



# 2020 Draft Operating Budget Overview

**2020**  
**Budget**

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# Operating Budget Process

## Process Overview

The City 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 Committee of the Whole meetings and Council adoption (January and February).
6. 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, 2019 meeting. The approved 2020 Draft Operating Budget Strategy:

1. Maintains existing service levels;
2. Includes items that provide for:
  - a. Annualizations of prior years' approved resource additions;
  - b. Impacts from development growth;
  - c. Legislated changes; and
  - d. Continued phased reductions of the Growth Rate Stabilization Strategy as well as phased-in Public Works Enhancements.
3. Continues to apply the Capital Sustainability Levy Strategy;
4. Updates the Three-Year Financial Outlook for the years 2021 to 2023; and
5. No more than a tax rate increase of 1%.

## 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 increases, including rate increases and revenue opportunities to mitigate anticipated program cost increases. Staff were directed to increase user fees revenues by up to 5%, while keeping in mind cost recovery, affordability to residents and comparability to other municipalities. Council adopted the updated by-law on November 20, 2019, and the 2020 Draft Operating Budget reflects these new rates.

## Budget Presentation

Over the years, the City 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 City's Strategic Plan. The 2020 Budget reflects a review of the various budget pressures through the various expense and revenue categories.

## City Services

The Draft Operating Budget comprises of all Richmond Hill's departments: Community Services, Environment and Infrastructure Services, Corporate and Financial Services, Planning and Regulatory Services, Office of the City Manager and Corporate Accounts. City Services also includes Richmond Hill Public Library Board's budget changes.

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:

2020 Budget Pressures Category	Description
<b>Base</b>	Providing the same level of service with inflationary impacts. Any identified efficiencies and savings will be reflected here.
<b>Legislated</b>	Incremental costs from new legislation imposed on how we provide municipal services.
<b>Annualization</b>	Incremental costs of a full-year impact of staff and initiatives approved in the previous year.
<b>New/Growth Staff &amp; Programs</b>	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

## Budget Engagement

Richmond Hill's 2020 Operating Budget outreach efforts include:

1. Providing budget information on the municipality's website.
2. Monitoring a dedicated email address for budget input through [budget@richmondhill.ca](mailto:budget@richmondhill.ca).

Similar to prior year's Operating Budget process, the educational video, "How Richmond Hill's Budget Works" will be available on the City'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 City 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 2020 with accuracy is difficult, but a look at historical financial indicators and economic forecasts may provide insight.

The Province of Ontario's 2019 Economic Outlook and Fiscal Review (Fall Statement) projects the unemployment rate to remain steady at around 5.0%. One Canadian Dollar is projected to be about \$ 0.75 compared to the American Dollar at the end 2020. The Province of Ontario projects the annual Consumer Price Index (CPI) to reach 1.9% and the economy growing at 2% in 2020. 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	2019 (%)
Construction Price Indices (non-res.)	5.19
Commercial	5.18
Industrial	5.69
Institutional	4.60
Electricity	0.84
Natural Gas	10.22
Gasoline	(1.58)
Water (York Region Wholesale rate increase)	9.00

Source: Statistics Canada unless otherwise noted

Investment Rates	2020 (%) Forecast
Bank of Canada Overnight Rate	1.75
Three-Month Treasury Bill Rate	1.65
10-Year Bond Rate	1.90

Source: RBC Economics Research, Financial Markets Forecast

## Growth Indicators

In addition to inflationary and contractual rate increases, the City 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 2006.

	2006	2011	2016	2020	% Growth since 2006
Population (based on Census)	162,704	185,541	195,022	206,883 <sup>^</sup>	27%
Roads (km)	517	535	550	596	15%
Sidewalks (km)	556	618	658	690	24%
Storm Sewers (km)	471	503	519	547	16%
Waste Tonnage	54,657	56,144	53,211	55,135	1%
Street Lights	14,439	15,334	16,112	16,500	14%
Signs	9,053	10,102	12,518	12,350	36%
Traffic Signals	19	23	30	36	89%
Parkland (acres)	728	751	770	814	12%
Open Space (acres)	1,443	1,869	2,073	2,458	70%

<sup>^</sup> Forecast from York Region long range planning

Additional Growth pressures for 2020 include the Public Works Enhancement Program (includes Windrow Removal), RH Hub licensing & maintenance, new assumed subdivision and fleet maintenance costs as well as new Oak Ridges Library.

## 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 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 2016 assessment data.

# The Operating Budget

## 2020 Operating Budget

The 2020 Draft Operating Budget proposes a \$1,162,900 increase (i.e. 1% tax levy increase). The following schedule compares the incremental change of the 2020 Draft Operating Budget to the 2019 Budget:

Operating Budget - Tax Levy Impacts	2019	2020
	Budget	Draft Budget
Base	\$ 2,504,900	\$ (412,800)
Legislated	50,000	5,500
Annualization	401,700	1,059,500
New/Growth Staff & Programs	711,600	1,489,200
Property Tax Assessment Growth	(1,935,100)	(2,093,300)
Unsustainable Revenue Sources	577,900	1,114,800
<b>2020 Draft Operating Budget - Tax Levy Increase</b>	<b>\$ 2,311,000</b>	<b>\$ 1,162,900</b>

## City of Richmond Hill Budget

If approved, the City of Richmond Hill's 2020 Total Expenditure Budget will be \$322 million, including the Operating, Capital Asset Sustainability, Water & Wastewater, Storm water Management and Capital Budgets.

Total Expenditure Budget	2019	2020	Inc / (Dec)
	Budget	Draft Budget	
Operating	\$ 179,505,000	\$ 184,848,000	\$ 5,343,000
	<b>\$ 179,505,000</b>	<b>\$ 184,848,000</b>	<b>\$ 5,343,000</b>
Capital Asset Sustainability	4,231,600	5,392,100	1,160,500
Water & Wastewater Services	86,276,800	89,976,800	3,700,000
Stormwater Management	4,231,000	4,195,100	(35,900)
Capital	43,961,100	37,381,600	(6,579,500)
<b>Total Budget</b>	<b>\$ 318,205,500</b>	<b>\$ 321,793,600</b>	<b>\$ 3,588,100</b>

## 2019 Accomplishments

The 2019 Budget provided staff resources to accomplish the following significant initiatives:

- Celebrated the RHCPA 10th anniversary
- Implementation of Inclusion Service Delivery Strategy
- Completed the Park signage Strategy
- Designed and Procured 35 new windrow clearing machines (6 month time period)
- Developed a new City Wide Windrow Clearing Program
- Implemented a new City Wide Sidewalk Inspection Program
- Installation of new prop in training tower
- Successfully negotiated 5 year collective agreement
- Phase 1 Expansion of AMPS to Community Standards and Licensing By-laws (Tow Trucks, Waste)
- Completion of the By-law and Licensing Enforcement Division Core Services Review
- Animal Services – Service Provision and Efficiency Enhancements
- Kings College Park – Construction Complete
- Headwaters Tennis Replacement – Construction Complete
- Lake Wilcox Youth Park – Construction Complete
- Completed the conversion of 1,000 park and parking lot lights to LED and secured \$1.27 M in grant funding
- Transitioned to a new waste collection contract. Completed site visits to all 105 multi-residential properties receiving municipal collection to update site information and educational materials.
- Formally commenced Comprehensive Zoning By-law including the launch of “Zone Richmondhill” web page
- Development and initiation of Resilient Richmond Hill
- Completed approximately 70% of Urban MESP Update
- Infill Housing Protocol Completed and Successfully Implemented
- Completed UAT Phase 1 testing of PRM System
- Implementation of numerous strategic land acquisitions and dispositions
- Negotiated favourable insurance policy renewals for 2019/2020
- Increased community engagement on Facebook, Twitter, Instagram, LinkedIn, YouTube.
- Completed the Cash Handling Audit
- Integrated Lean as a tool for service innovation at the City: 7 process improvement projects have been completed and reduced process lead time (how long a process takes from start to finish) by an average of 62%. 129 staff received training in Lean tools and thinking.
- In conjunction with Financial Services, completed the Third-Party Review of the Non-personnel Operating Budget project.
- Developed a Community Engagement Framework, a corporate wide approach for seeking stakeholder and resident input on Richmond Hill initiatives.
- Promoted Community Incentive Program grants for office development and downtown revitalization, resulting in 4 finalized applications
- Led the development of the Richmond Hill Centre Secondary Plan including Council Education and Training sessions and two public open houses
- Conducted research and development of an equitable Stormwater rate model
- Completed Phase 2 of the Information Management project
- Achieved freely negotiated Salaried Employees’ Association Agreement for a 4 year term
- Completed Enterprise Resource Planning System Implementation (Phase I) - Human Resources
- Employee Strategy Achievements (Launch of RH University, Implementation of Leadership I, II, III training & Implementation of succession planning)



## 2020 Priorities

The 2020 Budget includes funding for the following initiatives to be commenced or completed in 2020:

- Refresh Recreation & Culture Master Plans
- Complete design for the Richmond Hill Heritage Centre Renovation project
- Revamp Winter Maintenance Operations Contract to strengthen response and improve efficiency
- Retender Salt Supply Contract
- Complete dispatch review involving RH, Markham, and Vaughan
- Noise By-law Repeal and Replacement
- Phase 2 Expansion of AMPS to Community Standards and Licensing By-laws (Idling, Signs, Noise and Tree Preservation)
- Powell Street Reconstruction – Wright Street to Mill Street -Construction
- Wright Street Reconstruction – Hall Street to Powell Street – Construction
- Lake Wilcox Boardwalk -Construction
- Completion of construction of Ed Sackfield Arena Twinning
- Complete construction of DDO building envelope restoration
- Begin implementation of a City-wide 'Enterprise Asset Management System'
- Assist in the implementation of top priority energy conservation projects and pursue incentive funding for the same.
- Commence public engagement for components/hot topic issues associated with the Comprehensive Zoning By-law project (i.e. secondary suites, short term accommodations, parking of commercial and recreational vehicles on residential properties, etc.)
- Official Plan Update
- Complete the Traffic Analysis Update for Yonge/Bernard
- Updating of Building Permit & Inspection Protocol re Fire Protection and Prevention Act Orders (Life Safety)
- Finalize testing, configuration and implementation of the PRM system to go live
- Continue efforts in litigation and LPAT
- Implement the Community Engagement Framework
- Provide strategic communications support to all Departments
- Develop a Payment Acceptance Policy
- Develop a Service Innovation Framework, including continuous improvement and innovation, digital and smart technology, and community and employee engagement.
- Develop the Audit and Accountability Report implementation plan and coordinate a report back to Council
- Identify and capture revenue generation opportunities through the strategic use of the City's Real Estate Portfolio (i.e. naming rights, utility leases on city infrastructure)
- Complete the Richmond Hill Centre Secondary Plan, including stakeholder, public and Council engagement
- Establish a Capital Sustainability Strategy and Financial Plan
- Commence Phase 3 of the Information Governance Program – Electronic Document Management System Implementation
- Continue development and implementation of the Human Resources Service Delivery model to further meet the organization's needs
- Continue implementation of Wellness Strategy items
- Continue Enterprise Resource Planning System implementation (Payroll, Finance, Human Resources)

## Operating Budget

The 2020 Draft Operating Budget proposes a \$1,162,900 increase over the 2019 budget. Base pressures present a net \$412,800 decrease compared to 2019, as staff made considerable efforts in identifying efficiencies and savings opportunities. The budget also aims to phase out reliance on several unsustainable revenues, totaling \$1,114,800. Legislated, Annualization and Growth pressures combined to increase the budget by \$460,900.

Included in the budget is the funding of resources towards Strategic Plan initiatives previously approved by Council, including implementation of the Asset Management Plan, Lean Program and Ed Sackfield Arena Expansion.

## Operating Budget Pressures

	2019 Budget	Base	Legislated	Annlization	New/Growth Staff & Programs	Unsustainable Revenue Sources	2020 Draft Budget	Inc / (Dec) from 2019
<b>Expenditures</b>								
Personnel								
Personnel - Permanent	\$ 10,389,100	\$ 2,035,600	\$ -	\$ 1,089,400	\$ 3,511,200	\$ -	\$ 113,025,300	\$ 6,636,200
Personnel - Casual	11,828,100	361,900	-	(137,200)	(1,091,100)	-	10,961,700	(866,400)
	<u>118,217,200</u>	<u>2,397,500</u>	<u>-</u>	<u>952,200</u>	<u>2,420,100</u>	<u>-</u>	<u>123,987,000</u>	<u>5,769,800</u>
Non - Personnel								
Contracts / Services	22,983,900	(514,400)	-	-	99,700	-	22,569,200	(414,700)
Materials / Supplies	2,823,800	(845,400)	5,500	161,400	527,900	-	22,673,200	(150,600)
Other Expenditures	4,833,400	126,200	-	(30,000)	715,000	-	5,644,600	811,200
To Reserve & Reserve Funds	1,646,700	(672,700)	-	-	-	-	9,974,000	(672,700)
	<u>6,287,800</u>	<u>(1,906,300)</u>	<u>5,500</u>	<u>131,400</u>	<u>1,342,600</u>	<u>-</u>	<u>60,861,000</u>	<u>(426,800)</u>
<b>Total Expenditures</b>	<b>\$ 17,505,000</b>	<b>\$ 491,200</b>	<b>\$ 5,500</b>	<b>\$ 1,083,600</b>	<b>\$ 3,762,700</b>	<b>\$ -</b>	<b>\$ 184,848,000</b>	<b>\$ 5,343,000</b>
<b>Revenues</b>								
User Fees & Fines	(37,882,400)	(1,242,000)	-	(73,900)	-	-	(39,198,300)	(1,315,900)
Investment Income	(5,870,000)	-	-	-	-	820,000	(5,050,000)	820,000
Grants / Donations	(1,660,100)	23,200	-	-	-	-	(1,636,900)	23,200
From Reserve and Reserve Funds	(11,655,200)	886,400	-	54,900	(2,273,500)	294,800	(12,692,600)	(1,037,400)
From Other Internal Sources	(7,051,800)	(571,600)	-	(5,100)	-	-	(7,628,500)	(576,700)
<b>Non-Taxation Revenue</b>	<b>(64,119,500)</b>	<b>(904,000)</b>	<b>-</b>	<b>(24,100)</b>	<b>(2,273,500)</b>	<b>1,114,800</b>	<b>(66,206,300)</b>	<b>(2,086,800)</b>
Taxation	(115,385,500)	-	-	-	(2,093,300)	-	(117,478,800)	(2,093,300)
<b>Total Revenues</b>	<b>\$ (179,505,000)</b>	<b>\$ (904,000)</b>	<b>\$ -</b>	<b>\$ (24,100)</b>	<b>\$ (4,366,800)</b>	<b>\$ 1,114,800</b>	<b>\$ (183,685,100)</b>	<b>\$ (4,180,100)</b>
<b>City Services Levy Requirement</b>	<b>\$ -</b>	<b>\$ (412,800)</b>	<b>\$ 5,500</b>	<b>\$ 1,059,500</b>	<b>\$ (604,100)</b>	<b>\$ 1,114,800</b>	<b>\$ 1,162,900</b>	<b>\$ 1,162,900</b>
<b>Total Overall Levy Requirement</b>	<b>\$ -</b>	<b>\$ (412,800)</b>	<b>\$ 5,500</b>	<b>\$ 1,059,500</b>	<b>\$ (604,100)</b>	<b>\$ 1,114,800</b>	<b>\$ 1,162,900</b>	<b>\$ 1,162,900</b>

## Operating Budget Pressures by Department

	2019 Budget	Base	Legislated	Annualization	New / Growth Staff & Programs	Unsustainable Funding Sources	2020 Draft Budget	Inc / (Dec) from 2019
Community Services	\$ 59,693,100	\$ 644,500	\$ 5,500	\$ 401,900	\$ 774,200	\$ -	\$ 61,519,200	\$ 1,826,100
Environment & Infrastructure Services	20,080,200	1,800	-	267,700	-	-	20,349,700	269,500
Corporate & Financial Services	20,132,000	(455,500)	-	147,900	715,000	-	20,539,400	407,400
Planning & Regulatory Services	4,738,700	(21,600)	-	176,200	-	-	4,893,300	154,600
Office of the City Manager	8,764,100	(185,200)	-	50,600	-	-	8,629,500	(134,600)
Corporate Accounts	(7,287,200)	347,800	-	15,200	-	1,114,800	(5,809,400)	1,477,800
Taxation	(115,385,500)	-	-	-	(2,093,300)	-	(117,478,800)	(2,093,300)
RH Public Library Board	9,264,600	(744,600)	-	-	-	-	8,520,000	(744,600)
<b>City Services Levy Requirement</b>	<b>\$ -</b>	<b>\$ (412,800)</b>	<b>\$ 5,500</b>	<b>\$ 1,059,500</b>	<b>\$ (604,100)</b>	<b>\$ 1,114,800</b>	<b>\$ 1,162,900</b>	<b>\$ 1,162,900</b>
<b>Net Budget</b>	<b>\$ -</b>	<b>\$ (412,800)</b>	<b>\$ 5,500</b>	<b>\$ 1,059,500</b>	<b>\$ (604,100)</b>	<b>\$ 1,114,800</b>	<b>\$ 1,162,900</b>	<b>\$ 1,162,900</b>

### A. 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:

Base Pressure	2019 Budget	2020 Budget	Inc / (Dec)	
<b>Expenditures</b>				
<b>Personnel</b>				
Personnel - Permanent	\$ 106,389,100	\$ 108,424,700	\$ 2,035,600	
Personnel - Casual	11,828,100	12,190,000	361,900	
	<u>\$ 118,217,200</u>	<u>\$ 120,614,700</u>	<u>\$ 2,397,500</u>	2.03%
<b>Non - Personnel</b>				
Contracts / Services	\$ 22,983,900	\$ 22,469,500	\$ (514,400)	
Materials / Supplies	22,823,800	21,978,400	(845,400)	
Other Expenditures	4,833,400	4,959,600	126,200	
Transfers to Other Funds	10,646,700	9,974,000	(672,700)	
	<u>\$ 61,287,800</u>	<u>\$ 59,381,500</u>	<u>\$ (1,906,300)</u>	(3.11%)
<b>Total Expenditures</b>	<b>\$ 179,505,000</b>	<b>\$ 179,996,200</b>	<b>\$ 491,200</b>	<b>0.27%</b>
<b>Revenues</b>				
User Fees & Fines	\$ (37,882,400)	\$ (39,124,400)	\$ (1,242,000)	
Investment Income	(5,870,000)	(5,870,000)	-	
Grants / Donations	(1,660,100)	(1,636,900)	23,200	
Reserves and Reserve Funds	(11,655,200)	(10,768,800)	886,400	
Other Internal Sources	(7,051,800)	(7,623,400)	(571,600)	
Other Revenues	-	-	-	
<b>Non Taxation Revenues</b>	<b>\$ (64,119,500)</b>	<b>\$ (65,023,500)</b>	<b>\$ (904,000)</b>	<b>1.41%</b>
<b>Net Base Pressure</b>	<b>\$ 115,385,500</b>	<b>\$ 114,972,700</b>	<b>\$ (412,800)</b>	<b>(0.36%)</b>

### **Base Expenditure Pressures**

Personnel expenditure pressures include cost of living adjustment provisions, adjustments to benefit rates and step-rate increases. For the 2020 Operating Budget, staff were asked to identify savings and efficiency opportunities within non-personnel costs. Details of the found efficiency items are shown below. Total efficiencies and savings identified by staff totaled \$2,790,700.

During the fall months of 2019, the City also took advantage of the Province's Audit and Accountability program, which provided funding for a third-party review of non-personnel costs. The program was marketed to find up to 4% savings in non-personnel costs. The third party review identified savings/efficiencies of between \$1.7 million and \$3.8 million, of which large portions of the recommendations were savings / efficiencies "in-flight" and reflected in this Draft Budget. With \$2.79 million of savings and efficiencies proposed in the Draft 2020 Budget, there remains about \$1 million (at most) in savings to explore in future years.

### **Base Revenue Pressures**

User fees and fines revenues are budgeted to increase by \$1,242,000. Additional revenues are the results from the Tariff of Fees update and the increased demand on general & recreation programs, site plan/subdivision processing and maintenance revenues.

Transfers from Reserves have been reduced by (\$886,400) due in part to the phasing out of funding related to the 2018 compensation review (Administrative and Salaried Employees' Association staff) (\$631,500).

Transfers from internal sources include an additional \$571,600 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.

## B. Efficiencies / Savings

Included as part of the Base pressure, staff have identified and incorporated \$2,790,700 of efficiencies / savings from the departments. The savings for every efficiency item is presented as a percentage based off the 2019 approved budget. The list below provides the breakdown of the savings into the various categories.

	Efficiencies	2019 Budget	% (dec)
Savings from Technology and related contracts			
ADP cost savings from implementation of new RHhub system (half year)	\$ (115,000)	\$ 230,000	(50.0%)
Clerk's Office - Discontinued regular advertising in Liberal, more focus on website	(101,200)	166,200	(60.9%)
Reduced/Renewed IT contracts (cellular, communication, hardware & software)	<u>(257,500)</u>	3,114,500	(8.3%)
	(473,700)		
Savings from cancelled or reduced programs			
Recreation Programs discontinued (St Charles Gamier, Summer Drop-in Program)	(25,900)	25,900	(100.0%)
Supplies & honorarium cost reductions	(43,300)	436,200	(9.9%)
New shift routine in Aquatic Program	<u>(25,200)</u>	438,600	(5.7%)
	(94,400)		
Administrative Efficiencies & Savings			
Fleet Rental Contract reduction	(40,600)	250,600	(16.2%)
Animal Services Contract changes	(20,000)	620,000	(3.2%)
Internal audit reduction in Office of the City Manager	(25,000)	150,000	(16.7%)
Mobile guard service contract reduced	(44,000)	160,200	(27.5%)
Savings from Group benefits renewal	(496,100)	7,087,200	(7.0%)
Savings from restructuring in Clerk's Office - Information & Governance	(62,500)	62,500	(100.0%)
Savings on casual staff as part of Public Works Enhancement Program	(36,600)	261,100	(14.0%)
Year to Year Spending pattern	<u>(411,000)</u>		
	(1,135,800)		
Savings on Facilities & Buildings Cost			
Closed Old Oak Ridges Library - Lease costs & Taxes	(104,900)	104,900	(100.0%)
Service contract reduced in Security	(60,600)	467,100	(13.0%)
Building Efficiency - Consumption reduction in Hydro Electric	(42,500)	4,075,200	(1.0%)
Year to Year Spending pattern	<u>(134,200)</u>		
	(342,200)		
Savings from Richmond Hill Public Library			
Savings from staff changes	(323,400)	8,296,900	(3.9%)
Contracts/Services - copier, telephone, program expenses, etc.	(4,900)	1,077,200	(0.5%)
Materials/Supplies - office supplies, equipment repairs, etc.	(12,900)	143,900	(9.0%)
Transfer from Library Special Purpose Reserve	<u>(403,400)</u>		
	(744,600)		
Total Savings/Efficiencies	<u>\$ (2,790,700)</u>		

### C. Legislated Pressures

Legislated requirement of health examination to obtain the license for fire trucks operations.

<b>Description</b>		<b>2020 Draft Budget</b>
CSD	Fire - Health Examination for Fire Truck Operations	\$ 5,500
<b>Legislated</b>		<u>\$ 5,500</u>

### D. Net Growth Pressures

The net growth pressure is (\$455,400). 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 2020 budget, and the taxation revenue increase from property assessment growth, summarized below:

	<b>2020 Draft Budget</b>
<b>Annualization of Resources in 2019</b>	
Staffing	\$ 885,400
Programs	<u>174,100</u>
	<b>1,059,500</b>
<b>New Resources Requested in 2020</b>	
Programs	\$ 1,489,200
<b>Property Assessment Growth</b>	
	\$ (2,093,300)
	<u>\$ 455,400</u>

## E. Staff Annualization Growth Pressures

Prior year's Operating Budget included partial year funding for 14 permanent full-time staffing resources as well as casual staff. The incremental cost of annualizing the personnel related costs for 2020 is \$885,400. The 2019 approved positions are listed below:

<u>Dept</u>	<u>Staffing Annualization</u>	<u>2020 Draft Budget</u>
	<b>Permanent Full-Time</b>	
CSD	Facility Operator I DDO	\$ 5,300
CSD	Parks Technician	81,200
CSD	Firefighter (4)	231,600
CSD	Emergency Management Coordinator	74,200
CM	Risk & Insurance Clerk	67,900
CM	Director, Communications (elimination)	(17,300)
CFS	GIS Manager	120,900
CFS	HR Clerk	27,000
PRS	Sustainability Coordinator	78,700
PRS	Supervisor, Traffic Safety & Operations	97,500
PRS	Development Engineer - fully funded from Reserves	-
EIS	Asset Management Project Manager	87,200
CORP	Personnel Contingency Account	15,200
		<hr/>
		\$ 869,400
	<b>Casual/Contract</b>	
CSD	Waste Operation Coordinator	(16,100)
CSD	Bylaw & Licensing Client Services Representative	32,100
		<hr/>
		\$ 16,000
		<hr/>
	<b>Total Staffing Annualization</b>	<b>\$ 885,400</b>

## F. Program Annualization and Revenue Growth

The annualized programs financial impact to the 2020 budget is \$174,100 for the annualized operations for the Ed Sackfield Arena and Fitness Center. The total staffing and program annualization growth pressure impact is \$1,059,500.

<u>Dept</u>	<u>Programs Annualization</u>	<u>2020 Draft Budget</u>
CSD/EIS	Ed Sackfield Expansion	\$ 174,100
Total Program Annualization		<u>174,100</u>
<b>Total Staffing and Program Annualization</b>		<b><u><u>\$ 1,059,500</u></u></b>

## G. New Program Resources Growth Pressures

In supporting a growing community, the City incurs costs to expand a number of programs to a larger population. The programs financial impact is \$1,489,200. The following table provides a list of incremental programming costs of providing services to a growing community:

<u>Dept</u>	<u>New Contracts/Program</u>	<u>2020 Draft Budget</u>
CFS	RH Hub licensing & maintenance	\$ 715,000
CSD	Public Works Enhancement (includes Windrow Program)	500,000
LIB	Oak Ridges Library - Janitorial	137,500
CSD	Maintenance for New Assumed Subdivisions	89,800
CSD	Fleet maintenance & fuel cost	46,900
<b>Total Growth - Contracts &amp; Programs</b>		<b><u><u>1,489,200</u></u></b>

## H. Property Assessment Growth Taxation \$2,093,300

In 2020, the property assessment growth is expected at 1.84%, generating additional \$2,093,300 in taxation revenue.

The net impact of Growth pressures including annualizations, new resources and property assessment growth is \$455,400.



## I. Unsustainable Funding Sources

With the continued low interest rate environment, the draft budget reflects a decrease in investment income by \$820,000, which represents year one of a three-year phase-in plan to reduce Investment Income by \$2.46 million. This is in an effort to align the current \$5.05 million investment income budget to a level that is closer to actual short-term returns (\$3.4 million).

As initially approved in the 2016 Budget and continued in the 2020 Budget, staff are reducing the revenue budget on items that have historically been unachievable, or that are unsustainable going forward. Staffs have incorporated the final year to eliminate the reliance on the Tax Rate Stabilization Reserve for the Growth Rate Stabilization Strategy.

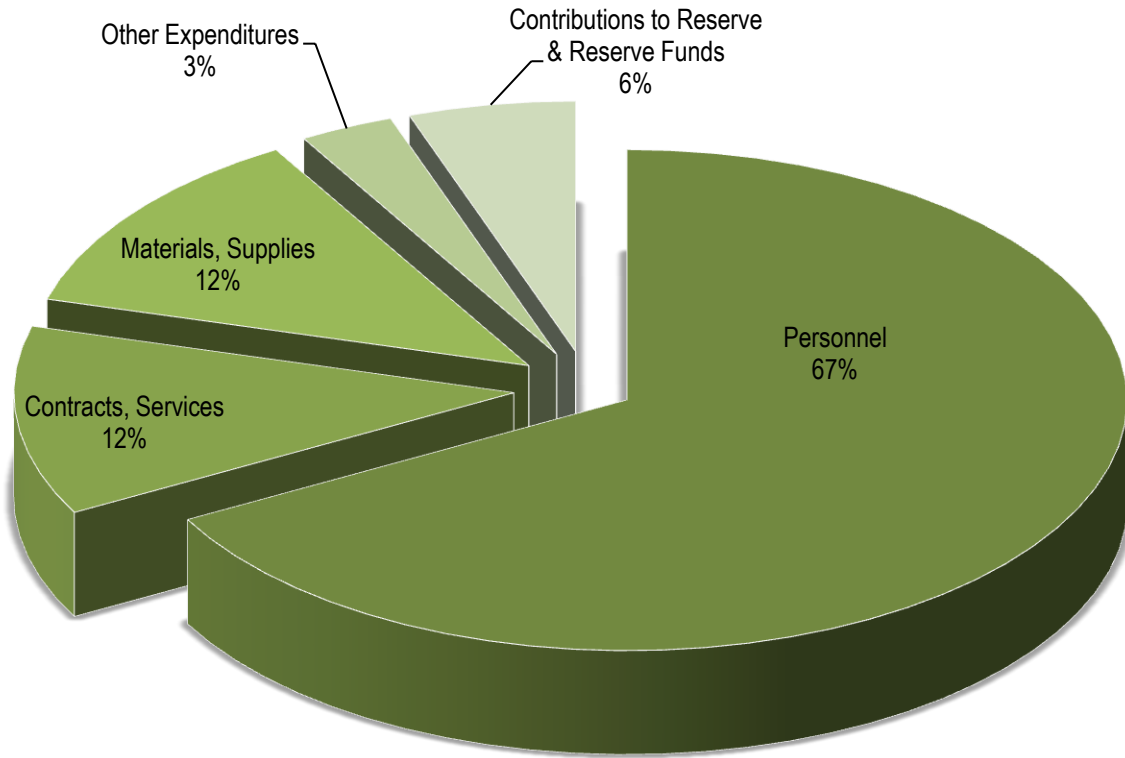
The \$50,000 reduction in funding from Training & Development Reserve is to reduce the reliance on a tax-supported reserve accounts for ongoing annual programs.

<b>City Services Budget - Unsustainable Funding Sources</b>	<b>2020 Draft Budget</b>
<b>Description</b>	
Investment Income - Year 1 of a 3-year reduction	\$ 820,000
Eliminate Growth Rate Stabilization Strategy - Final year of phase out	244,800
Reduce funding from Training & Development Reserve	50,000
<b>Unsustainable Funding Sources</b>	<b><u>\$ 1,114,800</u></b>

## J. Operating Expenditures

Operating Expenditures is comprised of personnel expenditures representing 67% of the budget. Contracts and Services, and Materials and Supplies represent 24% of the expenditure budget.

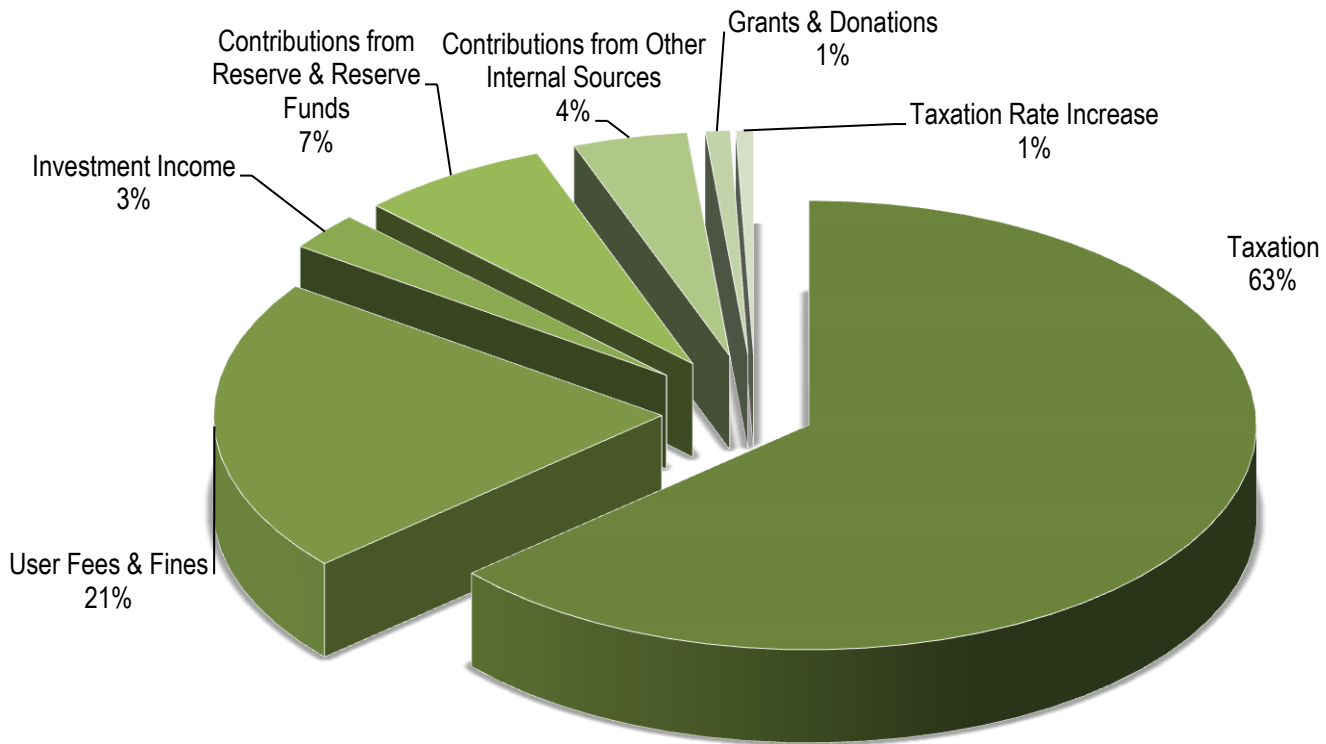
### Operating Expenditure Budget



## K. Revenue 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 11%, while investment income contributes 3% and Grants & Donations made up another 1%.

### Operating Revenue Budget

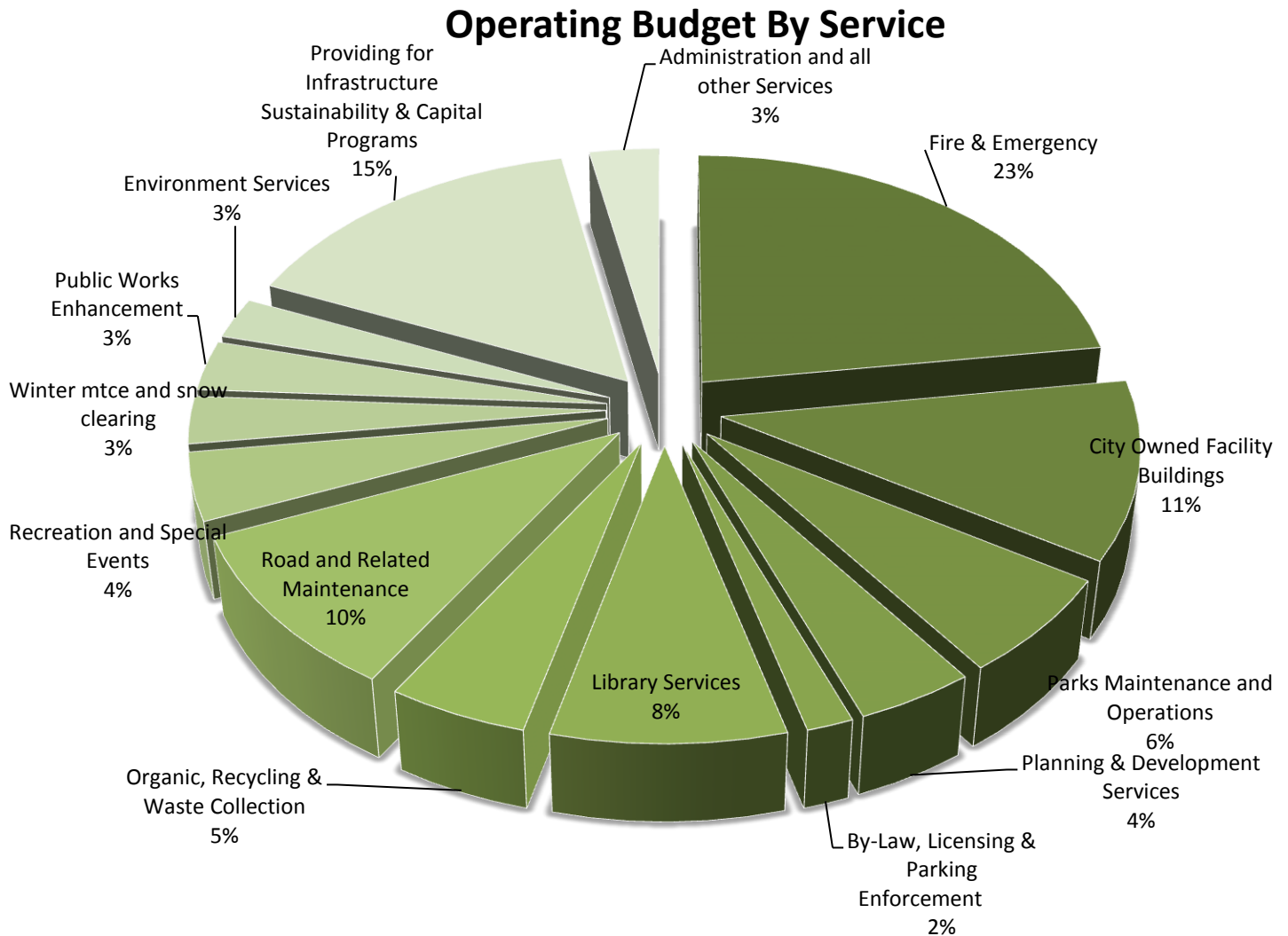


### Operating Budget – Capital Asset Sustainability

Continuing with the Capital Asset Sustainability Strategy adopted by Council as part of the 2016 Operating Budget, the City will charge a Capital Asset Sustainability Fee to support the repair and replacement of capital assets as outlined in the City's Asset Management Plan. The 2020 increase of 1% tax rate equivalent will generate an additional \$1,160,500 for future capital asset funding for a total revenue budget of \$5,392,100. All of these funds are allocated to the City's Tax-Supported Capital Reserve Funds.

## Operating Budget Summary by Services

The combined operating budget including capital asset sustainability proposes an \$118,641,700 tax levy for the 2020 budget. The net budget supports various municipal services, with the largest proportion in Fire and Emergency Services and maintaining City-owned facility buildings.



## Financial Outlook

As part of the budget process, staff have forecasted the expected pressures for 2021-2023. Below is an updated Financial Outlook.

### Tax Levy Increases and Financial Outlook

	2020 Draft Budget	2021 Outlook	2022 Outlook	2023 Outlook
<b>City Services</b>				
Base	\$ (412,800)	\$ 2,479,500	\$ 2,679,700	\$ 2,883,900
Legislated	5,500	-	-	-
Annualization	1,059,500	-	711,600	722,300
Growth	1,489,200	1,101,400	1,107,600	1,140,200
Assessment Growth	(2,093,300)	(1,758,200)	(1,824,200)	(1,904,000)
Unsustainable Funding Sources	1,114,800	820,000	820,000	400,000
<b>Tax Levy Increases</b>	<b>\$ 1,162,900</b>	<b>\$ 2,642,700</b>	<b>\$ 3,494,700</b>	<b>\$ 3,242,400</b>
<b>Tax Rate Increase (est.)</b>	<b>1.00%</b>	<b>2.22%</b>	<b>2.83%</b>	<b>2.52%</b>
Capital Asset Sustainability	\$ 1,160,500	\$ 1,189,700	\$ 1,234,400	\$ 1,288,400

For the purpose of Outlook calculations, it is assumed that the User Fees are increased by 2% per year, CPI is 2% and the Assessment Growth is 1.5%.

### 2021 Outlook

The 2021 Financial Outlook projects a tax levy impact of \$2,642,700. The incremental staff to be added is 13, including Fire fighters. The impact includes the incremental expenditure for Public Works Enhancement Program, IT Strategy and Regular Business.

### 2022 Outlook

The 2022 Financial Outlook projects a tax levy impact of \$3,494,700. The incremental staff to be added is 14, including Fire fighters. The impact includes the incremental expenditure for IT Strategy and Public Works Enhancement Program.

### 2023 Outlook

The 2023 Financial Outlook projects a tax levy impact of \$3,242,400. The incremental staff to be added is 14, including Fire fighters. The impact includes the incremental expenditure for IT Strategy and Public Works Enhancement Program.