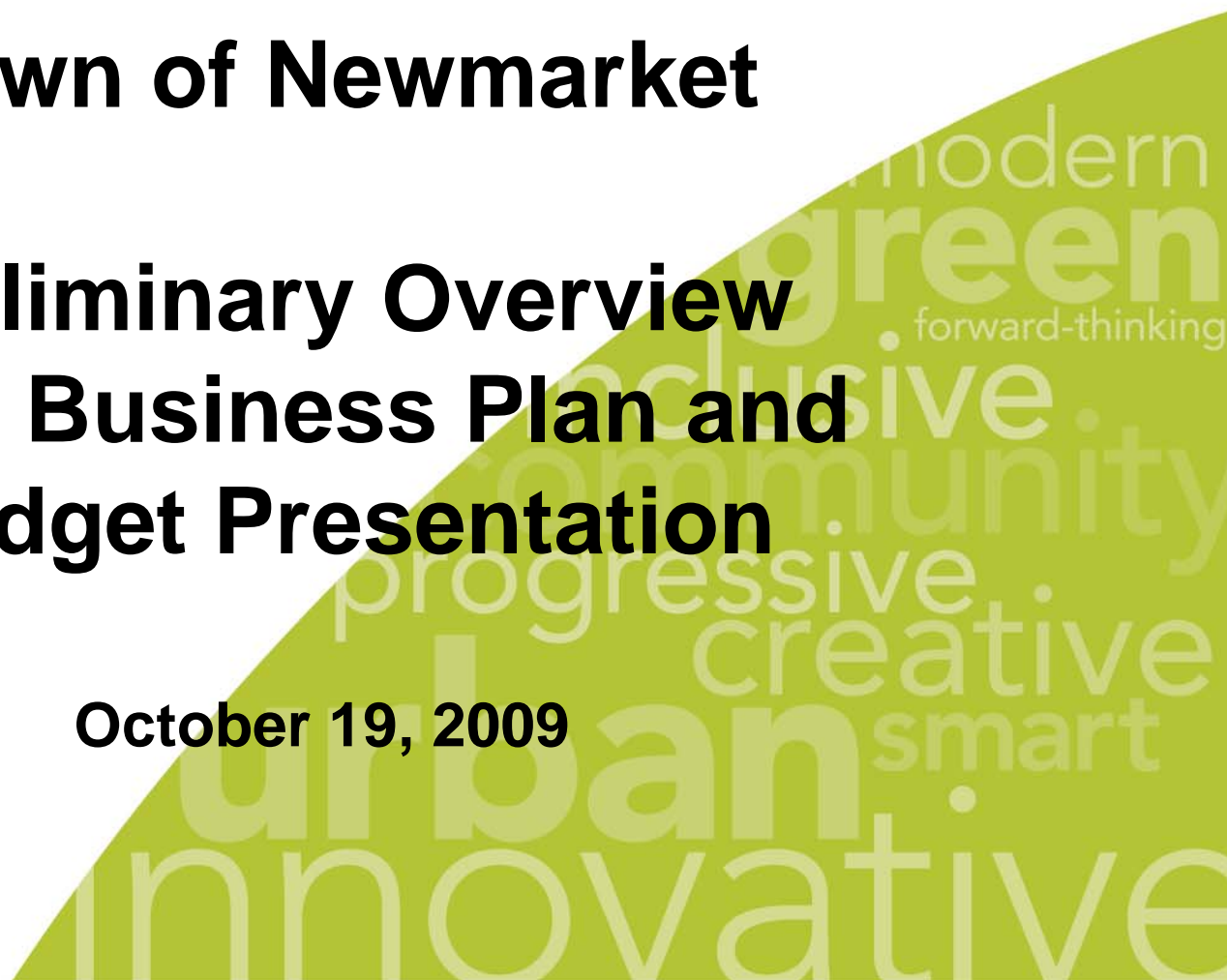




Town of Newmarket

Preliminary Overview 2010 Business Plan and Budget Presentation

October 19, 2009



Presentation Purpose



- ✓ Update Members of Council on the business planning and budget process activity undertaken to date.
- ✓ Provide general information on measures required to reach the target of 3.81%.
- ✓ Create awareness of areas of concern / risks associated with budget reduction measures.
- ✓ Provide insight regarding longer-term matters on the horizon that could shape the 2010 budget.
- ✓ Continue to engage members of Council in the budget process around the shared goal of reaching a budget for 2010 as per the business plan and budget process and timeline.

2010 Council Strategic Priorities



- A. Complete existing programmed capital projects and initiatives.**
- B. Take all opportunities to update infrastructure.**
- C. Maintain core service levels.**
- D. Seek savings and efficiencies.**
- E. Establish a contingency fund.**
- F. Establish a service review process focused on tax funded areas.**
- G. Aim for a tax rate of 3.81% with options to reduce to 3%.**

2010 Corporate Performance Goals



1. Continue to attract and retain employees who deliver on Council strategic priorities.
2. Demonstrate safety first and meet mandatory requirements.
3. Prioritize capital projects and initiatives taking into account future operating costs.
4. Strive to maintain core service at current service levels.
5. Seek collaborative opportunities for effective and excellent service delivery.
6. Strive for operational efficiencies and effectiveness.
7. Make investments that promote long-term sustainability.
8. Continue to advance customer service excellence.
9. Inform, communicate with, collaborate and engage each other.
10. Stay flexible and nimble to meet changing needs.

2010 Council Direction



THAT a core service review begin immediately for the 2010 budget with a goal of eliminating a minimum of \$75,000.

✓ \$1.4 mil in cuts proposed to the 2010 budget in order to reach Council target of 3.81%.

THAT the services listed in Appendix B be reviewed and evaluated against the criteria established by Council on June 22, 2009 with any resulting operational savings and/or increased revenues reflected in the 2010 budget and subsequent budgets as appropriate.

✓ Several services listed in Appendix B have been reviewed, evaluated against the criteria established and operational savings or increased revenues will be reflected in the 2010 budget. Some items are still being considered (i.e. Hydro, Storm Sewer Rates).

2010 Council Direction



APPENDIX B

TOWN OF NEWMARKET SERVICE DELIVERY REVIEW - 2010 BUSINESS PLAN AND BUDGET (as per Council direction June 22, 2009)

| Services that the Town could potentially discontinue (listed in no particular order) | Ranking |
|---|----------------|
| • Free emergency service for sewer back-up | 1 |
| • The giving of various grants generally | 1 |
| Services that the Town would continue to provide, but that could potentially be offered at reduced levels (listed in no particular order) | Ranking |
| • Twice-a-week garbage pick-up on Main Street | 1 |
| Services that could potentially be delivered better or differently, including the opportunity for new revenue generation (listed in no particular order) | Ranking |
| • Storm sewer rate (as a revenue generator) | 1 |
| • The potential, generally, to move various things from the tax base to user fees | 1 |
| Other services for consideration as part of the service delivery review (listed in no particular order) | Ranking |
| • Streetlight maintenance out-serviced from Newmarket Hydro | 1 |
| • Consulting Services | 1 |
| • Library Services (added to list as per Council direction 22-Jun-09) | * |
| • Fire Services (added to list as per Council direction 22-Jun-09) | * |

Priority Ranking

- 1 - High for tax impact savings, potential to implement, least impact on strategic priorities.
- 2 - Moderate for tax impact savings, potential to implement, least impact on strategic priorities
- 3 - Low for tax impact savings, potential to implement, least impact on strategic priorities.

* was not ranked by Council on June 22, 2009

2010 Council Direction



Aim for a tax rate of 3.81% with options to reduce to 3%

- Draft Department, Central York Fire Services and Library budgets resulted in a 7.5% tax increase
- Draft guideline established to cut \$1.4 mil to meet Council target (each area, including Library and CYFS, was asked to target its net increase to within 2.7%)

2010 Budget Challenges



- Across the board cost cuts of 3-13% in 2009
- Elimination of operating funding for capital in 2009
- Extensive wage gapping in 2009
- Further reduction in revenue from interest on reserves in 2009
- Continued reduced level of revenues expected in 2010
- Increased benefit costs
- Deferral of implementing salary market review from 2009
- Maintain core service levels

2010 Budget – Reductions/Risks



Tax-Supported Operating Budget at 7.5%

- Contributions to asset replacement fund continue to be frozen at 2008 levels
- Staff training and development budgets only at 75% of their 2008 levels
- No provision for slippage in economic adjustments for wages

2010 Budget – Reductions/Risks



2.7% / \$1.4 Million Reductions

- No enhancements
- No new staff increases
- Hiring gaps continue
- Impact of HST downloading not factored into the budget
- Limited, non-sustainable use of reserves
- Stretch targets have been set for revenues
- Funding of the capital program from operations is at less than 50% of the level in prior years
- Assumes a zero deficit at the end of 2009 as contingency and provision reserves will be replenished

Preliminary Draft Budget - Options for Further Reductions



- Revisit core services as set out in 2009 (i.e. facility closures, reduced operating hours, etc.)
- Eliminate/reduce grants
- Review of in-kind services for various historical annual events (e.g. charity walks, runs, other events, etc.)
- Interim use of reserves (e.g. ARF contributions, etc.)
- Increase staff gapping
- Budget for non-sustainable reserves

On The Horizon / Risks



- Outstanding contract negotiations with CYFS
- Declining Hydro Dividend
- Funding consideration related to economic development (i.e. DC's, cultural activities, sports groups, etc.)
- HST impact still to be factored into budget
- Limited/no margin of maneuver for 2011 due to cost-cutting in 2009, 2010
- Replenishment of reserves (e.g. ARF, etc.)
- Provisions & Contingencies - reduced ability to deal with weather, claims, etc.
- Facility opening (CUSP, OLT)
- Newmarket transformation related considerations
- Staffing considerations
- Managing a changing workforce
- Unfunded downloading