



**2023 Budget Public Consultation
Meeting**
March 9, 2023



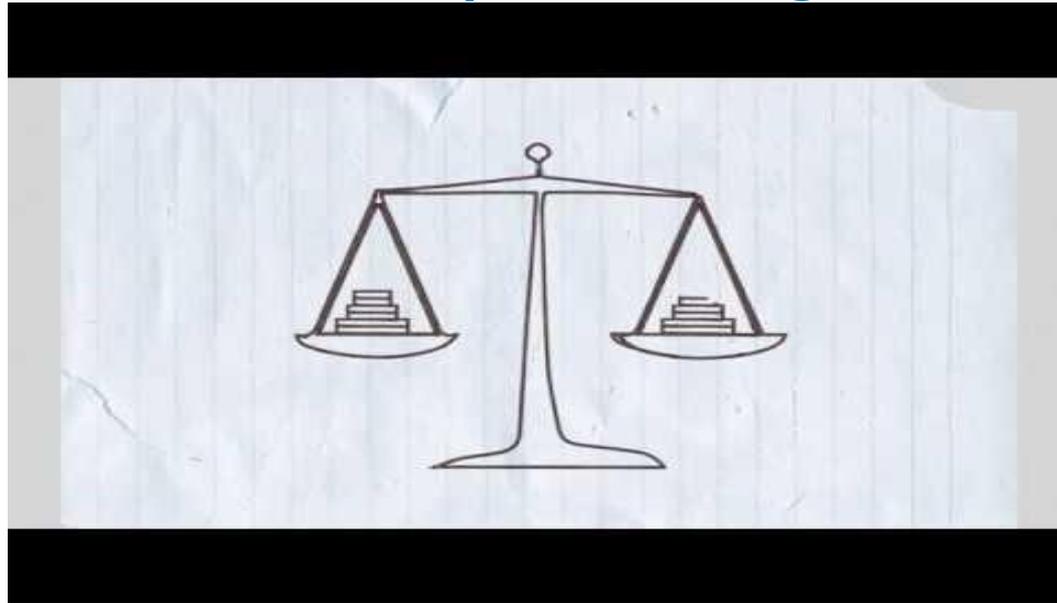
Agenda

1. 2023 Budget Process and Communication Plan
2. Economic Trends and Legislative Impacts
3. 2023 Proposed Capital Budget and Funding Sources
4. 2023 Proposed Operating Budget
 - a. Markham Pressures
 - b. Operating Budget
 - c. Bill 23 Recap
 - d. 2023-2026 Forecast
 - e. Municipal Property Tax Comparison
5. Impact to Residential and Non-Residential Property
6. Recommendation
7. Next Steps



1. 2023 Budget Process and Communication Plan

How the City builds its Budget



<https://youtu.be/AtzN8J6apyc>



1. 2023 Budget Process and Communication Plan

Building Markham's Future Together: 2020 – 2023 Strategic Plan

Strategic Plan

- Exceptional Services by Exceptional People
- Engaged, Diverse, Thriving & Vibrant City
- Safe, Sustainable, & Complete Community
- Stewardship of Money & Resources

Business Plan

- Community Sustainability Plan
- Stormwater Management Plan
- Active Transportation Plan
- Public Arts Master Plan
- Diversity Action Plan
- Integrated Leisure Master Plan
- Municipal Energy Plan
- Commission Business Plans

Budget

- Staff, Commissioner and CAO
- Budget Committee
- Public Meeting
- Council



1. 2023 Budget Process and Communication Plan

Planning & Engagement

- Economic/Fiscal scan ✓
- Community Engagement
- Business Plans ✓
- Reserve Studies ✓
- Master Plans
- Development Charges Background Study ✓
- Economic Development Strategy

Staff Review

Proposed 2023 Budget
Staff, Commissioner & CAO Review

Deliberation & Consultation

Budget Committee Meetings
Public Consultation meeting

Approval

General Committee
Council Decision

March - June

July - December

January - February

Council Decision
March

2024 Budget is scheduled to be approved in December 2023 (approval of 2 budgets in 2023)



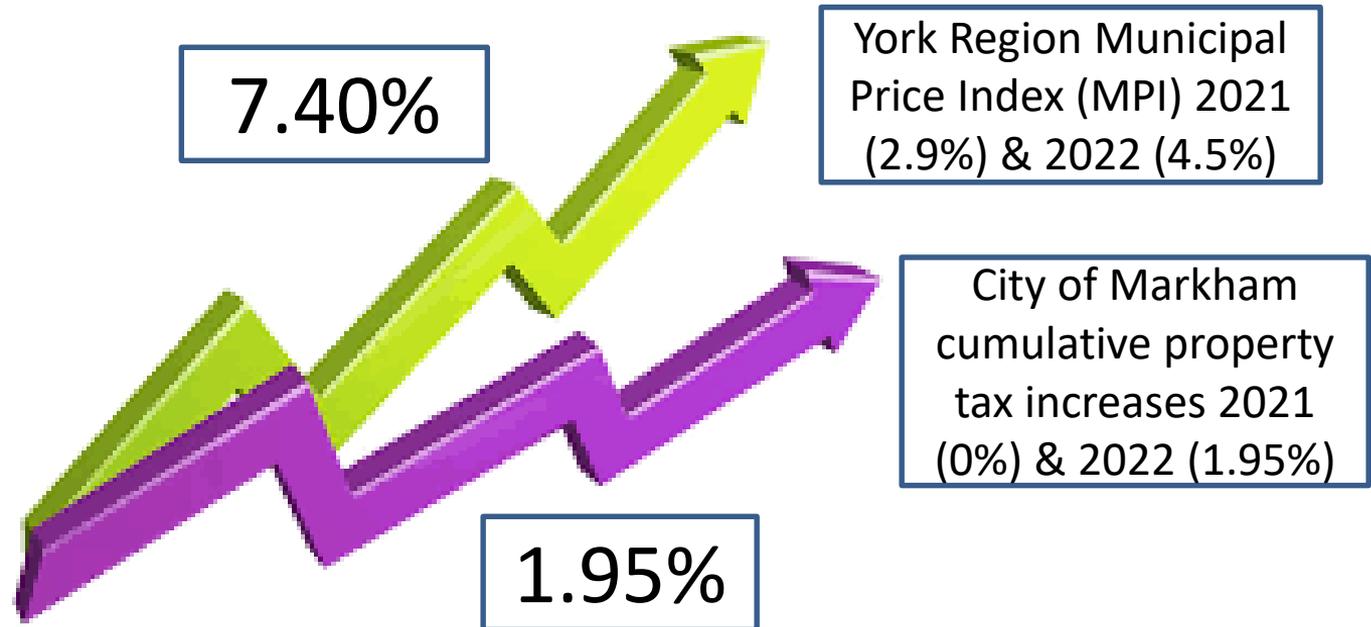
1. 2023 Budget Process and Communication Plan

	Date	Description
Special GC Meeting	Monday, January 23	Budget process, economic scan, overview of the Operating and Capital budgets
Meetings #1 - 2	Friday, January 27 Monday, January 30	Capital Budget and funding overview, highlights of proposed budget, and Capital Budget project review by exception
Meeting #3	Monday, February 6	Presentation of Water Rate; Approval of Presentation for Public Meeting
General Committee	Tuesday, February 7	GC endorsement of Water rate and public meeting
Public Meeting	Monday, February 13	Water Presentation to the Public
Meeting #4	Friday, February 17	Primary Operating Budget, Building, Planning, Engineering and Waterworks Operating Budgets
Council	Wednesday, February 22	Council decision on 2023 Water/Wastewater Rate
General Committee	Tuesday, March 7	Budget presentation for the Public Meeting
Public Meeting	Thursday, March 9	7pm to 9pm – open to the public in person and by Zoom
Council	March/April - TBD	Council decision on 2023 Consolidated Budget
Budget Press Conference	March/April - TBD	



2. Economic Trends

2021 and 2022 Inflation vs. Markham's Tax Rate Increases



2021-2022 historical tax levy increases have been lower than MPI. Combined with supply chain disruption, labour shortages and legislative changes, the City's purchasing power has been eroded.



2. New Legislative Impacts

Bill 23 – More Homes Built Faster (2022)

- Reduction in Development Charge (DC) Collections
- Reduction in Parkland Dedication/Cash In Lieu
- Reduction in DC funding for staffing related to studies

Bill 109 - More Homes for Everyone Act (2022)

- Risk of refunding fees for applications if timelines are not met
- Potential requirement for new staff to meet timelines

Bill 93 - Getting Ontario Connected Act/Ontario Underground Infrastructure Notification System

- Administrative Monetary Penalties (AMPs) on non-compliance in meeting timelines for locate requests, effective April 1, 2023

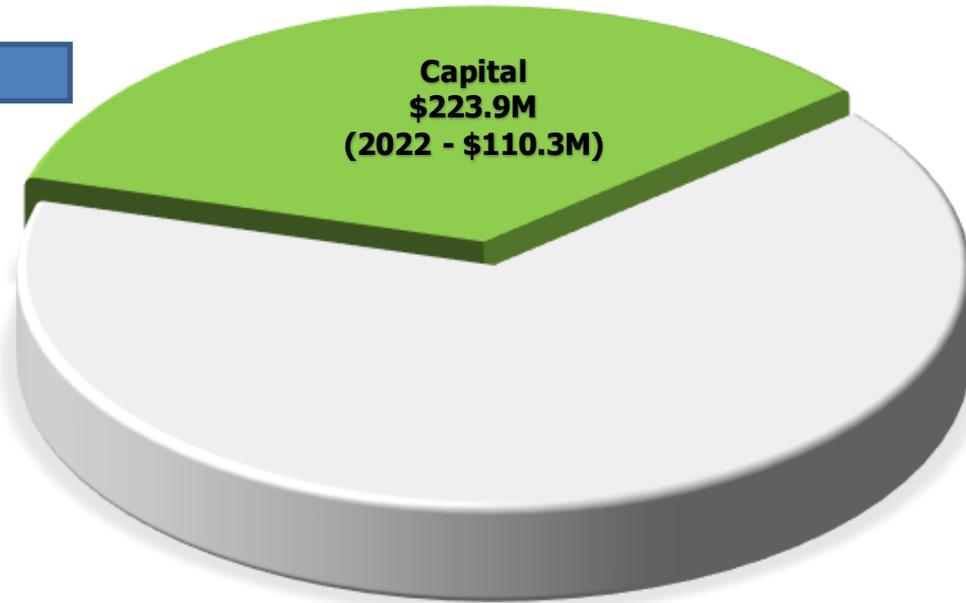
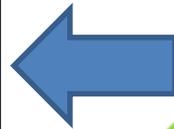


3. Proposed 2023 Capital Budget

Total: \$223.9M

CAPITAL

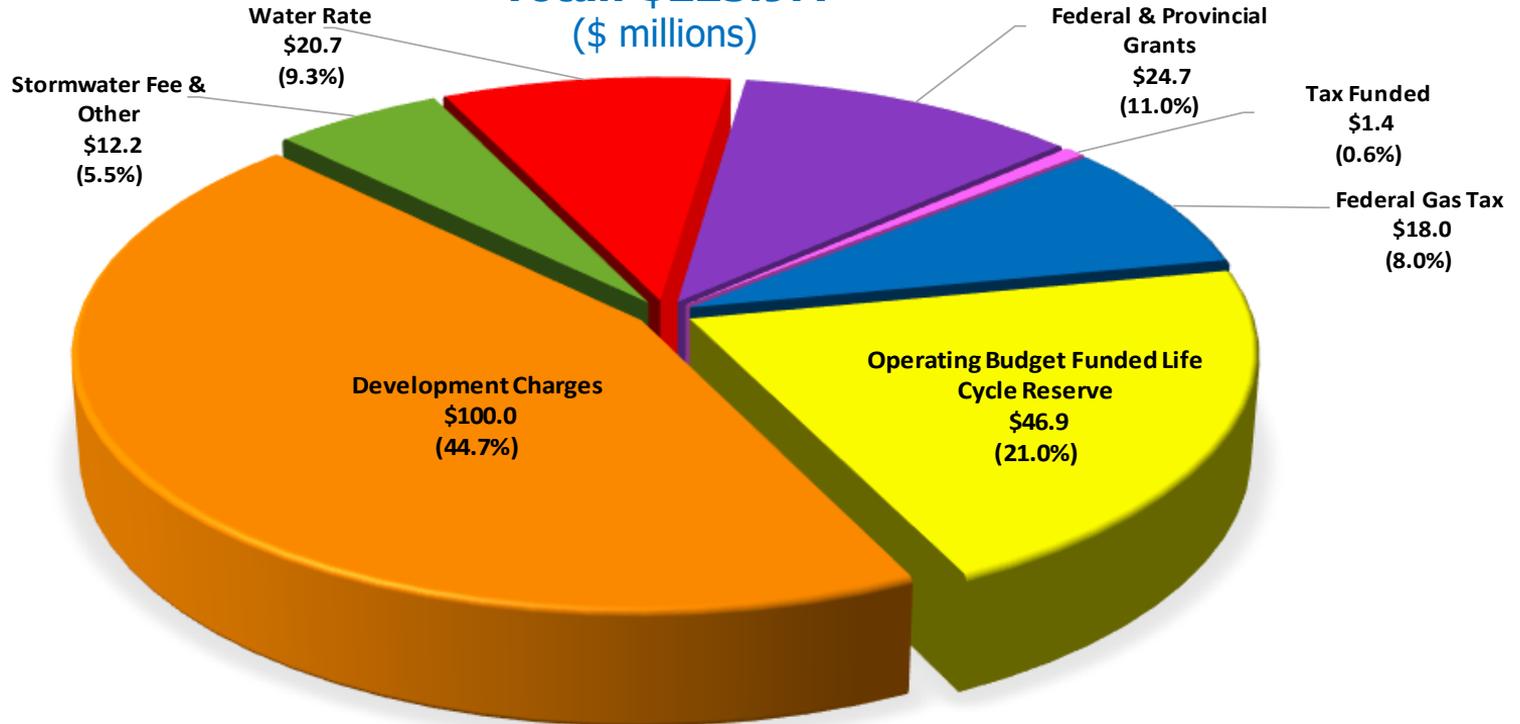
Building new infrastructure to accommodate growth and keeping existing infrastructure in a state of good repair – managed through City's Reserves





3. Proposed Capital Budget Funding Sources

Total: \$223.9M
(\$ millions)



~\$29M IS TRANSFERRED ANNUALLY FROM THE OPERATING BUDGET TO LIFE CYCLE



3. Proposed Capital Budget Highlights

\$100.4M

New road construction, repairs and rehabilitation and traffic improvements



\$25.7M

Flood control, stormwater management, ponds and culverts



\$20.5M

Water and wastewater system replacement/upgrade, and water billing transition



\$20.4M

Green initiatives and climate strategies



\$17.8M

Parks construction and maintenance



\$12.1M

Implementation of ITS infrastructure



\$10.9M

Exterior and interior facility improvement program



\$8.5M

Fleet replacement and repairs



\$7.6M

Replacement of day-to-day City assets





3. Proposed Capital Budget Highlights Engaged, Diverse and Thriving City (\$ in Millions)

- | | |
|--|-------|
| 1. Ada Mackenzie Park Phase 3 Design and Construction
(Ward 8, completion: Q2 2025, 1.8 ha.) | \$3.6 |
| 2. Villages of Fairtree East Neighbourhood Park - Construction
(Ward 7, completion: Q4 2024, 3.0 ha.) | 1.5 |
| 3. South Cornell Parkette - Design and Construction
(Ward 5, completion: Q3 2024, 0.4 ha.) | 1.1 |
| 4. Berczy Glen West & NW Parkettes Design and Construction
(Ward 2, completion: Q3 2024, 1.8 ha.) | 1.0 |
| 5. Russell Carter Tefft Pedestrian Bridge Design and Construction
(Ward 4, completion: Q2 2024) | 0.8 |





3. Proposed Capital Budget - Highlights Safe and Sustainable Community (\$ in Millions)

Flood Control Program

- A 30 year, City-wide initiative to make stormwater infrastructure more resilient.
- Storm sewer capacity upgrades have progressed in several West Thornhill priority areas including the Bayview Glen neighbourhood and the Grandview neighbourhood
- Markham Village Area flood control implementation phase 1 design project to upgrade the storm sewer system to 100 year level of protection is in progress and construction is planned for 2024-2026
- Phases 2 and 3 of the Markham Village area are planned for 2027-2030 and includes Unionville Main Street

2023 Flood Control Projects:

- | | |
|---|---------|
| 1. Continuation of construction in the West Thornhill area (Phase 4B) | \$14.5M |
| 2. Maintenance of stormwater infrastructure and structures | \$7.4M |
| 3. Don Mills Channel Flood Control – Culverts #1 & #2 design | \$1.0M |





3. Proposed Capital Budget Highlights Safe and Sustainable Community (\$ in Millions)

- | | |
|---|--------|
| 1. Highway 404 Mid-Block Crossing, North of 16 th Avenue (Construction) | \$53.6 |
| 2. Victoria Square Boulevard – Phase 1 Construction | 21.4 |
| 3. Net-Zero emissions retrofits to Centennial, Thornhill and Clatworthy community centres | 20.4 |
| 4. Existing roads/bridges repairs and maintenance | 6.7 |
| 5. Fire equipment and fleet replacement | 4.4 |
| 6. Exterior and interior facility repairs/replacements at Community Centres, Libraries, Fire Stations, Civic Centre and other City facilities | 4.1 |
| 7. New traffic signals construction, traffic assets replacement, operational improvements and other traffic initiatives | 1.2 |





3. Proposed Capital Budget Highlights

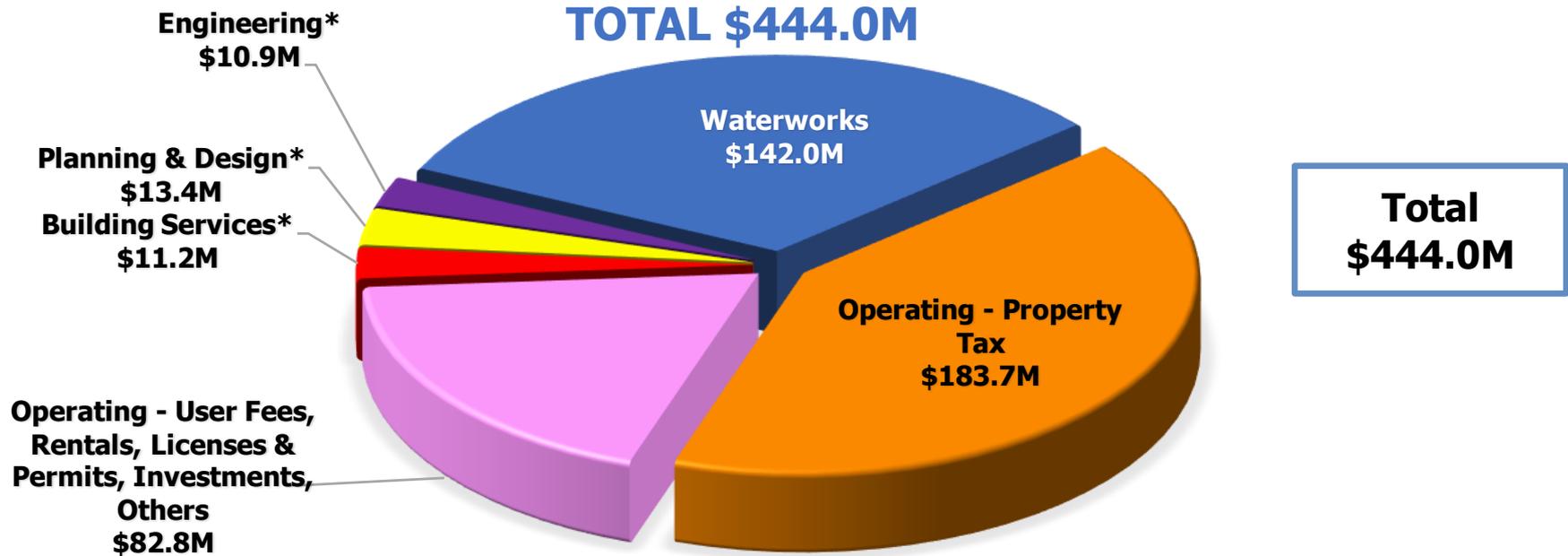
Exceptional Services by Exceptional People (\$ in Millions)

- | | |
|--|--------|
| 1. ITS asset replacements, initiatives, and portal extensions and upgrades | \$12.1 |
| 2. Water Billing Transition Project | 5.5 |
| 3. Library collections & e-resources | 2.9 |
| 4. Playstructure and waterplay replacement | 2.0 |
| 5. Recreation and sportsfield equipment replacement | 0.2 |



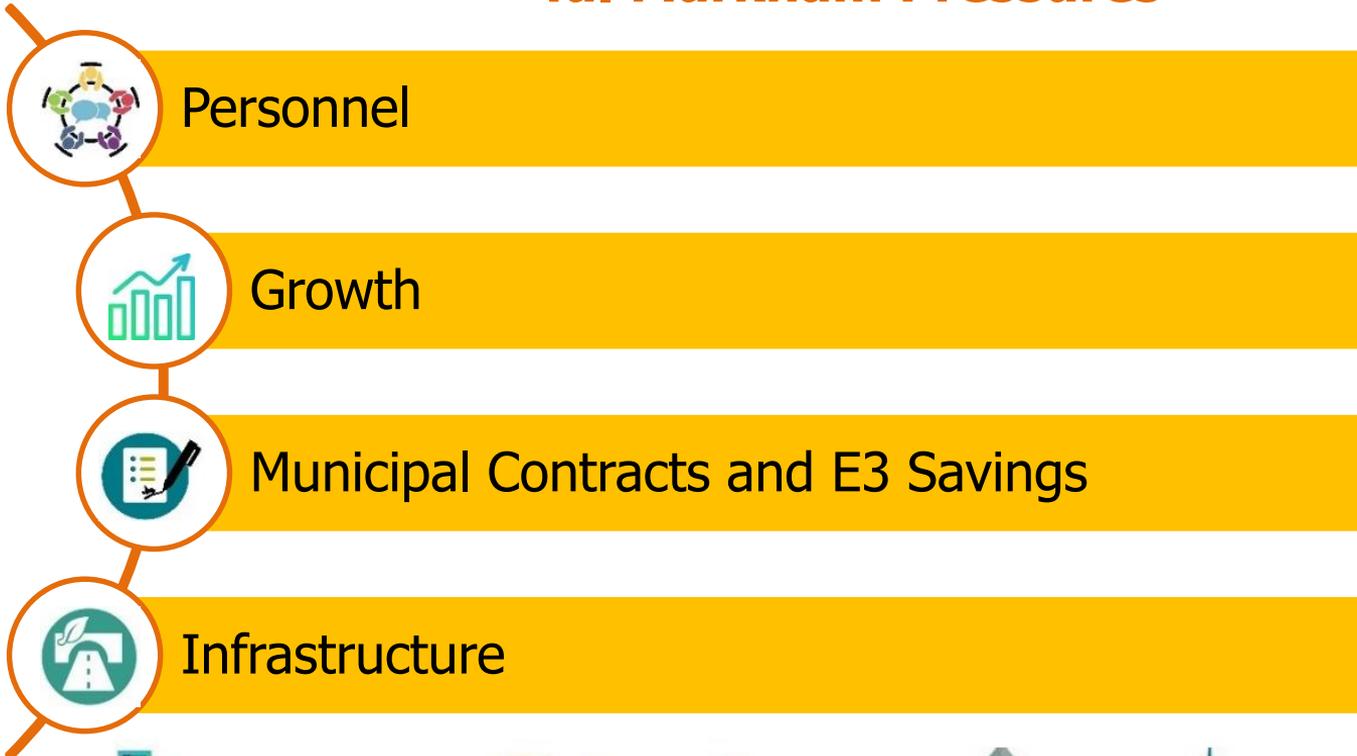


4. 2023 Proposed Operating Budget





4a. Markham Pressures



**Operating
Expenditures
Impact**

\$11.36M
Equivalent to a gross
tax rate increase of
6.69%





4b. Proposed Operating Budget - Expenditures

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

(\$ Millions)	2022	2023	Increase/ (Decrease)	Tax Rate Increase
	\$	\$	\$	%
Total Expenditures	249.90	261.26	11.36	
Personnel Costs				
Existing staff and benefits (Wage Settlements, Ramp ups, Min. wage increase)			\$4.02	
New staff requests (In-Year Staffing, Capital Induced)			3.10	
			7.12	
Growth				
Growth (roads & parks including part-time staff, waste, winter maintenance)			1.46	
Transfer to capital program			0.58	
Capital induced operating costs			0.60	
			2.63	
Municipal Service Contracts				
Contract escalations (waste and winter maintenance)			2.12	
Service level increases (winter maintenance - senior windrows snow removal from 8 to 4 hours)			0.14	
			2.26	
Net E3 savings on operational reviews and awards, and support services			(\$0.65)	
Total Expenditure Increases			11.36	6.69%



4b. Proposed Operating Budget - Revenues

(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

(\$ Millions)	2022	2023	Increase/ (Decrease)	Tax Rate Increase/ (Decrease)
	\$	\$	\$	%
Total Revenues	249.90	257.96	8.06	(4.76%)
Assessment and supplemental growth			1.97	
Investment Income			3.48	
Property fines			0.63	
User Fees and Service Charges			1.32	
Property tax penalties & interest and lease revenues			0.47	
Other			0.20	
Total Revenue Increases			8.06	(4.76%)



4b. Proposed 2022 Operating Budget

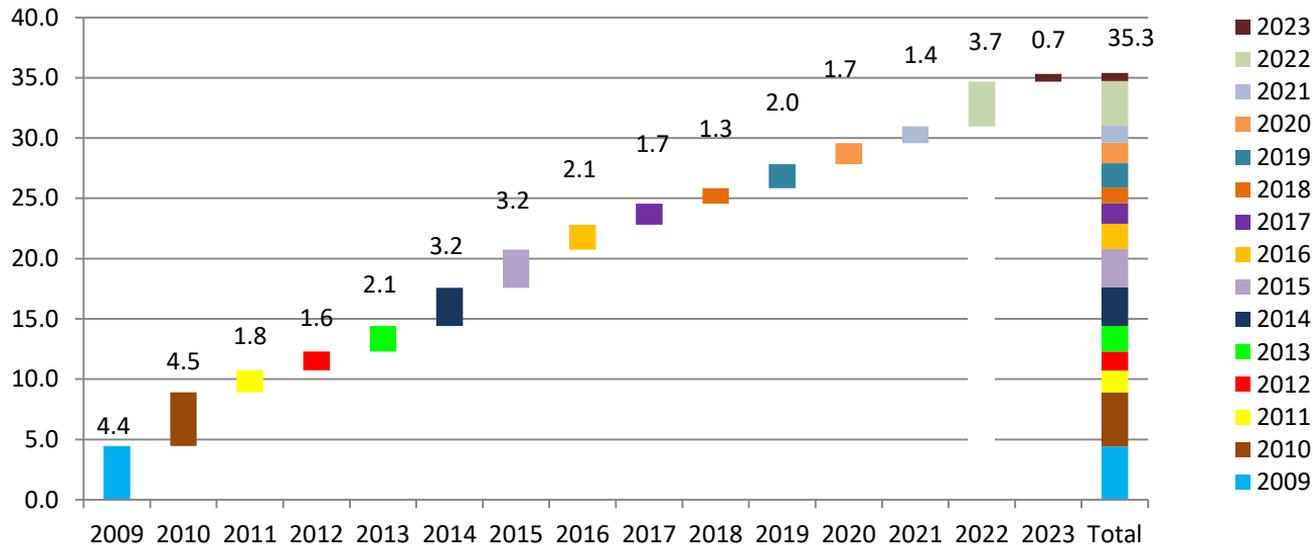
(Excl. Planning & Design, Engineering, Building Standards and Waterworks)

(\$ Millions)	2022 \$	2023 \$	Increase/ (Decrease) \$	Tax Rate Increase/ (Decrease) %
Revenues	249.90	257.96	8.06	(4.76%)
Expenditures				
Personnel	144.94	152.41	7.47	
Non-Personnel	104.96	108.85	3.89	
Total Expenditures	249.90	261.26	11.36	6.69%
Shortfall: Day-to-day operations	-	3.29	3.29	1.93%



4b. Excellence Through Efficiency and Effectiveness (E3)

Cumulative Savings and Revenue enhancements to date: \$35.3M



2023 Savings and Revenue enhancements to date \$0.7M

Cumulative Savings of \$23.6M and Revenue enhancements of \$11.7M = Total to date \$35.3M

Total Savings and Revenue enhancements of \$35.3M – equates to tax rate increase avoidance of 27.98%



4c. Recap of Bill 23

More Homes Built Faster Act, Bill 23



Development
Charges (DC)
Reduction



Parkland
dedication/cash in
lieu reduction

Key Issues:

- Affordable, inclusionary zoning and select attainable housing units development will be exempt from development charges, parkland dedication fees, and community benefit charges
- Discount of DC rates, beginning with 20% in the first year and subsequently decreasing by 5% each year until year five
- Reduction in DC funding for staffing related to studies
- A cap on the maximum amount of land that can be conveyed or paid for in lieu by developers



4c. Recap of Bill 23

Item	Annual Average
Studies Removed from Development Charges Act (DCA)	\$ 4,600,000
Cash-in-lieu/Parkland	\$ 76,000,000
Impact of DC Rate Phase-In	\$ 8,000,000
Affordable Housing (assumes 5% affordable/rental)	\$ 4,000,000
Land Removed from DCA - Soft Services (Fire, Recreation, Library, etc.)	\$ 17,800,000
Land Removed from DCA - Hard Properties (Roads & Structures)	\$ 25,700,000
Total Annual Shortfall	\$ 136,100,000

Without other funding sources to make up this shortfall, the financial burden will fall on the property tax base. This could result in a property tax rate increase of approximately 80% to maintain existing service levels, depending on the lands considered to be ineligible (i.e., Fire, Recreation, Library) under the regulations, which are not yet defined. The impact of the property tax increase would be an estimated additional \$1,000 to the average homeowner.



4d. 2023-2026 Forecast

1% Tax Rate Increase = \$1.695M

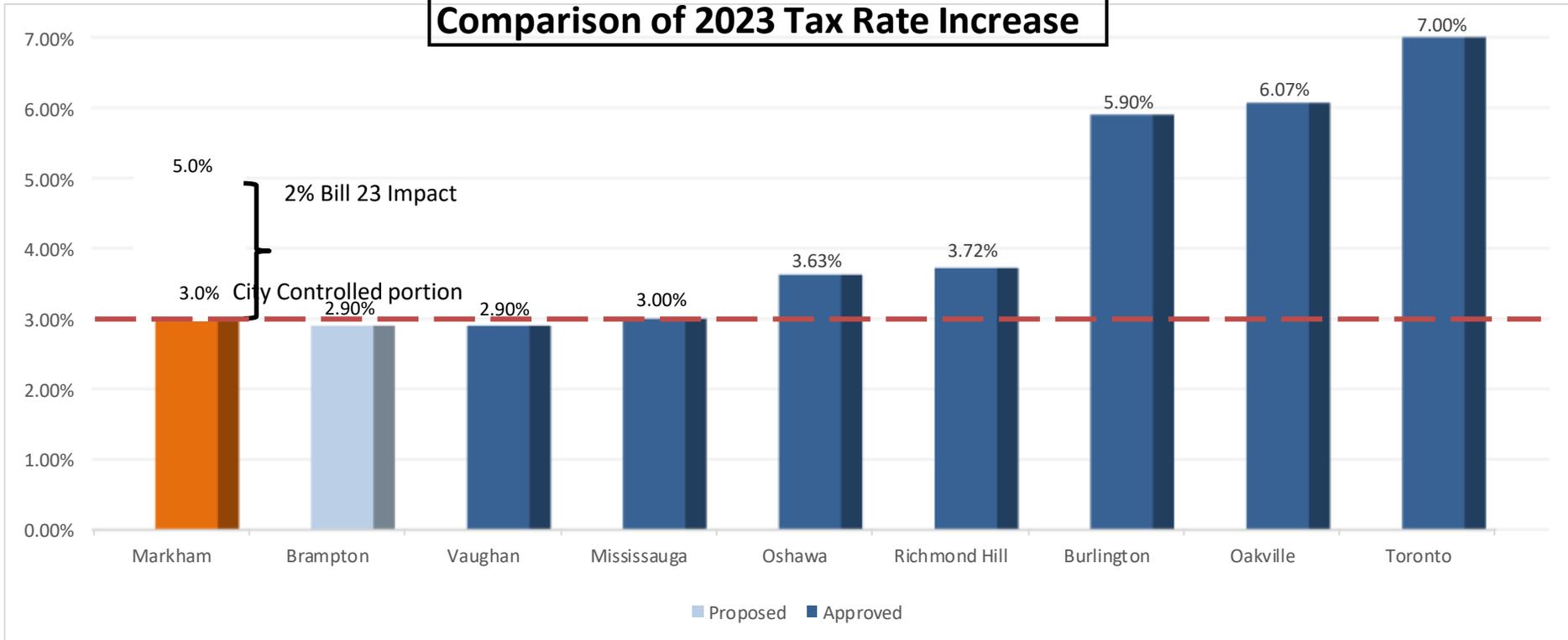
Long-Term Forecast (2023-2026)

	2023	2024-26	TOTAL
Day-to-Day Operations	2.9%	9.0%	11.9%
New Staffing, CUPE/MPFFA Settlement, COLA	0.1%	4.4%	4.5%
In-Year Staffing (ITS and People Services)	0.9%		0.9%
Investment Income	(2.0%)		(2.0%)
Payback of Corporate Rate Stabilization (Yr 2 of 5)	0.5%	1.4%	1.9%
Infrastructure Investment	0.6%	2.4%	3.0%
Sub-total Tax Increase from Day-to-Day Operations	3.0%	17.2%	20.2%
Bill 23 Salary Recoveries Impact	1.0%		1.0%
Bill 23 Impact on Parkland, DC Collection, Growth Studies	1.0%		1.0%
Sub-total Tax Rate Increase excl. Future Impacts & Provisions	5.0%	17.2%	22.2%
Bill 23 Future Impacts Provision		78.0%	78.0%
Transition of Blue Box Program to Producers		(1.0%)	(1.0%)
Seniors' Tax Grant Provision		0.5%	0.5%
Tax Rate Increase incl. Future Provisions	5.0%	94.7%	99.7%



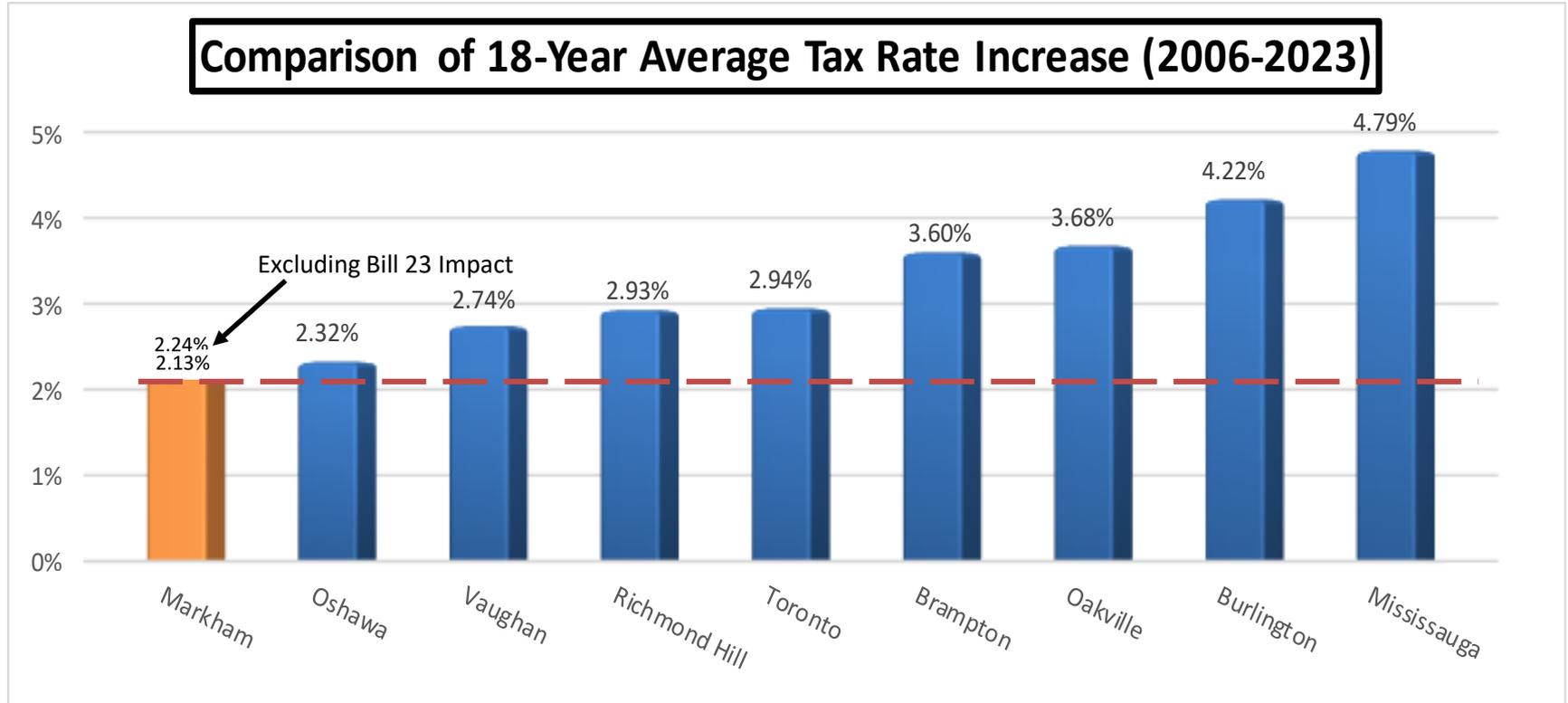
4e. Municipal Tax Comparison 2023

Comparison of 2023 Tax Rate Increase





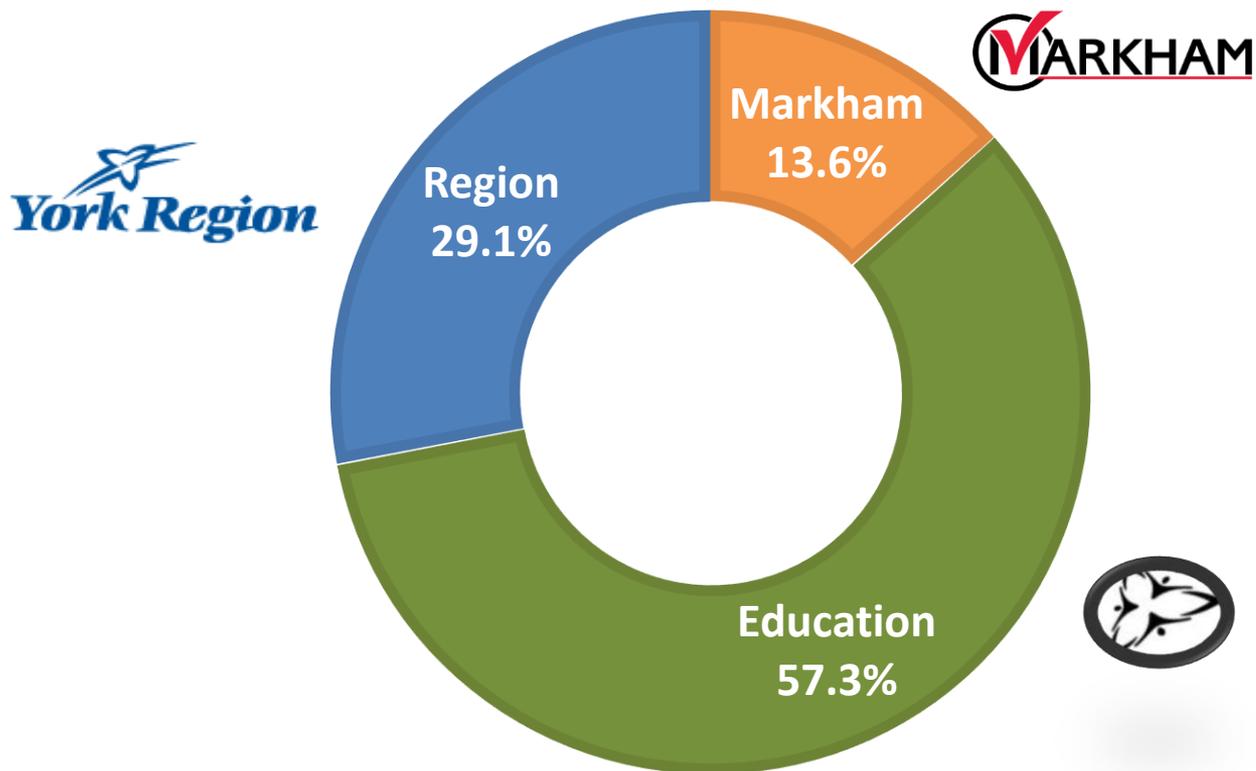
4e. Municipal Tax Comparison





5. Impact to Non-Residential Property

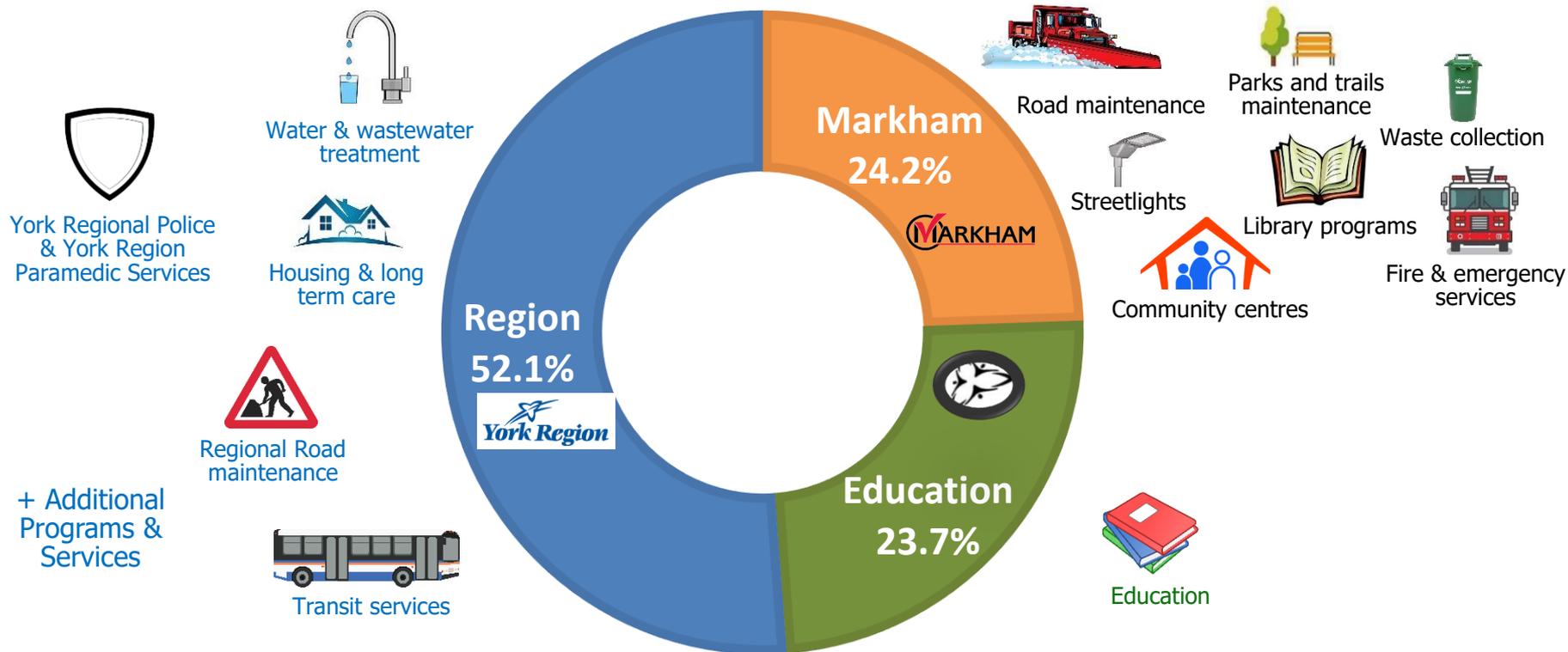
Assessment and Property Taxes, 2022 Non-Residential Property Tax Distribution





5. Impact to Residents

Assessment and Property Taxes, 2023 Residential Property Tax Distribution





5. Impact to Average Residential Property

Property Type	2022 Average Current Value	5.00% Tax Rate Increase
Residential Homes* 	\$947,457	\$73.95
Residential Condominiums 	\$421,000	\$32.85
Average (Homes and Condominiums)	\$829,995	\$64.75

Every 1% tax rate increase (local portion only) is equivalent to an increase of \$12.95 in property taxes for an average residential property

* Residential Homes include detached, linked homes, freehold townhouses, and semi-detached.



5. Impact to Average Residential Property

		2023 Increase	Increase
Tax rate increase – Markham (includes 0.6% Infrastructure Investment)		5.00%	\$64.75
Tax rate increase – York Region		3.9% (outlook)	\$108.13
Water & wastewater fee		3.8%	\$36.94
Total			\$209.82

Excludes the 2023 Stormwater Management fee increase of \$1



6. Recommendations

1. That the presentation entitled “2023 Budget Public Consultation” be received; and
2. That the minutes from the March 9th, 2023 Public Budget Consultation Meeting be tabled at a future 2023 Council meeting; and
3. That the 2023 Budget report be tabled at a future 2023 Council meeting; and
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.



7. Next Steps

- Council Decision: March/April - TBD, 2023*
- Press Conference: March/April - TBD, 2023*

*Subject to change and will be communicated accordingly



BUILDING MARKHAM'S FUTURE TOGETHER
2020 – 2023 Strategic Plan

MARKHAM



**2023 Budget
Public Consultation Meeting
March 9, 2023
Thank-You for Attending**