



2019 Draft Operating Budget Overview

2019
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 & Capital Forecast process from July to December.
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 (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 June 26, 2018 meeting. The approved 2019 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. Continued phased reductions of the Growth Rate Stabilization Strategy and Investment Income;
3. Continues with the Capital Asset Sustainability Fee Strategy as per Council direction, while factoring growth and inflation.
4. Updates the Financial Outlook for the years 2020 to 2022, and
5. Minimizes the tax rate impact.

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 June 26, 2018, and the 2019 Draft Operating Budget reflects these new rates.

Budget Presentation

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 of items identified in the Town's Strategic Plan. The 2019 Budget reflects a review of the various budget pressures through the various expense and revenue categories. In addition, the 2019 Draft Operating Budget is classified into three main impacting components:

1. Town Services
2. Fire Master Plan
3. Richmond Hill Public Library Board (new requests)

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. Town Services also includes Richmond Hill Public Library Board's base budget increases and annualized costs from the 2018 approved budget.

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

The Budget Pressures descriptions used in the current budget package are summarized in the following table:

2019 Budget Pressures Category	Description
Base	Providing the same level of service with inflationary impacts. Any identified efficiencies and savings will be reflected here.
Legislated	Incremental costs from new legislation imposed on how we provide municipal services.
Annualization	Incremental costs of a full-year impact of staff and initiatives approved in the previous year.
New/Growth Staff & Programs	Incremental costs from providing the same / enhanced levels of services to a growing community.

The 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 Fire and Emergency Services Master Plan

In the fall of 2015, the Town of Richmond Hill approved a Fire and Emergency Services Master Plan (FESMP) study as part of its comprehensive community planning process to guide the delivery of fire protection services over the next ten years. The FESMP provided a complete review of the current operations of Richmond Hill Fire and Emergency Services (RHFES) to assist Council in establishing key objectives for the division. The plan included recommendations to address both short-term (five-year) and long-term (ten-year) strategies for the municipality. The FESMP has significant implications over the next ten years. For the 2019 Draft Operating Budget, staff have presented the financial impact of the Richmond Hill FESMP separately from the rest of the Town’s Operating Budget.

C. 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 the Board’s new requests are presented separately as a part of the overall Operating Budget.

Budget Consultations & Engagement

Richmond Hill’s 2019 Operating Budget outreach efforts include:

1. Hosting information sessions
 - a. Business Community Information Session will be held on January 18, 2019, at Council Chambers at the Town of Richmond Hill. Invitations have been 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
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, 2 educational videos, “How Richmond Hill’s Budget Works” & “How Your Property Tax is Calculated” will be available on the Town’s website.

Demographics and Economy

Income

Based on the 2016 Census, 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 7.47% in 2016. 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 2019 with accuracy is difficult, but a look at historical financial indicators and economic forecasts may provide insight.

The Province of Ontario's 2018 Economic Outlook and Fiscal Review (Fall Statement) projects the unemployment rate to remain steady at around 5.5%. The Canadian Dollar is projected to be about \$0.78 compared to the American Dollar at the end 2019. The Province of Ontario projects the annual Consumer Price Index (CPI) to reach 2.4% and the economy growing at 1.9% in 2019. 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	2018 (%)
Construction Price Indices (non-res.)	4.29
Commercial	4.49
Industrial	5.19
Institutional	3.69
Electricity	3.38
Natural Gas	(5.18)
Gasoline	12.02
Energy	7.64
Water (York Region Wholesale rate increase)	9.00

Source: Statistics Canada unless otherwise noted

Investment Rates	2019 (%) Forecast
Bank of Canada Overnight Rate	2.06
Three-Month Treasury Bill Rate	1.99
10-Year Bond Rate	2.75

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

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	2019	% Growth since 2005
Population	162,000	187,800	205,300	212,200	31%
Households	53,000	57,000	64,150	68,450	29%
Roads (km)	508	531	545	577	14%
Sidewalks (km)	552	608	650	673	22%
Storm Sewers (km)	460	500	513	531	15%
Seniors Driveways	913	1,335	1,424	1,570	72%
Waste Tonnage	51,593	55,963	54,862	53,221	3%
Street Lights	13,680	15,154	15,973	16,300	19%
Signs	8,704	9,870	12,288	12,200	40%
Traffic Signals	19	22	29	35	84%
Parkland (acres)	728	751	766	813	12%
Open Space (acres)	1,604	1,826	2,038	2,402	50%

Additional Growth pressures for 2019 include the 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 average residential property assessment value, excluding multi-residential properties, is \$1,045,900 based on the January 1, 2016 assessment data.

The Operating Budget

2019 Operating Budget

The 2019 Draft Operating Budget increase is proposed at \$3.33 million. The combined \$3,328,700 tax levy increase is comprised of \$2,837,300 for Town Services, \$379,200 for Fire Master Plan new full-time requests and \$112,200 for the Richmond Hill Public Library Board new full-time requests. The following schedule compares the 2019 Draft Operating Budget to the 2018 Budget:

	2018 Budget	2019 Draft Budget	Inc / (Dec)
Operating Budget - Tax Levy Impacts			
Town Services			
Base	\$ 1,394,200	\$ 2,917,900	\$ 1,523,700
Legislated	15,000	50,000	35,000
Annualization	1,563,900	401,700	(1,162,200)
New/Growth Staff & Programs	589,200	824,900	235,700
Property Tax Assessment Growth	(1,516,700)	(1,935,100)	(418,400)
Unsustainable Revenue Sources	578,100	577,900	(200)
	\$ 2,623,700	\$ 2,837,300	\$ 213,600
Richmond Hill Public Library Board (New Requests)	125,700	112,200	(13,500)
Fire Master Plan (New Requests)	151,600	379,200	227,600
2019 Draft Operating Budget - Tax Levy Increase	\$ 2,901,000	\$ 3,328,700	\$ 427,700

The Town Services tax levy reflects a \$427,700 increase over the 2018 Budget, attributable to a base increase largely due to step increases and annual cost of living increases, largely offset by a reduction in Annualization costs approved in the 2018 Budget. Property assessment growth was 1.76% compared to the 1.44% in 2018 Budget. The 2019 Budget request for Fire Master Plan is \$379,200 mainly for new firefighters' requirement. Richmond Hill Public Library Board's budget increase request of \$112,200 is for three new staffing requests, starting in July 2019.

Town of Richmond Hill Budget

If approved, the Town of Richmond Hill's 2019 Total Budget will be \$320 million, including the Operating, Capital Asset Sustainability, Water & Wastewater, Stormwater Management and Capital Budgets.

	2018 Budget	2019 Draft Budget	Inc / (Dec)
Total Expenditure Budget			
Operating			
Town Services	\$ 174,538,100	\$ 180,887,330	\$ 6,349,230
Richmond Hill Public Library Board (New Requests)	125,700	112,200	(13,500)
Fire Master Plan (New Requests)	151,600	379,200	227,600
	\$ 174,815,400	\$ 181,378,730	\$ 6,563,330
Capital Asset Sustainability	3,115,200	4,231,600	1,116,400
Water & Wastewater Services	81,241,500	85,887,000	4,645,500
Stormwater Management	3,847,700	4,231,000	383,300
Capital	70,635,300	43,961,100	(26,674,200)
Total Budget	\$ 333,655,100	\$ 319,689,430	\$ (13,965,670)

2018 Accomplishments

The 2018 Budget provided staff resources to accomplish the following significant initiatives:

- Opened the David Dunlap Observatory on June 9. Implemented program partnership agreements with RASC-TC, DDOD, Western University and Ylab
- Implemented on-line facility booking module with ActiveNet
- Richmond Hill Life Saving Club won 2018 Ontario Lifeguard Championships and 2018 Canadian Lifeguard Emergency Response Championships
- Won Top 100 Festivals & Events Ontario designation for Canada Day, Ribfest and Tastes of the Hill
- Participate in the Corporate LEAN Initiative - Arboriculture process improvement to enhance the administration of replacement trees and stump removals
- Tennis Court Assessment and Condition Analysis Report - Parks Operations lead an initiative to conduct a conditional analysis study of the Town's tennis court inventory and to develop a remediation strategy
- Enhanced Salt Consumption Tracking and Reporting
- Completion of the Roads and Traffic Operations Level of Service Study
- Recertification of Shift Training Instructors and Training Division in Rope Rescue and Confined Space Training
- Visited approximately 5000 homes to ensure working smoke and CO alarms were present
- By-law & Licensing Division Core Services Review
- Launch of new Parking Control System Software (AIMS)
- Lake Wilcox Park Patrol (Summer Weekends)
- Administered all aspects of the 2018 Municipal Election
- Initiated implementation of Phase 1 Enterprise Resource Planning (ERP) system
- Approval and launch of the Employee Strategy
- Completion of Part-time Pay Equity Review
- Completion of Information Technology projects & initiatives:

- eProcurement
- AVL/GPS Winter Maintenance Vehicles
- Parking Ticket Manager System
- Initiation of the Comprehensive Zoning By-law project
- Finalized initial configuration and commenced testing of the PRM System
- Completed Yonge/Bernard Secondary Plan and Zoning By-law
- Initiated Urban MESP update
- Implementation of numerous strategic land acquisitions and exchanges
- Lean Pilot Program Implementation
- Celebrated the 10 Year Anniversary of Access Richmond Hill
- David Dunlap Observatory (DDO) Early Phase Feasibility Study
- Lake Wilcox Youth Park - Construction
- Elgin Mills Greenway Pond – Construction
- Project underway to develop the Town's Asset Management Policy, Strategy and Governance Structure
- Established Waste Development Standards for the Town of Richmond Hill
- Developed two new community gardens in partnership with community groups.

2019 Priorities

The 2019 Budget includes funding for the following initiatives to be commenced or completed in 2019:

- Development and Implementation of Recreation Neighbourhood Strategy
- Opening of NHL rink, new fitness facility and indoor walking track at Ed Sackfield Arena
- Celebrate 10th anniversary of RHCPA with a variety of events and activities – Feb 28, 2019
- Complete design of the Heritage Centre Renovation project
- Implement new programs and activities at the new Lake Wilcox Youth Park
- Parks Level of Service - Utilizing Maximo, begin to implement and document, monitor and evaluate the proposed recommendations
- Parks Signage Strategy – Complete new sign standards and report to Council.
- Completion of four (4) stormwater pond sediment removal projects utilizing Infrastructure Canada – Clean Water & Wastewater Program funding.
- Utilizing Maximo for improved work order tracking to benchmark ability to meet service level targets as defined in the Roads & Traffic Service Level Study.
- Perform legislated training in Fire Officer Level 1, NFPA 1061 (Communications Standard) and Specialty Rescue
- Build 2 new fire trucks (approval required for one truck in 2019 capital budget.)
- Repeal & replacement of the Noise By-law
- Repeal & replacement of the Grass & Weeds By-law
- Phase 1 Expansion of AMPS to additional By-laws
- Establish a Capital Sustainability Strategy
- Complete Town wide Installation of Radio Frequency Reading Water Meters (16,000 units)
- Implement 2018-2022 Accessibility Plan
- Development and Implementation of Phase 2 of ERP system
- Implementation of the PRM System
- Complete Transportation Master Plan
- Undertake Richmond Hill Centre Secondary Plan (subway readiness)

- Continue to streamline all approvals processes
- Continued Comprehensive Zoning By-law project (ie. Approval of workplan by Council and initiate Phase 1 of the project)
- Economic Development Strategy Implementation
- Three Year Internal Audit Plan – Year 3 Internal Audits
- Begin work to develop a new Intranet (RHlink)
- Initiate the preparation of a holistic Affordable Housing Strategy
- Complete Residential Permit Parking Study
- Bethesda Sideroad Road Reconstruction – Anchusa Drive to Leslie Street
- Flood Remediation Project – near Elgin Mills and Yonge Street – Detailed Design Phase
- Bayview Hill Park Revitalization – Design
- Harding/Lennox Park Revitalization – Design
- Kings College Park Revitalization – Construction
- Lake Wilcox Boardwalk
- Complete construction of Rouge Woods Bocce Court repurposing
- Construction for DDO building envelope, equipment and systems life cycle replacement
- Complete the development of an Asset Management Policy and Governance Structure
- Complete DDO Phase 1 Woodlot Restoration Project & DDO Phase 2 Woodlot Restoration

Operating Budget

The 2019 Draft Operating Budget proposes a \$3,328,700 increase over the 2018 budget. Base pressures present a net \$2,917,900 impact, followed by phasing-in decreases to unsustainable revenues at a \$577,900 impact to the tax rate. Legislated, Annualization and Growth pressures together have decreased by \$167,100.

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, Fire Master Plan and Ed Sackfield Arena Expansion.

Operating Budget Pressures

Town Services - Exp / Rev	2018 Budget	Base	Legislated	Annualization	New/Growth Staff & Programs	Unsustainable Revenue Sources	2019 Draft Budget	Inc / (Dec) from 2018
Expenditures								
Personnel								
Personnel - Permanent	\$ 99,523,370	\$ 3,397,530	\$ -	\$ 742,600	\$ 662,600	\$ -	\$ 104,326,100	\$ 4,802,730
Personnel - Casual	13,509,400	128,400	-	(105,500)	278,300	-	13,810,600	301,200
	<u>113,032,770</u>	<u>3,525,930</u>	<u>-</u>	<u>637,100</u>	<u>940,900</u>	<u>-</u>	<u>118,136,700</u>	<u>5,103,930</u>
Non - Personnel								
Contracts / Services	22,799,600	(7,600)	25,000	19,400	147,500	-	22,983,900	184,300
Materials / Supplies	21,956,830	310,600	45,000	18,700	38,100	-	22,369,230	412,400
Other Expenditures	4,840,500	111,500	-	(152,800)	25,200	-	4,824,400	(16,100)
To Reserve & Reserve Funds	11,908,400	664,700	-	-	-	-	12,573,100	664,700
	<u>61,505,330</u>	<u>1,079,200</u>	<u>70,000</u>	<u>(114,700)</u>	<u>210,800</u>	<u>-</u>	<u>62,750,630</u>	<u>1,245,300</u>
Total Expenditures	\$ 174,538,100	\$ 4,605,130	\$ 70,000	\$ 522,400	\$ 1,151,700	\$ -	\$ 180,887,330	\$ 6,349,230
Revenues								
User Fees & Fines	(36,306,700)	(1,025,430)	-	(336,300)	(31,700)	-	(37,700,130)	(1,393,430)
Investment Income	(6,203,200)	-	-	-	-	333,200	(5,870,000)	333,200
Grants / Donations	(1,782,300)	(7,600)	(20,000)	170,500	(20,700)	-	(1,660,100)	122,200
From Reserve and Reserve Funds	(11,019,200)	250,100	-	60,200	(253,900)	244,700	(10,718,100)	301,100
From Other Internal Sources	(6,389,200)	(627,000)	-	(15,100)	(20,500)	-	(7,051,800)	(662,600)
Non-Taxation Revenue	(61,700,600)	(1,409,930)	(20,000)	(120,700)	(326,800)	577,900	(63,000,130)	(1,299,530)
Taxation	(113,114,800)	-	-	-	(1,935,100)	-	(115,049,900)	(1,935,100)
Total Revenues	\$ (174,815,400)	\$ (1,409,930)	\$ (20,000)	\$ (120,700)	\$ (2,261,900)	\$ 577,900	\$ (178,050,030)	\$ (3,234,630)
Town Services Levy Requirement	\$ (277,300)	\$ 3,195,200	\$ 50,000	\$ 401,700	\$ (1,110,200)	\$ 577,900	\$ 2,837,300	\$ 3,114,600
Richmond Hill Public Library - new staffing request	125,700	(125,700)	-	-	112,200	-	112,200	(13,500)
Fire Master Plan	151,600	(151,600)	-	-	379,200	-	379,200	227,600
Total Overall Levy Requirement	\$ -	\$ 2,917,900	\$ 50,000	\$ 401,700	\$ (618,800)	\$ 577,900	\$ 3,328,700	\$ 3,328,700

Operating Budget Pressures by Department

Town Services - By Pressure	2018 Budget	Base	Legislated	Annualization	New / Growth Staff & Programs	Unsustainable Revenue Sources	2019 Draft Budget	Inc / (Dec) from 2018
Community Services	56,396,400	\$ 1,424,500	\$ 50,000	\$ 136,000	\$ 188,900	\$ -	\$ 58,195,800	\$ 1,799,400
Environment & Infrastructure Services	20,087,600	379,000	-	9,900	85,800	-	20,562,300	474,700
Corporate & Financial Services	18,601,400	789,400	-	111,900	388,700	-	19,891,400	1,290,000
Planning & Regulatory Services	4,706,300	(16,600)	-	400	119,700	-	4,809,800	103,500
Office of the CAO	8,675,900	360,800	-	17,700	41,800	-	9,096,200	420,300
Corporate Accounts	(4,551,900)	(163,400)	-	-	-	577,900	(4,137,400)	414,500
Taxation	(113,114,800)	-	-	-	(1,935,100)	-	(115,049,900)	(1,935,100)
Richmond Hill Public Library	8,921,800	421,500	-	125,800	-	-	9,469,100	547,300
Town Services Levy Requirement	\$ (277,300)	\$ 3,195,200	\$ 50,000	\$ 401,700	\$ (1,110,200)	\$ 577,900	\$ 2,837,300	\$ 3,114,600
Richmond Hill Public Library (New Requests)	125,700	(125,700)	-	-	112,200	-	112,200	(13,500)
Fire Master Plan (New Requests)	151,600	(151,600)	-	-	379,200	-	379,200	227,600
Net Budget	\$ -	\$ 2,917,900	\$ 50,000	\$ 401,700	\$ (618,800)	\$ 577,900	\$ 3,328,700	\$ 3,328,700

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 follows:

Town Services - Base Pressure	2018 Budget	2019 Budget	Inc / (Dec)	
Expenditures				
Personnel				
Personnel - Permanent	\$ 99,523,370	\$ 102,920,900	\$ 3,397,530	
Personnel - Casual	13,509,400	13,637,800	128,400	
	<u>\$ 113,032,770</u>	<u>\$ 116,558,700</u>	<u>\$ 3,525,930</u>	3.12%
Non - Personnel				
Contracts / Services	\$ 22,799,600	\$ 22,792,000	\$ (7,600)	
Materials / Supplies	21,956,830	22,267,430	310,600	
Other Expenditures	4,840,500	4,952,000	111,500	
T transfers to Other Funds	11,908,400	12,573,100	664,700	
	<u>\$ 61,505,330</u>	<u>\$ 62,584,530</u>	<u>\$ 1,079,200</u>	1.75%
Total Expenditures	\$ 174,538,100	\$ 179,143,230	\$ 4,605,130	2.64%
Revenues				
User Fees & Fines	\$ (36,306,700)	\$ (37,332,130)	\$ (1,025,430)	
Investment Income	(6,203,200)	(6,203,200)	-	
Grants / Donations	(1,782,300)	(1,789,900)	(7,600)	
Reserves and Reserve Funds	(11,019,200)	(10,769,100)	250,100	
Other Internal Sources	(6,389,200)	(7,016,200)	(627,000)	
Non Taxation Revenues	\$ (61,700,600)	\$ (63,110,530)	\$ (1,409,930)	2.29%
Net Base Pressure	\$ 112,837,500	\$ 116,032,700	\$ 3,195,200	2.83%

Base Expenditure Pressures

Personnel expenditure pressures include cost of living adjustment provisions, adjustments to benefit rates and step-rate increases. Computer software maintenance and data communications for greater network services to support VOIP contributed to the increase in Contracts/Services and Other Expenditures. Also, the Town experienced savings of \$300K from the new Miller Waste contract for refuse/recycling collection services.

Base Revenue Pressures

User fees and fines revenues are budgeted to increase by \$1,025,430. The additional revenues are a result of the Tariff of Fees update, increased demand on general & recreation programs, site plan/subdivision processing and maintenance revenues.

The 2018 Bill 148 (Fair Workplaces and Better Jobs Act) legislated impact included \$1.0 million of funding from Reserves, which was largely replaced with recreation fee increases and greater volume of recreation revenue in the 2019 Operating Budget. In addition, Transfer from Reserves were also reduced by \$632,800 due to the phased-in reduction in funding for the 2018 compensation review (Administrative and Salaried Employees' Association staff).

Transfers from internal sources include an additional \$627,000 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 approved Rate Study.

B. Town Services – Legislated Pressures

The financial impact of new legislation imposed on how the Town provides municipal services includes additional firefighter certification on water/ice and trench rescues which contributed \$40,000 to the Town's 2019 operating budget. In the second half of 2018, recreational cannabis was legalized in Ontario prompting additional communication and education requirements on cannabis usage. The Town will receive Provincial Grant monies to offset these costs.

Town Services Budget - Legislated		2019 Draft Budget
Description		
CSD Fire - Specialized Training for water / ice and trench rescue		\$ 40,000
CSD Roads Boulevard Contracts & Materials		10,000
CAO Public communication / education costs related to cannabis usage		20,000
CAO Provincial Grant monies for cannabis implementation		(20,000)
Legislated		\$ 50,000

C. Town Services – Net Growth Pressures

The net growth pressure is (\$708,500). 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 2019 budget, and the taxation revenue increase from property assessment growth, summarized below:

Town Services Budget - Growth	2019 Draft Budget
Annualization of Resources Approved in 2018	
Staffing	\$ 428,100
Programs	(26,400)
	<u>401,700</u>
New Resources Requested for 2019	
Staffing	\$ 703,300
Programs	121,600
	<u>824,900</u>
Property Assessment Growth	\$ (1,935,100)
	<u><u>\$ (708,500)</u></u>

D. Town Services – Staff Annualization Growth Pressures

Prior year's Town Services Operating Budget included partial year funding for 15 permanent (including RHPLB) full-time staffing resources as well as casual staff. The incremental cost of annualizing the personnel related costs for 2019 is \$428,100. The 2018 approved positions are listed below:

<u>Staffing Annualization</u>		2019 Draft Budget
Permanent Full-Time		
CSD	Teen & Adult Program Assistant(start date -July)	\$ 9,100
CSD	Building Maintenance Repair Person I(start date -May)	15,200
CSD	Director, Bylaw & Licensing Enforcement	1,400
CSD	Firefighter (4) (start date July)	184,400
CAO	Conversion - Program Assistant Econ. Development	3,300
CAO	Conversion - Small Business Consultant SBEC	14,400
PRS	Parks Planner - partially funded from Reserves	400
PRS	HVAC/Plumbing Inspector - fully funded from Reserves	
RHPLB	Manager, Emerging Technologies	62,500
RHPLB	Librarian, Digital Content	48,200
RHPLB	Building Maintenance Repair Person Contract	15,100
CFS	HR Advisor	70,500
		<u>\$ 424,500</u>
Casual/Seasonal		
EIS	Climate Vulnerability Assessment - fully funded from Grant Funding @(80%) and Water Quality Protection Reserve @(20%)	
CSD	Parks Operations (Development of Parks Infrastructure) (3)	1,100
CSD	Parks Operations (Collection of Recycling at community mail boxes and parks) (6)	2,500
CAO	Insurance & Claims Clerk - Contract - fully funded from Insurance Reserve	
		<u>\$ 3,600</u>
Total Staffing Annualization		\$ 428,100

E. Town Services – Program Annualization and Revenue Growth

The annualized programs financial impact to the 2019 budget is (\$26,400). The total staffing and program annualization growth pressure impact is \$401,700. The revenues included in David Dunlop Observatory Lands reflect additional building rental and partnerships program activities. Computer software maintenance costs relate to the full year impact of implementing eSolutions (Web Strategy). Prior year's Town Services Operating Budget included partial year funding for the opening of the Ed Sackfield Arena and Fitness Centre.

<u>Programs Annualization</u>		2019 Draft Budget
CSD	Ed Sackfield Arena & Fitness Centre	\$ 11,200
CSD	David Dunlop Observatory Lands	(88,900)
EIS	Community Space Yonge & 16th Avenue	9,900
CAO	Lean Pilot Program - fully funded from Training & Development Reserve	
CFS	Computer Software Maintenance	41,400
Total Program Annualization		\$ (26,400)
Total Staffing and Program Annualization		\$ 401,700

F. Town Services – New Staffing Resources Growth Pressures

The Town Services Operating Budget includes 11 new and converted positions, as well as casual and contract staffing resources to support existing services to a growing community.

<u>Dept.</u>	<u>Description</u>		2019 Draft Budget
<u>New Staffing Resources</u>			
<u>Fully Funded by Tax Rate - Permanent Full Time Staff</u>			
CSD	Parks Technician (start date - July)	\$	52,000
CAO	Risk & Insurance Clerk		41,800
PRS	Sustainability Coordinator		59,300
PRS	Supervisor, Traffic Safety & Operations		60,400
EIS	Asset Management Project Manager - partially funded from Recovery from WWW		51,800
CFS	GIS Manager		86,000
CFS	Administrative Assistant (2)		180,000
			<hr/>
			531,300
<u>Other Funding Source - Permanent Full Time for New Staff</u>			
CSD	Facility Operator I DDO (start date - July) - fully funded from casual staff savings and additional building rental revenue		
PRS	Development Engineer - fully funded from Development Engineering Reserve		
<u>Conversion - Part-time to Permanent Full Time Staff</u>			
CFS	HR Clerk - Contract to Full-Time Conversion		10,700
<u>Fully Funded by Tax Rate - Casual/Contract Staff</u>			
CSD	Bylaw & Licensing Customer Services Representative - 1 year contract (start date -July)		28,900
CSD	Waste Management Coordinator - 1 year contract (start date -July)		48,500
EIS	CAM & EMS Intern/Student		18,700
EIS	Alectra Energy Coordinator - contract extension - partially funded from Alectra		5,200
CFS	Council Support Staffs		60,000
			<hr/>
			161,300
<u>Other Funding Sources - Casual Staff</u>			
PRS	Summer Students (2) - Development Engineering - fully funded from Development Engineering Reserve		
PRS	Project Coordinator for Development Engineering - 1 year contract - fully funded from Development Engineering Reserve		
Total Growth - New Resources			<hr/>
			\$ 703,300

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 programs financial impact is \$121,600. The total new staffing and program growth pressure impact is \$824,900. The following table provides a list of incremental programming costs and revenues of providing services to a growing community:

<u>New Contracts & Programs</u>		2019 Draft Budget
<u>Fully Funded by Tax - Contracts & Programs</u>		
EIS	Lake Wilcox Park Water Play Washroom	\$ 10,100
CFS	Cellular Phone	52,000
CSD	Forestry Contract	40,000
CSD	Parks Utilities	3,000
CSD	Parks Water	3,000
CSD	Materials & Supplies for winter maintenance	10,000
CSD	Vehicle Licenses	3,500
		<hr/>
		121,600
<u>Other Funding Sources - Contracts & Programs</u>		
CAO	Lean Pilot Program - fully funded from Training & Development Reserve	
EIS	Consulting Jelly Fish Filter Monitoring Program - fully funded from Storm Pond Monitoring Reserve	
EIS	Salt Vulnerability Area Analysis & Lake Wilcox Salt Reduction Plan - fully funded from Water Quality Protection Reserve	
		<hr/>
Total Growth - Contract & Programs		121,600
		<hr/>
Total Growth - New Staff Resources, Contract & Programs		<u>\$ 824,900</u>

H. Town Services – Property Assessment Growth Taxation \$1,935,100

In 2019, the property assessment growth is expected at 1.76%, generating additional \$1,935,100 in taxation revenue.

The net impact of Town Services Growth pressures including annualization, new resources and property assessment growth is (\$708,500).

I. Town Services – Unsustainable Funding Sources

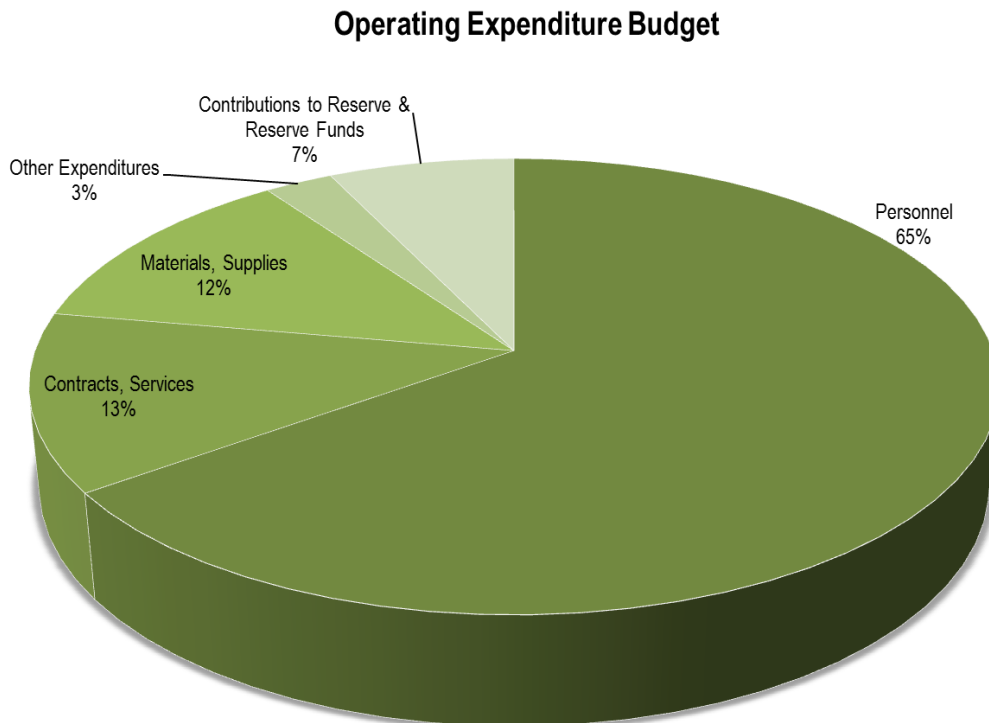
As initially approved in the 2016 Budget and continued in the 2019 Budget, staff are reducing the revenue budget on items that have historically been unachievable, or that are unsustainable going forward. Staff have incorporated year four of the five-year plan to eliminate the reliance of the Tax Rate 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 three of a three-year phase-in plan to reduce Investment Income by \$1 million. This is in an effort to align the current \$5.9 million investment income budget to a level that is closer to actual short term returns.

Town Services Budget - Unsustainable Funding Sources	2019 Draft Budget
Description	
Investment Income - Year 3 of a 3-year phase out	\$ 333,200
Eliminate Growth Rate Stabilization Strategy - Year 4 of a 5-year phase out	244,700
Unsustainable Funding Sources	<u>\$ 577,900</u>

J. Operating Expenditures

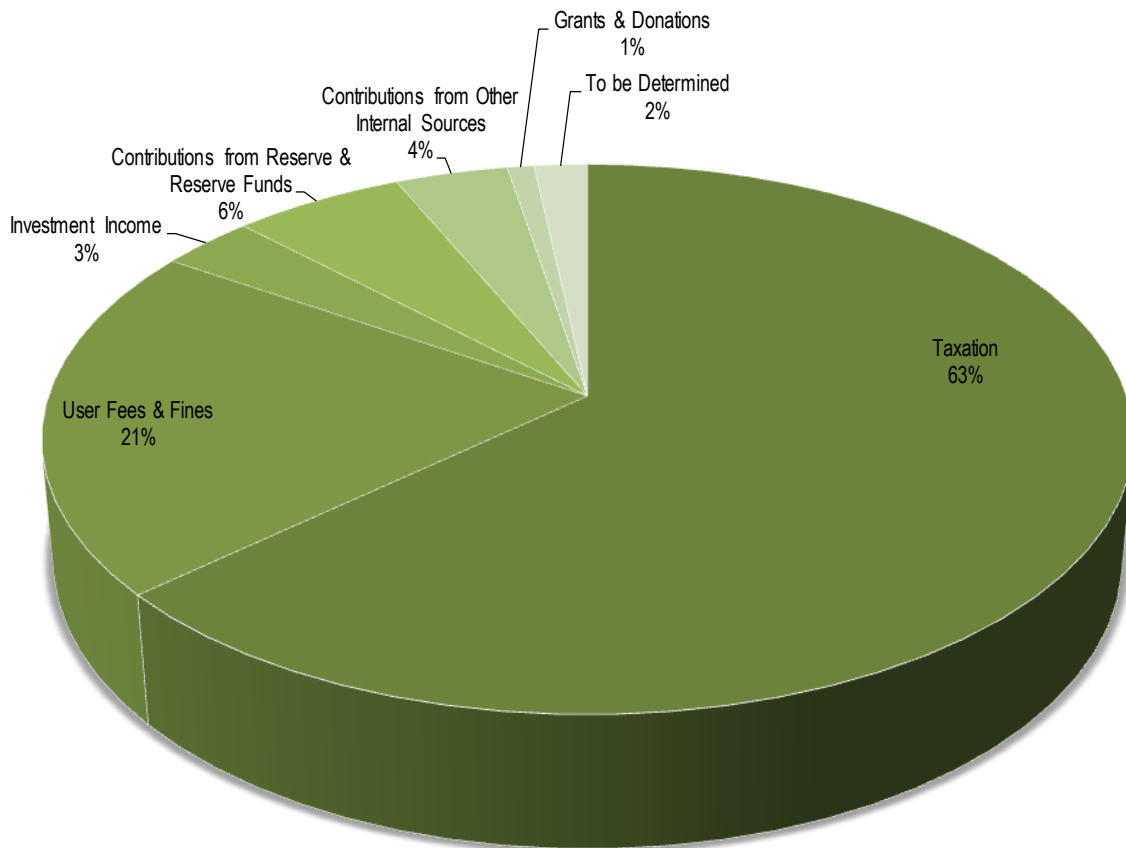
Operating Expenditures is comprised of personnel expenditures representing 65% of the budget. Contracts and Services, and Materials and Supplies represent a total of 25% of the expenditure budget.



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



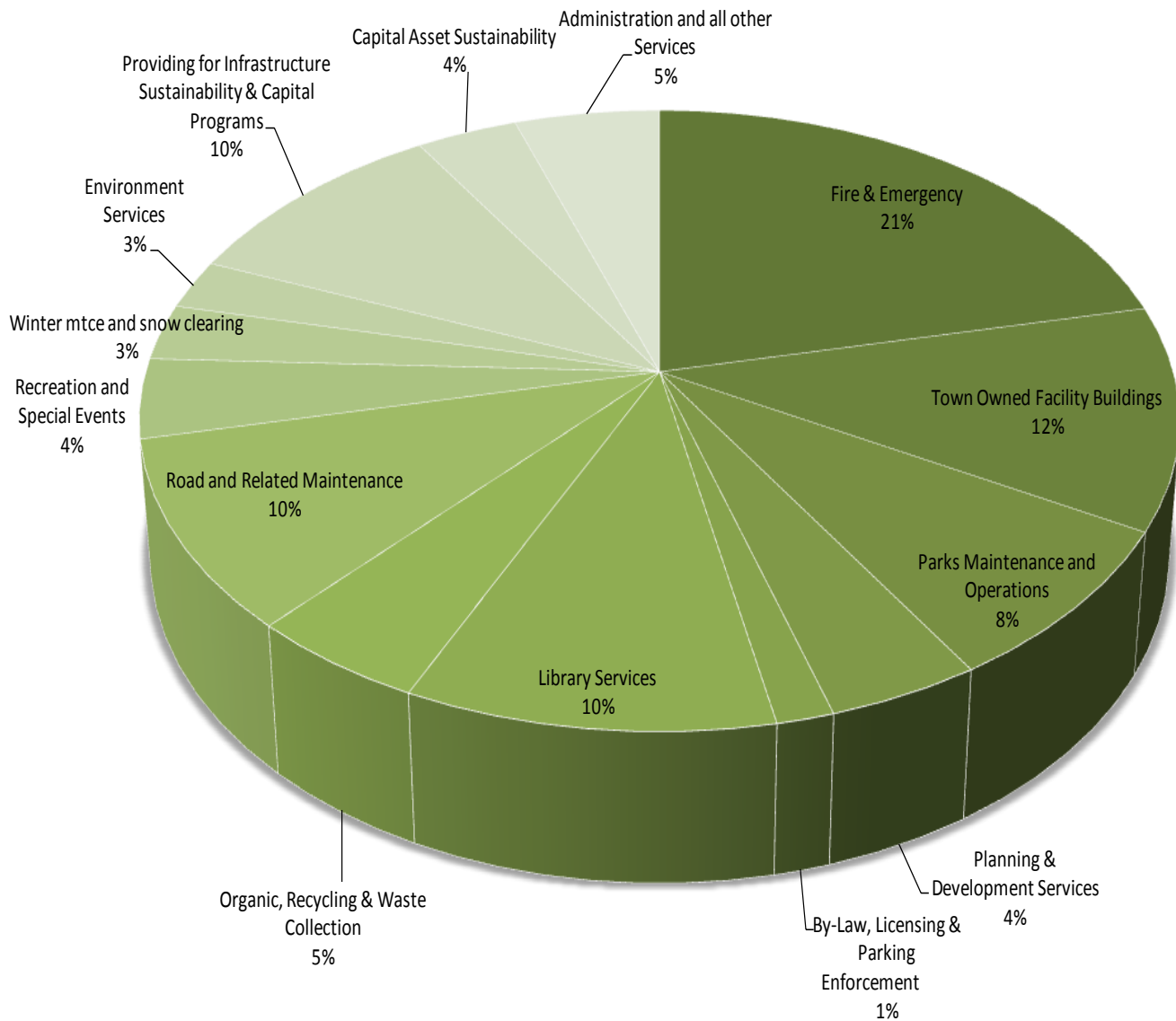
Operating Budget – Capital Asset Sustainability

Continuing with the Capital Asset Sustainability Strategy adopted by Council as part of the 2016 Operating Budget, the Town will charge a Capital Asset Sustainability Fee to support the repair and replacement of capital assets as outlined in the Town's Asset Management Plan. In previous years, the levy was applied as a flat rate with annual increases of approximately \$15 per account each year (factoring inflation & growth pressures). However, as per Council motion, the levy will be applied in 2019 based on Current Value Assessment (CVA), similar to the application of the municipal tax levy. The total revenue generated remains unchanged, however the impact will be redistributed based on the CVA of a property. The 2019 increase of 1% tax rate equivalent will generate an additional \$1,116,400 for future capital asset funding, for a total budget of \$4,231,600.

Operating Budget Summary by Services

The combined operating budget including capital asset sustainability proposes a \$117,306,100 tax levy for the 2019 budget. The net budget supports various municipal services, with the largest proportion in Fire and Emergency Services and maintaining Town owned facility buildings.

2019 Draft Operating Budget



Financial Outlook

As part of the budget process, Commissioners and Directors were asked to forecast expected pressures for 2020-2022. Below is an updated Financial Outlook.

Tax Levy Increases and the Financial Outlook

Financial Outlook - Tax Levy Impact

	2019 Draft Budget	2020 Outlook	2021 Outlook	2022 Outlook
Town Services	\$ 2,837,300	\$ 3,421,700	\$ 1,962,800	\$ 1,803,000
Richmond Hill Public Library Board (New Requests)	112,200	151,100	219,600	205,700
Fire Master Plan (New Requests)	379,200	202,000	205,100	208,100
	\$ 3,328,700	\$ 3,774,800	\$ 2,387,500	\$ 2,216,800
Tax Rate Increase		3.23%	1.95%	1.75%
Capital Asset Sustainability	\$ 1,116,400	\$ 1,167,000	\$ 1,222,800	\$ 1,265,400

2020 Outlook

The 2020 Financial Outlook projects a combined tax levy impact of \$3,774,800. The updated Outlook includes \$151,100 increase for the Richmond Hill Library Board's staffing requirements and \$202,000 for the Fire Master Plan attributable to the incremental personnel costs. Town Services' \$3.4 million supports approved Strategic Plan Initiatives such as Ed Sackfield Arena Expansion, IT Strategy, Oak Ridges Library, Regular Business and maintaining new and restored parks.

2021 Outlook

The 2021 Financial Outlook projects a combined tax levy impact of \$2,387,500. The updated Outlook includes an increase of \$219,600 for Richmond Hill Library Board's staffing requirements and \$205,100 for the Fire Master Plan. Town Services provides an impact of \$1.9 million Financial Outlook and it includes funding for the approved Strategic Initiatives such as IT Strategy, Fire Master Plan, and others.

2022 Outlook

The 2022 Financial Outlook projects a combined tax levy impact of \$2,216,800. The updated Outlook includes \$205,700 for Richmond Hill's Library Board's requirements and \$208,100 for the Fire Master Plan. Town Services provides an impact of \$1.8 million and it includes funding for the approved Strategic Initiatives such as IT Strategy, Regular Business and Economic Development Strategy.