Radio Frequency Water Meters

- Gained significant progress on Phase 1 of the Records & Information Management Program project
- Undertook a comprehensive Compensation Review for jobs in the Administrative and Salaried Employees Association Employee Groups
- Corporate Information Technology Strategy
- Completion of significant Information Technology projects:
 - Enterprise Resource Planning System (ERP) – Phase 1 (requirements and competitive award)
 - Cloud Evaluation Complete
 - Foundational Security System Upgrade

2018 Priorities

The 2018 Budget includes funding for the following initiatives to be commenced or completed in 2018:

- Completion of construction and opening of new Oak Ridges Library Branch
- Completion of construction and opening of Ed Sackfield 2nd pad Arena and Fitness facility
- Further development of Town's Asset Management Plan and governance model
- Completion of the LED conversion project for arterial roads, parks and parking lots
- Implementation of programs and activities at David Dunlap Observatory
- Acquisition of a dual stream waste collection vehicle for recycling collection in community and destination parks
- Relocating the Emergency Operations Centre from Fire Station 8-5 to the Emergency Operations Centre
- Bylaw & Licensing Core Services Review
- Employee Strategy
- Economic Development Strategy Implementation
- Lean Program Pilot Implementation
- Development of Annual Grants Strategy & Implementation
- Initiate Comprehensive Zoning By-Law project
- Update Town Park Master plan, Public Realm Guidelines, Town Urban Master Environmental Servicing Plan, Town Transportation, Pedestrian, Cycling & Trails Master plan
- Installment of 10,000 Radio Frequency Water Meters
- Administer all aspects of the 2018 Municipal Election project
- Information Technology projects implementation:
 - Enterprise Resource Planning System
 - eProcurement
 - LED
 - AVL/GPS
 - Parking Ticket Manager System
 - Planning & Regulatory Management (PRM)
 - Replacement of Internal Firewalls
- Compensation Review for part-time jobs

Operating Budget

The 2018 Draft Operating Budget proposes a \$2,901,000 increase over the 2017 budget. Base pressures present a net \$1,394,200 impact, followed by phasing-in decreases to unsustainable revenues at a \$578,100 impact to the tax rate. Legislated, Annualization and Growth pressures together amount to \$928,700.

Included in the budget are funding of resources towards Strategic Plan initiatives previously approved by Council, including implementation of the Asset Management Plan, Lean Program Pilot, Fire Master Plan, Ed Sackfield Arena Expansion and David Dunlap Observatory Park Master Plan.

Operating Budget Pressures

Town Services - Exp / Rev	2017 Budget	Base	Legislated	Annualization	New/Growth Staff & Programs	Unsustainable Revenue Sources	2018 Draft Budget	Inc / (Dec) from 2017
Expenditures								
Personnel								
Personnel - Permanent	\$ 84,660,550	\$ 3,747,450	\$ -	\$ 1,980,700	\$ 1,120,700	\$ -	\$ 91,509,400	\$ 6,848,850
Personnel - Casual	12,311,600	243,900	909,000	4,800	287,900	-	13,757,200	1,445,600
	<u>96,972,150</u>	<u>3,991,350</u>	<u>909,000</u>	<u>1,985,500</u>	<u>1,408,600</u>	<u>-</u>	<u>105,266,600</u>	<u>8,294,450</u>
Non - Personnel								
Contracts / Services	21,167,300	219,800	75,500	167,100	135,800	-	21,765,500	598,200
Materials / Supplies	20,757,750	(219,250)	2,500	154,300	63,100	-	20,758,400	650
Other Expenditures	4,561,900	111,900	(107,000)	(129,400)	303,200	-	4,740,600	178,700
To Reserve & Reserve Funds	10,509,400	822,900	-	-	-	-	11,332,300	822,900
	<u>56,996,350</u>	<u>935,350</u>	<u>(29,000)</u>	<u>192,000</u>	<u>502,100</u>	<u>-</u>	<u>58,596,800</u>	<u>1,600,450</u>
Total Expenditures	\$ 153,968,500	\$ 4,926,700	\$ 880,000	\$ 2,177,500	\$ 1,910,700	\$ -	\$ 163,863,400	\$ 9,894,900
Revenues								
User Fees & Fines	(\$34,202,400)	(\$801,900)	-	(\$978,700)	(\$13,000)	-	(\$35,996,000)	(\$1,793,600)
Investment Income	(6,536,600)	-	-	-	-	333,400	(6,203,200)	333,400
Grants / Donations	(1,104,400)	(88,900)	-	(39,000)	(170,500)	-	(1,402,800)	(298,400)
From Reserve and Reserve Funds	(5,942,300)	(2,337,000)	(865,000)	147,700	(960,200)	244,700	(9,712,100)	(3,769,800)
From Other Internal Sources	(5,814,800)	(608,700)	-	(32,300)	(26,200)	-	(6,482,000)	(667,200)
Non-Taxation Revenue	(53,600,500)	(3,836,500)	(865,000)	(902,300)	(1,169,900)	578,100	(59,796,100)	(6,195,600)
Taxation	(108,697,100)	-	-	-	(1,516,700)	-	(110,213,800)	(1,516,700)
Total Revenues	\$ (162,297,600)	\$ (3,836,500)	\$ (865,000)	\$ (902,300)	\$ (2,686,600)	\$ 578,100	\$ (170,009,900)	\$ (7,712,300)
Town Services Levy Requirement	\$ (8,329,100)	\$ 1,090,200	\$ 15,000	\$ 1,275,200	\$ (775,900)	\$ 578,100	\$ (6,146,500)	\$ 2,182,600
Richmond Hill Public Library	8,329,100	304,000	-	288,700	125,700	-	9,047,500	718,400
Total Overall Levy Requirement	\$ -	\$ 1,394,200	\$ 15,000	\$ 1,563,900	\$ (650,200)	\$ 578,100	\$ 2,901,000	\$ 2,901,000

Operating Budget Pressures by Department

Town Services - By Pressure	2017 Budget	Base	Legislated	Annualization	New / Growth Staff & Programs	Unsustainable Revenue Sources	2018 Draft Budget	Inc / (Dec) from 2017
Community Services	\$ 54,669,400	\$ (785,800)	\$ 3,000	\$ 551,700	\$ 557,700	\$ -	\$ 54,996,000	\$ 326,600
Environment & Infrastructure Services	19,300,500	125,900	-	463,800	12,300	-	19,902,500	602,000
Corporate & Financial Services	17,772,100	392,500	-	139,500	160,800	-	18,464,900	692,800
Planning & Regulatory Services	4,663,300	(27,900)	-	(132,600)	-	-	4,502,800	(160,500)
Office of the CAO	8,156,100	279,100	-	174,000	-	-	8,609,200	453,100
Corporate Accounts	(4,193,400)	1,106,400	12,000	78,800	10,000	578,100	(2,408,100)	1,785,300
Taxation	(108,697,100)	-	-	-	(1,516,700)	-	(110,213,800)	(1,516,700)
Town Services Levy Requirement	\$ (8,329,100)	\$ 1,090,200	\$ 15,000	\$ 1,275,200	\$ (775,900)	\$ 578,100	\$ (6,146,500)	\$ 2,182,600
Richmond Hill Public Library	8,329,100	304,000	-	288,700	125,700	-	9,047,500	718,400
Total Overall Levy Requirement	\$ -	\$ 1,394,200	\$ 15,000	\$ 1,563,900	\$ (650,200)	\$ 578,100	\$ 2,901,000	\$ 2,901,000

A. Town Services – Base Pressures

These are generally inflation pressures for maintaining service levels. Efficiencies and savings will also be reflected here. A detailed summary of the base pressures follow:

Town Services - Base Pressure	2017 Budget	2018 Budget	Inc / (Dec)	
Expenditures				
Personnel				
Personnel - Permanent	\$ 84,660,550	\$ 88,408,000	\$ 3,747,450	
Personnel - Casual	12,311,600	12,555,500	243,900	
	<u>\$ 96,972,150</u>	<u>\$ 100,963,500</u>	<u>\$ 3,991,350</u>	4.12%
Non - Personnel				
Contracts / Services	\$ 21,167,300	\$ 21,387,100	\$ 219,800	
Materials / Supplies	20,757,750	20,538,500	(219,250)	
Other Expenditures	4,561,800	4,673,800	111,900	
Transfers to Other Funds	10,509,400	11,332,300	822,900	
	<u>\$ 56,996,250</u>	<u>\$ 57,931,700</u>	<u>\$ 935,350</u>	1.64%
Total Expenditures	\$ 153,968,400	\$ 158,895,200	\$ 4,926,700	3.20%
Revenues				
User Fees & Fines	\$ (34,202,400)	\$ (35,004,300)	\$ (801,900)	
Investment Income	(6,536,600)	(6,536,600)	-	
Grants / Donations	(1,104,400)	(1,193,300)	(88,900)	
Reserves and Reserve Funds	(5,942,200)	(8,279,200)	(2,337,000)	
Other Internal Sources	(5,814,800)	(6,423,500)	(608,700)	
Non Taxation Revenues	\$ (53,600,400)	\$ (57,436,900)	\$ (3,836,500)	7.16%
Net Base Pressure	\$ 100,368,000	\$ 101,458,300	\$ 1,090,200	1.09%

Base Expenditure Pressures

Personnel expenditure pressures include cost of living adjustment provisions, adjustments to benefit rates and step-rate increases. In addition, a compensation review for Administrative and Salaried Employees' Association staff contributed to increased base costs in the budget.

Telephone, cellular and data communications contributed to the majority of the increase in Contracts and Services. However, street maintenance and contracts related to hydro costs were reduced by \$665,000 as a result of the new LED streetlight conversion. Materials and supplies was impacted by the increases in water charges from splash pads.

Base Revenue Pressures

User fees and fines revenues are budgeted to increase \$801,900. The additional revenues are a result of the Tariff of Fees update, increased demand on general & recreation programs, parking fines, late payments and MTO registration fees from the Administrative Monetary Penalty System (AMPS).

Transfers from reserves and reserve funds is primarily due to additional transfers to fund the compensation review and Bill 148 (Fair Workplaces and Better Jobs Act) legislation impact.

Transfers from internal sources include an additional \$608,700 transfer from the Water and Wastewater Fund as a result of additional efforts and resources identified in the Operating Fund for Water and Wastewater activities as identified in the Rate Study exercise.

B. Town Services – Legislated Pressures

The financial impact of new legislation imposed on how we provide municipal services include impacts for Bill 148 Legislation (Fair Workplaces, Better Jobs Act), which accounts for increases to the minimum wage and changes to the calculation of vacation & holiday pay, personal emergency leave and other employment standards. The Bill 148 impact will be largely funded by the Tax Rate Stabilization Reserve in 2018 with the objective of increasing related user fees and/or rationalizing the costs of the programs to offset the cost increase, in 2019. The increase in legislated pressures is partially offset by the elimination of the vacancy rebate provision, which is no longer mandatory as per the Provincial Government.

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

C. Town Services – Net Growth Pressures

The net growth pressure is \$499,300. These are pressures from providing the same level of service but to a growing community due to larger volumes or higher level of activities. Growth pressures include cost annualizations of partial year funding of resources in the prior year, new resources and programs for the 2018 budget, and the taxation revenue increase from property assessment growth, summarized below:

Town Services Budget - Growth	2018 Draft Budget
Annualization of Resources Approved in 2017	
Staffing	\$ 1,708,400
Programs & Revenue Growth	<u>(433,200)</u>
	1,275,200
New Resources Requested for 2018	
Staffing	\$ 519,800
Programs	<u>221,000</u>
	740,800
Property Assessment Growth (1.44%)	\$ (1,516,700)
Total Growth	<u>\$ 499,300</u>

D. Town Services – Staff Annualization Growth Pressures

Prior year's Town Services Operating Budget included partial year funding for 27 permanent full-time staffing resources as well as casual staff. The incremental cost of annualizing the personnel related costs for 2018 is \$1,708,400. The 2017 approved positions are listed below:

<u>Staffing Annualization</u>	2018 Draft Budget
Permanent Full-Time	
CSD Firefighter (8) (start date July)	\$ 367,200
CSD Fire Prevention Inspector (start date July)	39,300
CSD Integration Services Assistant(start date -July)	25,600
CSD Children and Outdoor Recreation Program Assistant (start date -July)	15,900
EIS Energy Waste Manager	87,300
EIS Project Manager	68,900
EIS Capital Project Coordinator	58,500
EIS Facility Systems Coordinator	55,000
PRS Dir., By-Law Licensing & Enforcement (Conversion)	164,900
PRS Manager Development (Zoning)	92,900
PRS Senior Planner - Zoning	74,900
PRS Planner I - Zoning	73,100
PRS Senior Urban Designer	57,700
PRS By-Law Policy Coordinator	53,700
PRS By-Law Enforcement Officer	50,700
PRS Department Assistant (Zoning)	50,300
CAO Manager, Economic Development	87,400
CAO Project Manager, Strategic Initiatives	86,600
CFS Legislative & Accessibility Coordinator, Access & Privacy Officer	117,300
CFS Capital and Development Advisor	1,200
	<u>\$ 1,628,400</u>
Casual / Seasonal	
CSD Parks Operations (5 casuals)	\$ 2,500
EIS Powerstream Energy Coordinator (1 casual)	10,400
EIS Project Manager - Asset Management Planning contract completed	<u>(11,700)</u>
	\$ 1,200
CORP Personnel Contingency Account - Provision for labour negotiations	78,800
Total Staffing Annualization	<u>\$ 1,708,400</u>

E. Town Services – Program Annualization and Revenue Growth

Prior year's Town Services Operating Budget included partial year funding for the opening of two town-owned facilities, the Ed Sackfield Arena and Fitness Centre and the Oak Ridges Moraine Library. The annualized financial impact to the 2018 budget is (\$433,200). The total staffing and program annualization growth pressure impact is \$1,275,200. The revenues included in Development Planning, Committee of Adjustment & Parking Fines reflect growing activity. The Administrative Monetary Penalty System (AMPS) program is for the enforcement, processing and resolution of parking by-law infractions for the Town of Richmond Hill. The AMPS revenues included in the 2018 budget indicate the full year impact of the program which started on July 1, 2017.

<u>Program Annualization</u>		2018 Draft Budget
CSD	AVL / GPS Cellular Monitoring Contract	\$ 113,100
CSD	Ed Sackfield Expansion	89,400
CSD	David Dunlop Observatory Lands	27,700
CSD	Relocating pole mounted radar speed boards	18,000
CSD	Recreation Grant	12,000
CSD	Richmond Hill Arts Award	3,000
CSD	Museum Program and Service Enhancement	(4,700)
CSD	Building Cultural Capacity Study	(5,400)
EIS	Oak Ridges Moraine Library	121,500
EIS	Ed Sackfield Arena & Fitness Centre	73,800
EIS	DDO Admin & Observatory Building	100
PRS	AMPS Penalty Fines	(307,000)
PRS	Development Revenues	(297,400)
PRS	COA Revenues	(184,100)
PRS	Parking Fines	(114,200)
CFS	Computer Software Maintenance	21,000
Total Program Annualization		(433,200)
Total Staffing and Program Annualization		<u>\$ 1,275,200</u>

F. Town Services – 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.

<u>New Staffing Resources</u>		2018 Draft Budget
<u>Fully Funded by Tax Rate - Permanent Full Time Staff</u>		
CSD	Firefighter (4) (start date July)	\$ 151,600
CFS	HR Advisor	57,800
CSD	Building Maintenance Repair Person I (start date -May)	29,300
CORP	Personnel Contingency Account - Provision for negotiated settlement	10,000
		<hr/> 248,700
<u>Fully Funded by Tax - Permanent Full Time Staff for New Facilities</u>		
CSD	Arena Operator I (start date - July) - Ed Sackfield Expansion (included as part of Growth)	
CSD	Lead hand (start date - July) - Ed Sackfield Expansion (included as part of Growth)	
CSD	Skating Coordinator (start date - July) - Ed Sackfield Expansion (included as part of Growth)	
<u>Other Funding Sources - Permanent Full Time Staff</u>		
PRS	Parks Planner (funded from Inspection & Tax Rate Stabilization Reserve)	
PRS	HVAC/Plumbing Inspector (funded from Building Permits & Tax Rate Stabilization Reserve)	
CSD	Teen & Adult Program Assistant (start date -July) (funded by fees)	
CSD	WWW Operator (funded from Water Rate)	
<u>Conversions - Part-Time to Permanent Full Time Staff</u>		
CAO	Conversion Program Assistant Economic Development (funded from savings)	
CAO	Conversion Small Business Development Consultant, SBEC (funded from savings)	
<u>Fully Funded by Tax Rate - Casual Staff</u>		
CSD	Parks Operations (Collection of Recycling at community mail boxes) (6)	161,000
CSD	Parks Operations (Development of Parks Infrastructure) (3)	68,800
CSD	Crossing Guards (2)	15,900
CSD	Sidewalk Winter Maintenance Casual Staffs	11,100
CSD	Parks Admin Overtime	2,000
EIS	Natural Environment - Casual Staffing	12,300
		<hr/> 271,100
<u>Other Funding Sources - Casual Staff</u>		
CAO	Insurance & Claims Clerk - Contract (funded from Insurance Reserve)	
EIS	Casual Salary for Climate Vulnerability Assessment (funded from 80% Grants & 20% Water Quality Reserve Fund)	
Total Growth - New Staffing Resources		\$ 519,800

G. Town Services – New Program Resources Growth Pressures

In supporting a growing community, the Town incurs costs to expand a number of programs to a larger population. The program financial impact is \$221,000. The total new staffing and program growth pressure impact is \$740,800. The following table provides a list of incremental programming costs and revenues of providing services to a growing community:

<u>New Programs & Contracts</u>		2018 Draft Budget
<u>Fully Funded by Tax - Contracts & Programs</u>		
CSD	Vehicle Maintenance Outsourced	25,000
CSD	Materials & Supplies for winter maintenance	25,000
CSD	Streetlight hydro	15,000
CSD	Parks Contract	10,000
CSD	Winter Maintenance Contracts	10,000
CSD	Roads & Boulevard Contracts	10,000
CSD	Sidewalks Contracts	10,000
CSD	Pavement Management Analysis	5,000
CSD	Parks Water	5,000
CSD	Parks utilities	3,000
CFS	Computer Software Maintenance	81,000
CFS	Computer Hardware Maintenance	22,000
		<hr/>
		221,000
<u>Other Funding Sources - Contracts & Programs</u>		
EIS	Climate Vulnerability Assessment	175,000
EIS	Grant Funding @80%	(140,000)
EIS	Water Quality Protection Reserve Fund @20%	(35,000)
CAO	Lean Pilot Program	91,000
CAO	Transfer from Staff Training & Development Reserve	(91,000)
		<hr/>
		-
Total Growth - Contracts & Programs		221,000
Total Growth - New Staff Resources, Contracts & Programs		<u>\$ 740,800</u>

H. Town Services – Property Assessment Growth Taxation \$1,516,700

In 2018, the property assessment growth is expected at 1.44%, generating additional \$1,516,700 in taxation revenue.

The net impact of Town Services Growth pressures including annualization, new resources and property assessment growth is \$499,300

I. Town Services – Unsustainable Funding Sources

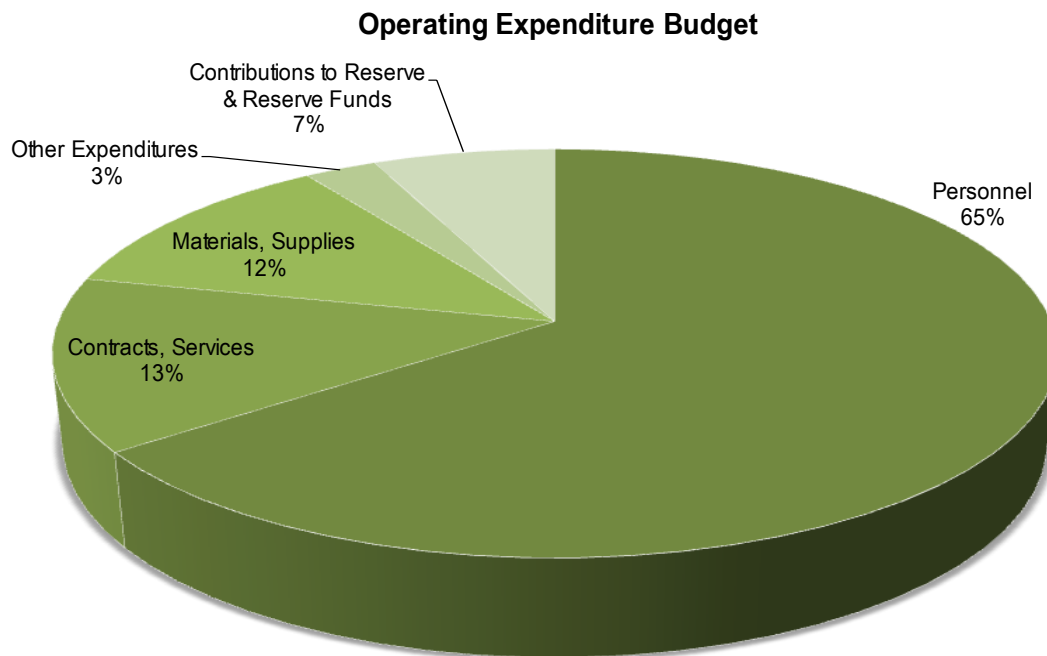
As initially approved in the 2016 Budget and continued in the 2017 Budget, staff are reducing the revenue budget on items that have historically been unachievable, or that are unsustainable going forward. Staff have incorporated year three of the five-year plan to eliminate the reliance of the Tax Rate Stabilization Reserve as part of eliminating the Growth Rate Stabilization Strategy.

With the continued low interest rate environment, the draft budget reflects a decrease in investment income by \$333,400, which represents year two of a three-year phase-in plan to reduce Investment Income by \$1 million. This is in an effort to align the current \$6.5 million investment income budget to a level that is closer to actual short term returns.

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

J. Operating Expenditures

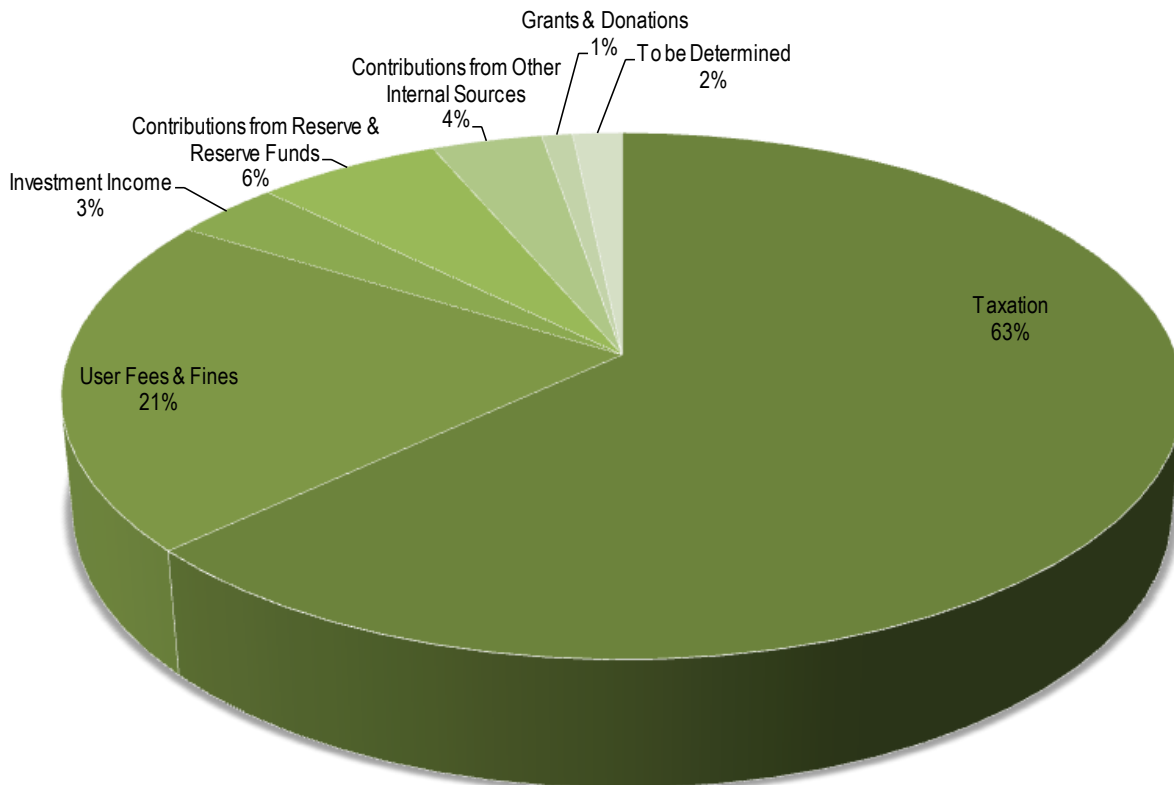
Operating Expenditures is comprised of personnel expenditures representing 65% of the budget. Contracts and Services, and Materials and Supplies represent a total of 25% of the expenditure budget.



K. Revenues Sources

The most significant portion of the revenue is property taxation, representing 63% of the revenue budget. User Fees and Fines represent 21% of the revenue budget. Contributions from Reserve and Reserve Funds and Other Internal Sources are 10%, while investment income contributes 3% and Grants & Donations made up another 1%. The net operating budget funding request is to be determined.

Operating Revenue Budget

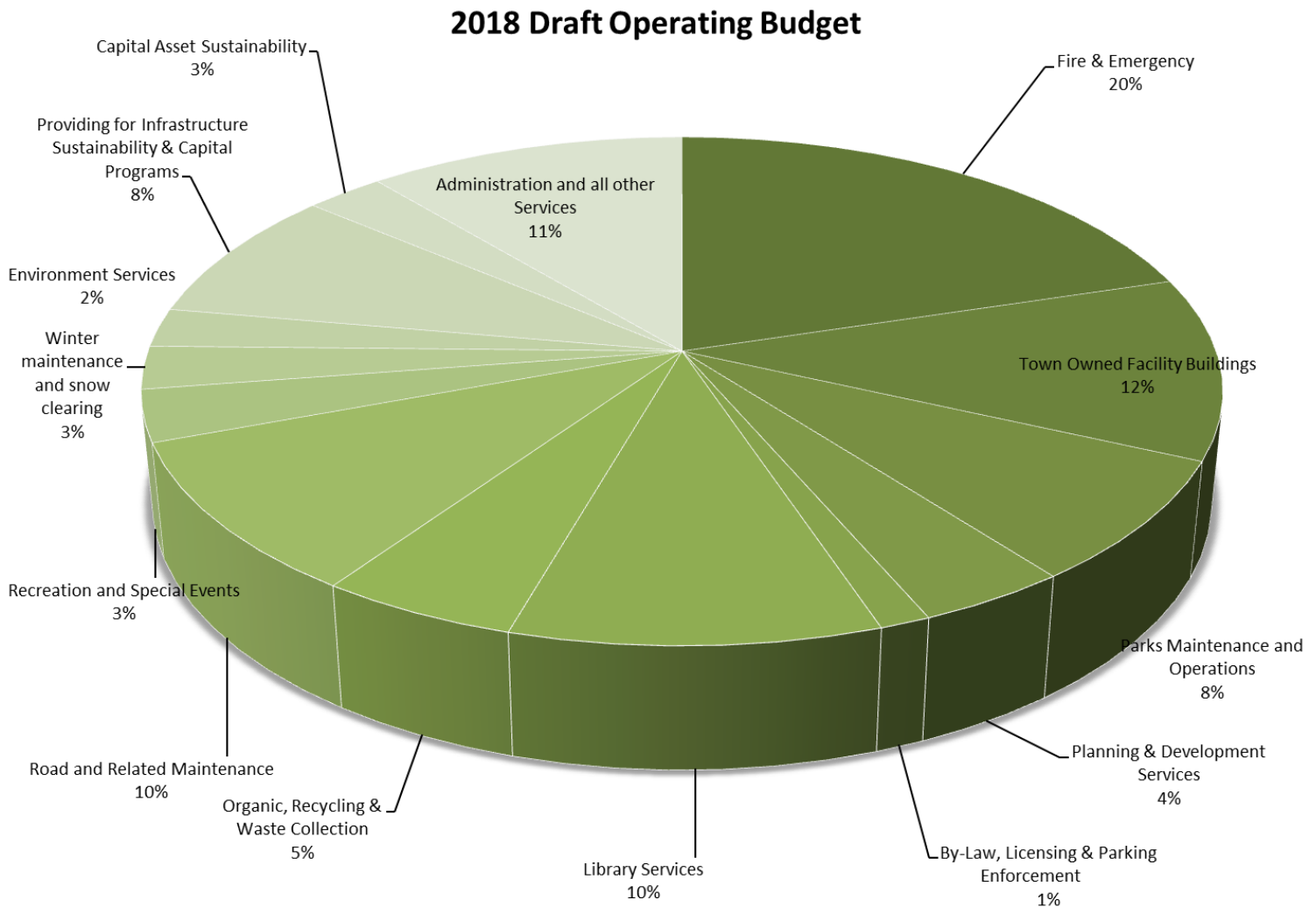


Operating Budget – Capital Asset Sustainability

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 be \$47 per tax account, for 2018. This proposed fee reflects the annual increase of \$15 per account along with \$2 for inflation and growth pressures. 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.

Operating Budget Summary by Services

The combined operating budget including capital asset sustainability proposes a \$114,254,600 tax levy for the 2018 budget. The net budget supports various municipal services, with the largest proportion in Fire and Emergency Services and maintaining Town owned facility buildings.



Financial Outlook and Staffing Plan

As part of the budget process, Commissioners and Directors were asked to forecast expected pressures for 2019 to 2021. Below is an updated Financial Outlook.

Tax Levy Increases and the Financial Outlook

Financial Outlook - Tax Levy Impact

	2018 Draft Budget	FT Staffing Additions	2019 Outlook	FT Staffing Additions	2020 Outlook	FT Staffing Additions	2021 Outlook	FT Staffing Additions
Town Services	\$ 2,182,600	15	\$ 5,854,700	26	\$ 5,237,800	28	\$ 3,618,900	17
Richmond Hill Public Library Board	718,400	2	659,700	4	766,500	4	772,000	4
	\$ 2,901,000	\$ 17	\$ 6,514,400	\$ 30	\$ 6,004,300	\$ 32	\$ 4,390,900	\$ 21
Previously Forecasted			5,818,600		3,335,200			
Capital Asset Sustainability	\$ 1,139,800		\$ 1,154,600		\$ 1,169,600		\$ 1,252,400	

2019 Outlook

The 2019 Financial Outlook projects a combined tax levy impact of \$6,514,400. This is an increase over the previously forecasted outlook of \$5.8 million. The updated outlook includes \$659,700 for the Richmond Hill Library Board's requirements. Town Services' \$5.9 million Financial Outlook includes funding for 26 new full-time staffing positions. A large number of the Staffing Plan additions support approved Strategic Plan initiatives such as the David Dunlap Observatory Park programming and maintenance, Fire Master Plan Implementation, Ed Sackfield Arena Expansion, Comprehensive Zoning By-Law, Environment Strategy implementation, Information Technology Strategy implementation, and maintaining new parks and facilities.

2020 Outlook

The 2020 Financial Outlook projects a combined tax levy impact of \$6,004,300. This is a significant increase over the previously forecasted outlook of \$3.3 million. The updated outlook includes \$766,500 for the Richmond Hill Library Board's requirements. Town Services provides an impact of \$5.2 million Financial Outlook and it includes funding for 28 full-time staffing requests. A large number of the staffing additions and funding requests support approved Strategic Plan initiatives and the Fire & Emergency Services Master Plan.

2021 Outlook

The 2021 Financial Outlook projects a combined tax levy impact of \$4,390,900. The updated outlook includes \$772,000 for the Richmond Hill Library Board's requirements. Town Services provides an impact of \$3.6 million Financial Outlook and it includes funding for 17 full-time staffing requests. A large number of the staffing additions and funding requests support approved Strategic Plan initiatives and the Fire & Emergency Services Master Plan.

Staffing Plan Details

Full-Time Permanent			Count		
Department	Strategic Plan	Position	2019	2020	2021
CAO	Regular Business	ARH Data Analyst	1.0		
CAO	Regular Business	Communication Advisor	1.0		
			2.0	-	-
CFS	Regular Business	HR Analyst		1.0	
CFS	Regular Business	HR Generalist	1.0		
CFS	IT Strategy	IT Financial Analyst	1.0		
CFS	IT Strategy	Sr. Network Analyst	1.0		
CFS	IT Strategy	Security and Disaster Recovery Analyst		1.0	
CFS	IT Strategy	System Analyst		1.0	1.0
CFS	IT Strategy	Technical Analyst			1.0
CFS	Service Improvement Initiatives	ERP and Financial Processes Review	TBC	TBC	TBC
CFS	Regular Business	Water Billing Analyst	1.0		
CFS	Service Improvement Initiatives	Records Analyst		1.0	
			4.0	4.0	2.0
CSD	Ed Sackfield Arena Expansion	Facility Operator I			1.0
CSD	New & Restored Parks	Gardener		-	1.0
CSD	New & Restored Parks	Operator III - Park Operations		1.0	
CSD	Regular Business	Arborist		1.0	
CSD	Regular Business	Mgr of Enforcement	1.0		
CSD	Regular Business	Mechanic II			1.0
CSD	Regular Business	Operator III - Road & Traffic Operations		1.0	
CSD	Regular Business	Program Assistant (Adult 55+)			1.0
CSD	Regular Business	Project Coordinator (Parks)	1.0		
CSD	Fire Master Plan	Assistant Deputy Fire Chief		1.0	
CSD	Fire Master Plan	Fire Inspector		1.0	
CSD	Fire Master Plan	Firefighters - to staff Aerial Trucks	8.0	8.0	4.0
CSD	Fire Master Plan	Firefighters to Staff New Station			4.0
CSD	Fire Master Plan	Emergency Management Coordinator		1.0	
			10.0	14.0	12.0

EIS	Asset Management Plan	Asset Management - GIS and Dbase specialist		1.0	
EIS	Asset Management Plan	Asset Management, Project Manager	1.0		1.0
EIS	Regular Business	Senior Inspector	1.0		
EIS	Regular Business	Parks Inspector		1.0	
EIS	Regular Business	Parks Supervisor		1.0	
EIS	Regular Business	Facility Service Technician		1.0	
			2.0	4.0	1.0
PRS	Official Plan	Planner I	1.0		
PRS	Environ Strategy Implement	Sustainability Coordinator	1.0		
PRS	Official Plan	Planning Technician	-	1.0	
PRS	Official Plan	Planner - Policy	-	1.0	
PRS	Regular Business	Environmental Engineer		1.0	
PRS	Regular Business	Policy Process Coordinator	1.0		
PRS	Comprehensive Zoning By-Law	Urban Designer II - Zoning (2 year contract)	1.0		
PRS	Community Energy Plan	Community Energy Plan / Climate Action Plan Framework - contract	1.0		
PRS	Regular Business	Supervisor Traffic Safety & Operation	1.0		
PRS	Regular Business	Transportation Engineer/Planner		-	1.0
PRS	Regular Business	HVAC/Plumbing Inspector	-	1.0	
PRS	Regular Business	Urban Design - Planner II	-	1.0	
			6.0	5.0	1.0

Conversions					
Department	Strategic Plan	Position	2019	2020	2021
CAO	Economic Develop Strategy Refresh	Small Business Consultant (Contract Conversion)	1.0		
EIS	Environ Strategy Implement	Water Resource Analyst (contract conversion)		1.0	
EIS	Environ Strategy Implement	Sustainable Energy Coordinator (contract conversion)	1.0		
PRS	Environ Strategy Implement	Project Manager - Sustainable Development (contract conversion)	-		1.0
PRS	Regular Business	Project Coordinator - full time conversion - RF		1.0	
PRS	Regular Business	Project Coordinators - Converts to full time at end of contract RF		(1.0)	
			2.0	1.0	1.0

Casual/Part-time					
Department	Strategic Plan	Position	2019	2020	2021
CFS	Regular Business	HR Clerk - contract		1.0	
			-	1.0	-
CSD	DDO master Plan	Seasonal Staff (7 days/week) - Parks Operations	2.0		
CSD	DDO master Plan	Student (7 days/week) - Parks Operations	4.0		
CSD	New & Restored Parks	Seasonal Staff - Parks Operations PWO	-	4.0	-
CSD	New & Restored Parks	Seasonal staff (7 days /week) Harris Beech Park/Breggs Park - Parks		2.0	
CSD	New & Restored Parks	Students (7 days /week) Harris Beech Park/Breggs Park		4.0	
CSD	New & Restored Parks	Seasonal Staff (7 days/week) West Gormely, Community North Leslie -			2.0
CSD	New & Restored Parks	Student (7days/week)West Gormely, Community North Leslie Parks Operations			5.0
CSD	Regular Business	Production Manager (24 hours)	1.0		
			7.0	10.0	7.0
PRS	Regular Business	Summer Student - University Yr 4	1.0		
PRS	Regular Business	Student Interns - May-Sept	2.0		
			3.0	-	-

TRHPLB			Count		
Department	Strategic Plan	Position	2019	2020	2021
LIB	Regular Business	To Be Confirmed	4.0	4.0	4.0
			4.0	4.0	4.0

Www			Count		
Department	Strategic Plan	Position	2019	2020	2021
Www	Regular Business	Operator III - Strom Water	1.0		
Www	Regular Business	Operator III - Water & Wastewater		1.0	
			1.0	1.0	-

Staffing Plan Summary

	2019	2020	2021
FT Positions TRH	16.0	16.0	8.0
FT Conversions	2.0	1.0	1.0
New Staffing Requests before Fire	18.0	17.0	9.0
Fire Master Plan Levy	8.0	11.0	8.0
Total TRH Staffing Requests	26.0	28.0	17.0

Casual Staff	10.0	11.0	7.0
Library	4.0	4.0	4.0
Www	1.0	1.0	-