



*This page was intentionally left blank*

# Contents

- Introduction ..... 3
  - Building the budget ..... 4
  - Reserves and reserve funds..... 4
  - Capital budget ..... 5
- Stormwater Services ..... 6
  - 2019 initiatives ..... 6
  - Financial information ..... 7
  - Reserve: Stormwater Contingency ..... 9
  - Capital programs of work (see capital budget) ..... 9
- Water and Wastewater Overview ..... 10
  - Financial planning ..... 10
  - Summary of 2019 proposed water and wastewater rates ..... 10
  - Water and wastewater rate comparisons ..... 11
  - 2018 rate revenue forecast and actuals..... 13
  - 2019 Demand projections ..... 14
- Water Services ..... 16
  - 2019 initiatives ..... 17
  - Financial information ..... 18
  - Reserves: Water Services Contingency ..... 21
  - Capital programs of work (see capital budget) ..... 21
- Wastewater Services ..... 22
  - 2019 initiatives ..... 23
  - Financial information ..... 23
  - Reserve: Wastewater Services Contingency ..... 26
  - Capital programs of work (see capital budget) ..... 26
- Ontario Building Code Administration..... 27
  - 2019 initiatives ..... 27
  - Financial information ..... 28

Reserve funds: Building Services OBC stabilization .....	29
Capital programs of work (see capital budget) .....	29
Court Services .....	30
2019 initiatives .....	31
Financial information .....	31
Reserves: Courts Operating Contingency.....	34
Capital programs of work (see capital budget) .....	34

## Introduction

The 2019 proposed non-tax supported operating budget represents the City of Guelph's commitment to meeting legislative requirements, maintaining the health and safety of the community, and providing exceptional customer service.

The City's non-tax supported budget is comprised of Stormwater Services, Water Services and Wastewater Services, Ontario Building Code (OBC) Administration, and Court Services. Combined, the total proposed 2019 operating budget is \$79,065,538.

Based on approved changes to user fees and rates (Stormwater, Water and Wastewater), the average annual household impact is an increase of approximately \$12.00. This increase is based on the average annual water consumption of a three-person household (180 cubic metres). The proposed rate increase of \$0.04 for wastewater will increase the annual wastewater bill by \$6.00. Stormwater rate increase of \$0.60 that is consistent with 2016 Council approved sustainable funding strategy will also increase the average residential bill by \$6.00. There is no change in water rate for 2019. Rate increases are effective March 1, 2019.

The proposed budget includes:

- \$6.9 million operating for Stormwater Services to support stormwater system sustainability, environmental protection and community safety as it relates to stormwater.
- \$31.9 million operating budget for Water Services that allows Guelph to continue to deliver a safe and sustainable water supply while renewing its aging infrastructure.
- \$32.8 million operating for Wastewater Services to support continued optimization of Guelph's wastewater systems.
- \$3.5 million operating for OBC Administration, which includes continued investments to maintain the health and safety of the community and to enhance services for our customers.
- \$3.9 million operating for Court Services, which includes the maintenance of City assets and lifecycle replacement for technology to enhance customer service.

The operating costs associated with these service areas are recovered 100 per cent through user fees and other non-tax supported revenues, and therefore do not require a property tax transfer.

The non-tax supported budget incorporates direction from Guelph City Council including the Council Shared Agenda, continued input from community members

and the strategic focus areas of the City's Corporate Administrative Plan—service excellence, financial stability and innovation.

## **Building the budget**

When developing the budget, the City must consider and prioritize projects that are required to meet legislative requirements and community need. To maximize the City's investment, projects that align with Guelph's Corporate Administrative Plan and the City's mission—to build an exceptional city by providing outstanding municipal service and value, while supporting the environmental, economic, social, and cultural pillars of sustainability—are considered.

Although the budgets are broken down into service areas, the budget is considered and approved as a whole to enhance the City's decision-making process.

The development of the non-tax supported operating budget is based on key elements that align with the City's financial strategy:

- A strong financial foundation that is based on a financial policy framework, which includes debt management, reserve and reserve fund and investment policies. Specifically, water and wastewater have no rate supported debt.
- Solid financial performance as indicated through third party evaluations by the City's external auditor and credit rating assessments.

Water and Wastewater budget development is centred on the objectives of ensuring regulatory compliance, managing our assets from water sources to the customer, and maintaining affordability for our customers.

Annual operating budget development for water, wastewater, and stormwater is based on net-zero funding principles, as defined by the Municipal Act, 2001, where revenues and expenses, including funding transfers to capital reserve funds, are balanced.

For 2019, a review was done to ensure that internal support costs are allocated to the non-tax budget applying the same methodology consistently to each service and to ensure all support services were being allocated. Throughout this review the calculation was updated to include some corporate costs that previously were not included such as internal audit, ServiceGuelph, and business process management.

## **Reserves and reserve funds**

On May 7, 2018 Council approved report [CS-2018-16](#) titled Reserve and Reserve Fund Statement (page 9). Each of the non-tax supported businesses has a capital reserve fund and an operating contingency reserve with the exception of OBC (which does not have a capital reserve fund). Each of these reserves and reserve

funds has an identifiable target and the approved operating budget incorporates strategies to either maintain or move funding levels closer to the ultimate target.

In the 2019 proposed budget for water and wastewater services, a transfer from the contingency reserve is budgeted to maintain affordability for the rate payer while ensuring reserves remain adequately funded at the target levels.

Most notably for the City's water, wastewater and stormwater infrastructure, the transfer to the capital reserves is measured against the 100-year capital need to maintain and replace the City's current assets. In each of water, wastewater and stormwater, the operating transfer to fund capital is moving the City closer to achieving sustainable asset investment.

Council receives an annual comprehensive Reserve and Reserve Fund Report that outlines fund balances, funding status compared to targets and significant transactions. Reserve and reserve fund forecasted balances are reflected in the departmental budget documentation.

### **Capital budget**

The non-tax supported capital projects are presented as part of the consolidated 2019–2028 capital budget and forecast.

## Stormwater Services

Managing stormwater involves controlling the quantity and quality of rainfall and melted snow that runs off roofs, driveways and roads, which ends up in our waterways and storm sewers. Stormwater management systems represent valuable public assets that provide many benefits to our community including pollution control and flood protection. The City's stormwater management system includes storm sewers, pipes, roadside ditches, watercourses, culverts, bridges, swales, catchbasins, outfalls, ponds and other water quality treatment facilities with an estimated replacement value of approximately \$569 million.

### Capital improvements

- overall management of stormwater infrastructure
- design and construction of capital projects
- growth planning

### Operations and maintenance

- regulatory compliance
- emergency response and clean-up
- enforcement of bylaws
- inspections
- ditch clearing
- culvert maintenance
- facility maintenance and repairs
- stream rehabilitation and flood mitigation work

### Asset renewal

Replacement, upgrades and control of:

- pipes
- ponds (including storage/treatment facilities)
- watercourses (including erosion control of rivers, creeks and streams)

## 2019 initiatives

### Our services

- Protect people and property from flooding and protect our water quality through sustainable asset renewal of the City's stormwater infrastructure network.

## Our resources

- Administer a rebate/credit program that provides education and financial incentive for property owners who reduce the burden on Guelph's infrastructure and environment.

## Our people

- Grow staff's expertise through development of a stormwater-specific asset management plan and participation in a national benchmarking program.

## Financial information

This budget is consistent with the Council-approved Five-Year Sustainable Funding Strategy and represents a 13.8 per cent increase over 2018.

Prior to 2017, this service was funded from property taxes.

**Table 1, Revenue trend 2017 to 2019 (Stormwater Services)**

Revenue	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
User fees & service charges	(\$5,374,409)	(\$6,050,000)	(\$6,885,000)	(\$835,000)	13.8%
Interest & penalties	(\$4,722)	(\$2,000)	(\$4,000)	(\$2,000)	100.0%
<b>Total revenue</b>	<b>(\$5,379,131)</b>	<b>(\$6,052,000)</b>	<b>(\$6,889,000)</b>	<b>(\$837,000)</b>	<b>13.8%</b>

## Explanation of changes

- \$835,000 increase in user fees to move toward the sustainable funding target.
- On-going work through Corporate Asset Management has confirmed the 2018 sustainable operating and capital funding target remains at \$11.1 million annually.

**Table 2, Expenditure trend 2017 to 2019 (Stormwater Services)**

Expenditures	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
Purchased services	\$204,697	\$274,400	\$274,400	\$0	0.0%
Financial expenses	\$0	\$330,000	\$330,000	\$0	0.0%
Internal charges	\$5,174,435	\$5,447,600	\$6,284,600	\$837,000	15.4%
<b>Total expenditures</b>	<b>\$5,379,132</b>	<b>\$6,052,000</b>	<b>\$6,889,000</b>	<b>\$837,000</b>	<b>13.8%</b>

**Explanation of changes**

- \$330,000 (consistent with 2018) to continue the credit and rebate program.
- \$220,250 increase primarily for maintenance of the stormwater system.
- \$616,750 increase in the transfer to capital reserve fund to work towards the annual sustainable level.

**Table 3, Rates trend 2017 to 2019**

	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
Monthly residential stormwater charge (based on one ERU)	4	4.6	5.2	0.6	13.04%
Annual residential bill	48	55.2	61.2	6.00	10.87%

## **Reserve: Stormwater Contingency**

Purpose: To meet emergency and unplanned funding needs for stormwater operations in order to avoid an operating deficit or fluctuations in the rate.

Target balance: 10% of annual gross operating expenditures.

Funding strategy: Funds transferred in from stormwater operating surpluses.

2019 forecasted ending Reserve Balance: \$521,900

2018 forecasted ending Reserve Balance: \$421,900

2019 Target Reserve Balance: \$688,900

2019 forecast as a percentage of target: 76 per cent

## **Capital programs of work (see capital budget)**

- Stormwater Management

## Water and Wastewater Overview

### Financial planning

As part of the Safe Drinking Water Act, 2002, the Province of Ontario requires municipal water service providers to develop or update a long-range financial plan every five years to renew municipal drinking water licences. In addition to satisfying provincial requirements, the Water and Wastewater Long-range Financial Plan (2014-2019) helps the City provide long-term financial stability, system sustainability and community safety as it relates to our water supply. The plan also informs the budgets and rate increases submitted annually for Council approval. Although not required by the province, the City proactively includes Wastewater Services in long-range financial planning to provide a more complete and accountable picture of the water and wastewater systems and to ensure more accurate forecasting.

### Summary of 2019 proposed water and wastewater rates

The following volumetric rates and basic service charges are proposed for 2019.

**Table 4, Rate change and forecasted residential bill impact**

	2018	2019	Change
Water volume charge \$/cubic metre	\$1.72	\$1.72	\$0.00
Water basic charge \$/day	\$0.26	\$0.26	\$0.00
Wastewater volume charge \$/cubic metre	\$1.84	\$1.88	\$0.04
Wastewater basic charge \$/day	\$0.32	\$0.32	\$0.00
Average residential annual bill (180 cubic metres*)	\$852.50	\$858.50	\$6.00

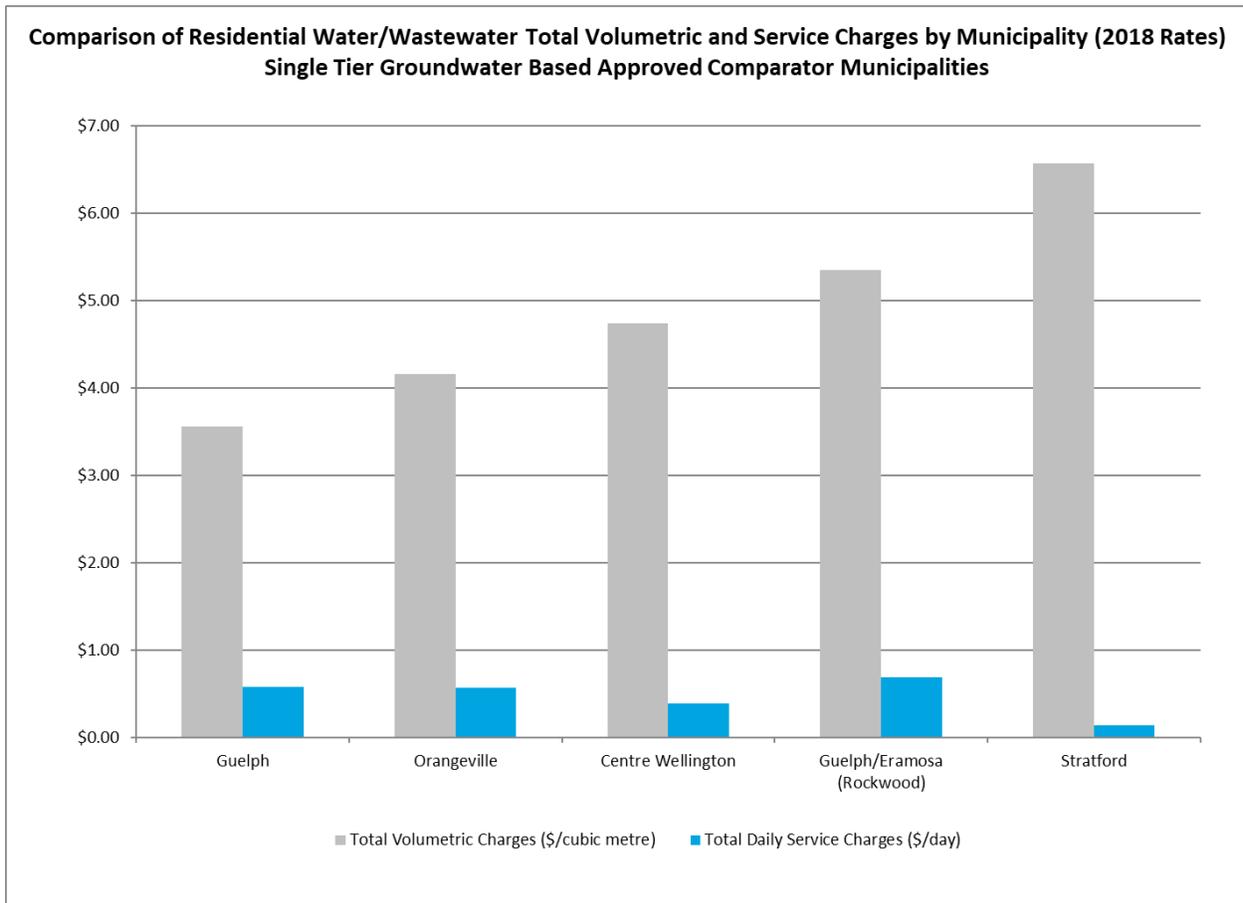
**Note:** \*Average annual volume of water consumed by a three-person household in Guelph is estimated to be 180 cubic metres. The 2019 rates will come into effect on March 1, 2019.

The above proposed water and wastewater rates reflect an overall expenditure increase of 2.7 and 4.2 per cent respectively to the water and wastewater operating budgets. Internal support costs, compensation, operating impacts from 2018 approved capital projects, and capital reserve transfers represent the largest impacts to the water and wastewater budgets. Based on the overall expenditure increases noted above, the impact to the rate was a 2.7 per cent overall average annual residential bill increase. Council has approved reserve and reserve fund policy which includes target balances of each reserve as well as funding strategies. In the last reserve and reserve fund statement Council received on May 7, 2018, it was noted that the water and wastewater contingency reserves were sufficiently funded in excess of the target and that these balances would be included in the 2019 non-tax supported rate modelling used in the development of the budget. The 2019 proposed water and wastewater budgets include a transfer from contingency reserves in the amount of \$500,000 and \$750,000 respectively to maintain an affordable and reliable service for our community. Further, this recommendation will keep Guelph's water and wastewater rates close to average rates among comparable municipalities. Additional work will be done in preparing the 2020 budget to ensure rates are affordable and the contingency reserves continue to be integrated into the model to further smooth rate increases.

### **Water and wastewater rate comparisons**

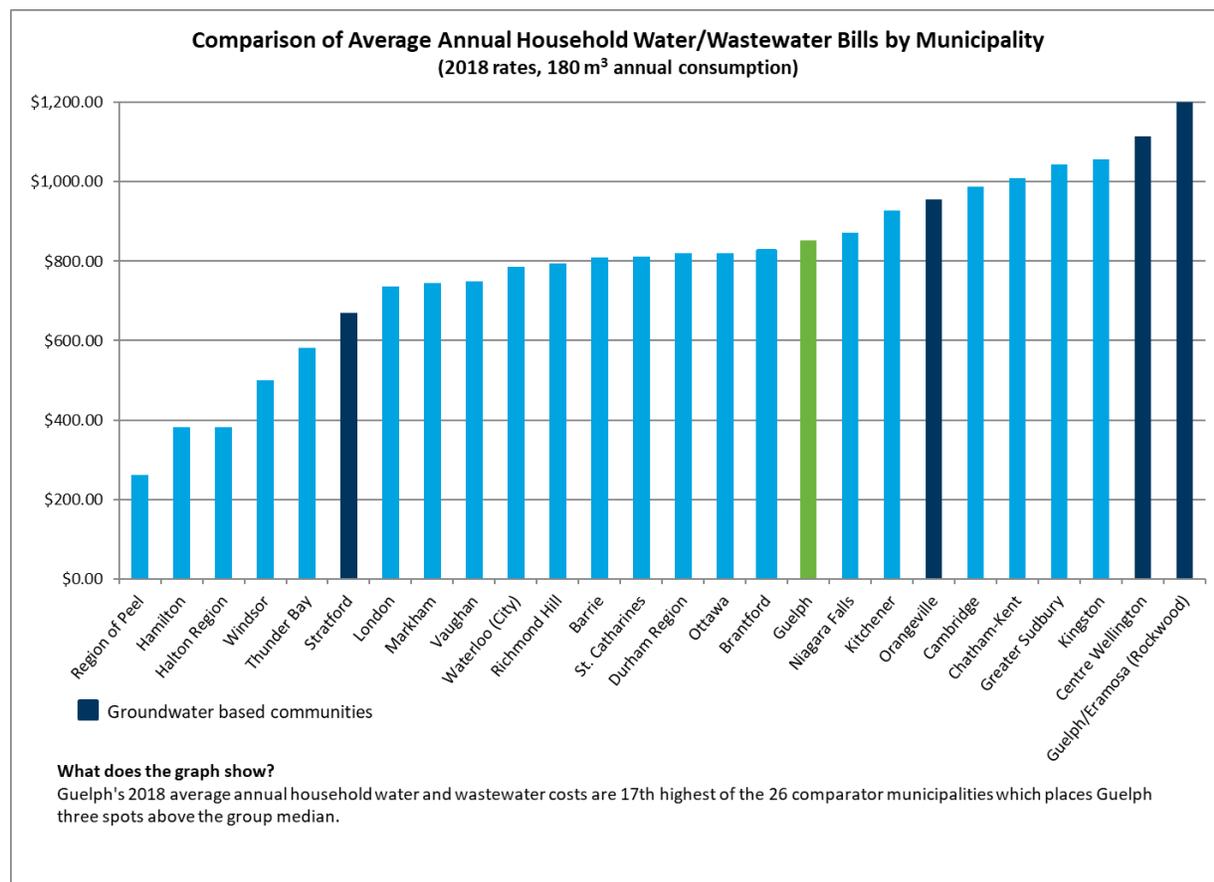
The following graph compares the residential water/wastewater total volumetric and service charges for single-tier, groundwater-based municipalities based on their 2018 rates.

**Figure 1, Comparison of residential water/wastewater total volumetric and service charges by municipality**



The following graph compares the average household water/wastewater bills by municipality based on 2018 rates. The blue bars represent those municipalities whose water supply is groundwater based versus surface water. Guelph, a groundwater based community, is indicated by the grey bars on the graph.

**Figure 2, Comparison of average annual household water/wastewater bills by municipality**



Guelph's 2018 average annual household water and wastewater costs rank 17th of the 26 comparator municipalities, which places Guelph three spots above the group median. Of the groundwater based community comparators, Guelph is the second lowest. Bills are based on an annual household consumption of 180 cubic metres.

### 2018 rate revenue forecast and actuals

As per closure of the October 2018 revenue reporting period, water rate revenue was 5 per cent (\$965,914) above forecast, and wastewater rate revenue was 4.42 per cent (\$901,816) above forecast. Community growth was the major driver for the higher revenues even with a very wet spring-summer season. On an annual basis, any revenue surpluses experienced are transferred to the water and wastewater contingency reserves or capital reserve funds in accordance with the Reserve and Reserve Fund Policy.

## **2019 Demand projections**

The 2019 demand projections and related billable consumption volumes for water and wastewater are forecasted to be 2.3 per cent lower than projected 2018 volumetric consumption at time of budget development. This estimate includes additional billable water demands from expected modest residential and ICI customer growth. These estimates are based on direct consultation with large customers and consultation with other City departments, notably Planning and Building Services, Engineering and Transportation Services, and Business Development and Enterprise (BDE) Services; BDE staff liaise with local business on new water and wastewater servicing requests. The primary factors influencing these forecasted demand reductions include modest growth and demand decreases associated with customer conservation actions as per the Council approved Water Supply Master Plan and Water Efficiency Strategy. This strategy seeks to reduce water use to support future growth within the constraints of Guelph's limited groundwater supply.

### **Future year rates**

To provide safe drinking water, timely replacement of Guelph's water infrastructure, and accommodate Guelph's continued growth, water rates are projected to increase to \$1.79 per cubic metre by 2020.

To maintain legislated wastewater treatment levels, ensure the timely replacement of wastewater infrastructure, and accommodate service growth, wastewater rates are projected to increase to \$1.98 per cubic metre by 2020.

The following table shows past actuals and projected increases for volumetric rates (dollars per cubic metre) and overall impact to residential customer bills (percentage).

**Table 5, rates trend 2015 to 2020**

	2015 actual	2016 actual	2017 actual	2018 actual	2019 proposed	2020 projected
Water volume charge \$/cubic metre	\$1.52	\$1.59	\$1.67	\$1.72	\$1.72	\$1.79
Wastewater volume charge \$/cubic metre	\$1.66	\$1.73	\$1.80	\$1.84	\$1.88	\$1.98
Average residential annual bill (percentage change**)	4.1%	4.0%	3.3%	2.0%	0.7%	3.8%

**Note:** To address the issue of water and wastewater utility sustainability and rate stability, Toronto, Barrie, Hamilton, and the Regional Municipality of York support a multi-year, uniform approach to increasing rates. This approach is also approved by Guelph City Council and is employed as a recommendation of the 2014 Water and Wastewater Long Range Financial Plan. Forecasts are based on current service.

## Water Services

Water Services ensures a safe, secure and sustainable water supply for our community including water used for residential, business, recreational and firefighting purposes. The delivery of a safe, reliable water supply is a 24-hour business.

### **Council responsibility as owner**

“The Safe Drinking Water Act, 2002 includes a statutory standard of care for individuals who have decision-making authority over municipal drinking water systems or who oversee the operating authority of the system.

It is important that members of municipal council and municipal officials with decision making authority over the drinking water system and oversight responsibilities over the accredited operating authority understand that they are personally liable, even if the drinking water system is operated by a corporate entity other than the municipality.”

(Excerpted from: Taking Care of Your Drinking Water: A Guide for Members of Municipal Councils)

There are legal consequences for not acting as required by the standard of care, including possible fines or imprisonment.

### **Key functions**

Water Services is responsible for planning, design, construction, operation, maintenance and overall management of approximately \$645 million in water infrastructure assets. To meet these needs and to care for its infrastructure, the Water Services operating budget provides funding for the following key functions:

#### **Customer service and conservation**

- customer service and support
- utility administration and revenue management
- staff training and development
- compliance and conformance programs
- customer education, engagement and support for the efficient use of water resources, including the implementation of water conservation programs
- continuous service improvement including utility benchmarking and performance evaluation initiatives

## **Supply, treatment and protection**

- Provision of a secure, reliable and continuous supply of treated drinking water to the water distribution system.
- Implementation of programs to ensure operational and environmental compliance.
- Operation and maintenance of related infrastructure including disinfection systems, supply facilities, towers, pumping stations, and reservoirs.
- Implementation of programs and policies as defined through the Grand River Conservation Authority Source Water Protection Plan.
- Sponsorship of backflow prevention program implemented by Building Services.
- Planning for infrastructure, capacity and emergency response.
- Management and replacement of water supply assets.

## **Distribution and metering**

- Provision of a secure, reliable, and continuous supply of treated drinking water to customers and for fire protection.
- Operation and maintenance of infrastructure including water mains, valves, hydrants and service lines.
- Installation of new water billing meters and replacement of aging meter assets.
- Emergency response and reactive infrastructure maintenance.
- Capital infrastructure condition assessments and remediation to support loss mitigation (e.g. leak detection studies of municipal watermains).
- Management and replacement of distribution system assets with support from Engineering and Transportation Services.
- Management and delivery of the corporate infrastructure locates program.

## **2019 initiatives**

### **Our services**

Initiation of key water supply projects including:

- Design of Clythe Water Treatment Plant to address iron, manganese and sulfide present in source water.
- Detailed architectural design of FM Woods Station updates (Phase 1).
- Paisley Booster Station upgrades to address electrical systems risks and provide redundancy in main sources of water conveyance to the west side of city.
- Condition assessment of Arkell Aquaduct and development of a work plan to address infrastructure issues encountered.
- Commissioning of iron and manganese treatment at Burkes Well.

- Implementation of an accelerated Water Meter Replacement Program to ensure accurate billing of customers and timely leak detection. The 2019 replacement goal is 8,000 meters.
- Evaluation of the business case for radio read water meters.

### **Our resources**

- Optimize existing water supplies, and investigate and develop future water supplies as per the 2014 Water Supply Master Plan.
- Begin updating the Water Supply Master Plan to define preferred alternatives in servicing new growth.
- Manage threats to local water resources in Wellhead Protection Areas through Source Water Protection policies and processes.

### **Our people**

- Continued training and certification of licensed Water Services staff to support progressive licensing and continuous improvements within the City's operations.
- Renovation of the F.M Woods historical building for staff office space to address current capacity issues.

### **Financial information**

This budget represents 2.7 per cent increase over 2018.

**Table 6, Revenue budget trend 2017 to 2019 (Water Services)**

Revenue	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
User fees & service charges	(\$27,801,709)	(\$27,826,328)	(\$28,158,260)	(\$331,932)	1.2%
Product sales	(\$24,171)	(\$17,000)	(\$17,000)	\$0	0.0%
Licenses & permits	(\$73,528)	(\$35,000)	(\$35,000)	\$0	0.0%
Interest & penalties	(\$35,427)	(\$13,000)	(\$13,000)	\$0	0.0%
External recoveries	(\$842,037)	(\$855,540)	(\$855,540)	\$0	0.0%
Internal recoveries	(\$2,005,299)	(\$2,278,300)	(\$2,788,200)	(\$509,900)	22.4%
<b>Total revenue</b>	<b>(\$30,782,171)</b>	<b>(\$31,025,168)</b>	<b>(\$31,867,000)</b>	<b>(\$841,832)</b>	<b>2.7%</b>

**Explanation of changes**

- \$113,000 increase in projected 2019 residential revenues based on forecasted new home construction
- \$423,000 increase in water consumption rate revenue
- \$204,000 decrease in new water meter install revenues due to change in process
- \$500,000 increase in transfer from water contingency reserve to reduce rate increase to customers

**Table 7, Expenditure budget trend 2017 to 2019 (Water Services)**

Expenditure	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
Salary, wage & benefits	\$6,787,522	\$7,023,100	\$7,620,040	\$596,940	8.5%
Purchased goods	\$3,113,110	\$2,670,875	\$3,011,625	\$340,750	12.8%
Purchased services	\$2,992,705	\$2,639,734	\$2,495,520	(\$144,214)	(5.5%)
Other transfers	\$724,525	\$843,959	\$843,959	\$0	0.0%
Financial expenses	\$106,647	\$0	\$0	\$0	0.0%
Internal charges	\$17,057,663	\$17,847,500	\$17,895,856	\$48,356	0.3%
<b>Total expenditures</b>	<b>\$30,782,172</b>	<b>\$31,025,168</b>	<b>\$31,867,000</b>	<b>\$841,832</b>	<b>2.7%</b>

**Explanation of changes**

- \$200,000 increase in purchased goods and services due to operating the new iron and manganese treatment at Burkes Well.
- \$500,000 increase in contribution to the capital reserve fund to maintain the annual sustainable level required for capital infrastructure that will be transferred from Operating Contingency Reserve.

**Table 8, Water rate trend 2017 to 2019**

	2017	2018	2019	2019 change	2019 change
Water - connection	\$0.26	\$0.26	\$0.26	\$0.00	0.0%
Water - consumption	\$1.67	\$1.72	\$1.72	\$0.00	0.0%

## **Reserves: Water Services Contingency**

Purpose: To meet emergency and unplanned funding needs for water operations in order to avoid operating deficits or fluctuations in the rate.

Target balance: 10% of annual gross operating expenditures.

Funding strategy: Funds transferred in from water operating surpluses.

2018 forecasted ending balance: \$3,897,300

2019 forecasted ending balance: \$3,397,300

2019 target balance: \$3,186,700

2019 forecast as a percentage of target: 107 per cent

Council has approved financial policy that supports water maintaining a contingency reserve to cover the unexpected cost of system and operational incidents as well as smoothing rate increases where applicable. This reserve is funded from year-end operating budget surpluses in years where the target balance is not met. The target balance is approved to be 10 per cent of gross operating expenditures and since it is more than sufficiently funded, for 2019, staff are recommending to transfer \$500,000 from the contingency reserve to mitigate water usage rate increases.

## **Capital programs of work (see capital budget)**

- Water Services
- Transportation Systems
- Corporate Projects

## Wastewater Services

Wastewater Services delivers reliable sanitary services, high-quality effluent (outflow) that meets or exceeds regulatory requirements and management of the sewer use bylaw. To meet these needs, the wastewater services is a 24/7 business.

Wastewater service is composed of:

- Wastewater Collection Team
- Wastewater Treatment Team
- Maintenance Team
- Environmental Protection Team
- An on site accredited laboratory to measure compliance with Environmental Compliance Approval

### **Key functions**

Wastewater Services is responsible for planning, design, construction, operation, maintenance and overall management of over \$625 million in wastewater infrastructure assets. To meet these needs and care for its infrastructure, the Wastewater Services operating budget provides funding for the following key functions:

#### **Facility operations and maintenance**

- Operation, maintenance, optimization, and compliance of the Wastewater Treatment Facility.
- Management, planning and compliance of the biosolids program.
- Planning and implementation of new capital projects to upgrade the wastewater treatment and biosolids processes.
- Laboratory testing and services.
- Adherence to the Grand River Conservation Authority voluntary final effluent (outflow) limits.
- Continual improvement through benchmarking against industry best practice.

#### **Spills response, sewer use bylaw enforcement, wastewater collection system operation and maintenance**

- Upholding Guelph's Sewer Use bylaw.
- Responding to city wide spills on behalf of the corporation.
- Addressing customer sewer blocks and carrying out preventative maintenance and repairs as required.
- Coordinating with Engineering and Transportation Services to plan infrastructure replacements and expansions.

## **Customer service and education**

- Customer service and support.
- Customer education.
- Staff training and development.
- Support for post-secondary institutions and industry through tours, special studies and data exchange.

## **2019 initiatives**

### **Our services**

- Initiate the development of an Environmental Management System to increase due diligence.
- Implement the aeration efficiency upgrade to improve energy efficiency.

### **Our resources**

- Mitigate risk by completing condition assessments to inform prioritized work plans.
- Initiate an update of the consolidated wastewater services master plan.

### **Our people**

- Support a continuous improvement environment through inclusion in the benchmarking program.
- Encourage staff to participate in internal engagement initiatives and opportunities for interdepartmental collaboration.

## **Financial information**

This budget represents 4.2 per cent increase over 2018.

**Table 9 Revenue trend 2017 to 2019 (Wastewater Services)**

Revenue	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
User fees & service charges	(\$31,845,737)	(\$31,376,049)	(\$31,962,863)	(\$586,814)	1.9%
Interest & penalties	(\$35,427)	\$0	\$0	\$0	0.0%
External recoveries	(\$48,836)	(\$35,000)	(\$35,000)	\$0	0.0%
grants	(\$3,500)	\$0	\$0	\$0	0.0%
Internal recoveries	(\$86,887)	(\$59,275)	(\$809,275)	(750,000)	1265.3%
<b>Total revenue</b>	<b>(\$32,020,387)</b>	<b>(\$31,470,324)</b>	<b>(\$32,807,138)</b>	<b>(\$1,336,814)</b>	<b>4.2%</b>

**Explanation of change**

- \$142,800 increase in projected 2019 residential revenues based on forecasted new home construction.
- \$444,000 increase in revenue due to proposed rate increase.
- \$750,000 increase in transfer from wastewater contingency reserve to reduce usage rate impact to customers.

**Table 10, Expenditure trend 2017 to 2019 (Wastewater Services)**

Expenditures	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
Salary, wage & benefits	\$4,405,853	\$5,411,920	\$5,548,740	\$136,820	2.5%
Purchased goods	\$3,660,577	\$4,391,985	\$4,418,740	\$26,755	0.6%
Purchased services	\$3,503,671	\$3,613,285	\$3,668,124	\$54,839	1.5%
Long term debt charges	\$82,565	\$59,275	\$59,275	\$0	0.0%
Other transfers	\$922,222	\$843,959	\$843,959	\$0	0.0%
Internal charges	\$19,445,499	\$17,149,900	\$18,268,300	\$1,118,400	6.5%
<b>Total expenditures</b>	<b>\$32,020,387</b>	<b>\$31,470,324</b>	<b>\$32,807,138</b>	<b>\$1,336,814</b>	<b>4.2%</b>

**Explanation of change**

- \$81,594 increase in purchased goods and services due to \$23,000 increase in municipal taxes, \$92,000 increase in operating supplies, and \$75,000 increase in consulting services will be offset by savings of \$115,000 in water and electricity costs attained due to on-going collaborative work with the Climate Change Office.
- \$1,000,000 increase in transfer to the Capital Reserve Fund to work towards the annual sustainable level of \$24.25 million.

**Table 11, Rates trend 2017 to 2019**

	2017 actuals	2018 approved	2019 purposed	2019 budget change	2019 budget change
Forecast rates (per m3)	1.80	1.84	1.88	0.04	2.17 %

**Reserve: Wastewater Services Contingency**

Purpose: To meet emergency and unplanned funding needs for wastewater operations to avoid operating deficits or fluctuations in the rate.

Target balance: 10% of annual gross operating expenditures.

Funding strategy: Funds transferred in from wastewater operating surpluses

2018 forecasted ending reserve balance: \$4,733,800

2019 forecasted ending reserve balance: \$3,983,800

2019 target reserve balance: \$3,280,700

2019 forecast as a percentage of target: 121 per cent

Council has approved financial policy that supports wastewater maintaining a contingency reserve to cover the unexpected cost of system and operational incidents as well as smoothing rate increases where applicable. This reserve is funded from year-end operating budget surpluses in years where the target balance is not met. The target balance is approved to be 10 per cent of gross operating expenditures and since it is more than sufficiently funded, for 2019, staff are recommending to transfer \$750,000 from the contingency reserve to mitigate wastewater usage rate.

**Capital programs of work (see capital budget)**

- Wastewater Services
- Transportation Systems
- Corporate Project

## Ontario Building Code Administration

The City's Building Services division authorizes all building construction and demolition in Guelph. The division is provincially mandated to administer and enforce the Ontario Building Code (OBC); provincial legislation requires staff to maintain certification to meet provincial standards, perform mandatory inspections, and issue permits within mandated time frames.

Building Services provides the following public services associated with the administration and enforcement of the OBC:

- Pre-permit consultation, plans examination, technical reviews and application processing.
- Issuance of permits within mandated time frames to ensure conformity to the OBC.
- On-site inspections to ensure conformity with approved permit drawings, specifications, the OBC and regulations.
- Response to all technical inquiries throughout building projects.
- Enforcement of OBC and initiation of legal proceedings as required.

These activities are completely funded by revenue generated from building permit and administration fees.

Building Services also administers and enforces several City bylaws and manages Guelph's termite control and backflow prevention programs. These activities are included in the tax supported operating budget.

### 2019 initiatives

#### Our services

- Review permit and inspection processes to find efficiencies and enhancements and update permit tracking software to improve service delivery to our customers.
- Work with Finance to review and update, if needed, the policies that guide the building services OBC stabilization reserve fund.

#### Our people

- Encourage staff involvement in departmental initiatives to enhance work place culture and improve service delivery.
- Ensure staff are engaged and champion the Building Partnerships business direction through multi-departmental collaboration.

## Financial information

This budget represents a 0.8 per cent increase over 2018.

**Table 12, Revenue trend 2017 to 2019 (OBCA)**

Revenue	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
Licences & permits	(\$3,255,986)	(\$3,350,000)	(\$3,350,000)	\$0	0%
Internal recoveries	(\$35,321)	(\$165,670)	(\$195,000)	(\$29,330)	17.7%
<b>Total revenue</b>	<b>(\$3,291,307)</b>	<b>(\$3,515,670)</b>	<b>(\$3,545,000)</b>	<b>(\$29,330)</b>	<b>0.8%</b>

### Explanation of changes

- No increase in permit revenue is forecasted for 2019 as a reflection of market trends.
- \$29,000 increase in transfer from reserve fund to balance the budget without a planned permit fee increase.

**Table 13, Expenditure trend 2017 to 2019 (OBCA)**

Expenditure	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
Purchased goods	\$24,656	\$83,200	\$83,400	\$200	0.2%
Purchased services	\$62,932	\$111,070	\$91,500	(\$19,570)	(17.6%)
Financial expenses	\$14,855	\$25,000	\$25,000	\$0	0.0%
Internal charges	\$3,188,864	\$3,296,400	\$3,345,100	\$48,700	1.5%
<b>Total expenditure</b>	<b>(\$3,291,307)</b>	<b>\$3,515,670</b>	<b>\$3,545,000</b>	<b>\$29,330</b>	<b>0.8%</b>

### Explanation of changes

- \$19,500 decrease in purchased services due to reallocation of cell phone charges to non-OBC.
- \$48,700 increase in allocation of support service costs to align with methodology used in other non-tax service areas.

**Table 14, Percentage increase 2016 to 2018—building permit fee**

	2016	2017	2018
Building permit fee	0%	2.56%	2.94%

In 2016, there was no change in permit fee from 2015 amounts

### Reserve funds: Building Services OBC stabilization

Purpose: The Building Code Act allows municipalities to establish permit fees to cover the cost of administering and enforcing the Building Code Act, and make reasonable contributions to a reserve fund. The reserve fund can be used to offset periods of lower building and construction activity, make service enhancements and cover unexpected expenses.

Target balance: 1 year of annual gross operating expenditures

Funding strategy: Annual fee reviews and adjustments to maintain cost recovery levels.

2018 forecasted ending balance: \$2,663,500

2019 forecasted ending balance: \$2,537,900

2019 target balance: \$3,350,000

2019 forecast as a percentage of target: 76 per cent

### Capital programs of work (see capital budget)

- Corporate Projects

## **Court Services**

The City provides mandatory court services under its agreement with the Province of Ontario. These services are provided in accordance with the principles of justice and legislative and provincial policy requirements. The Provincial Offences Act (POA) Court ensures public access to justice within the framework of individual rights guaranteed by the Canadian Charter of Rights and Freedoms.

### **Court administration**

- Administer public service components of court operations and manage stakeholder relations.
- Administer charges and court-related processes including managing caseload and court scheduling.
- Manage Court Services' financials including fine enforcement and defaulted fine collection.
- Maintain provincial charge and statistical databases.

### **Court facilities**

- Maintain enhanced public access to justice through the provision of fully functional and barrier-free court facilities including public service counters, waiting areas and courtrooms.
- Maintain facilities and amenity areas for judicial, administration, prosecution and in-custody functions.

### **Court support**

- Administer in-court proceedings and maintain the court record.
- Provide transcript production and judicial support services.

### **Prosecutions**

- Provide prosecutorial resources and support for trials and appeals of provincial, regulatory and municipal offences.
- Maintain early resolution initiatives supporting efficiencies in case management and public access to justice.
- Manage case work, including case law research and the preparation of factums and legal arguments.

### **Parking ticket processing and fine collection**

- Administer the parking ticket process pursuant to Part II of the POA, including fine payments, trial scheduling and defaulted fine collections.

## 2019 initiatives

### Our services

- Prepare work in collaboration with other municipal partners, and initiate the Part III transfer.
- Implement the final stage of a new parking ticket software to provide real time information and improved interface with enforcement.

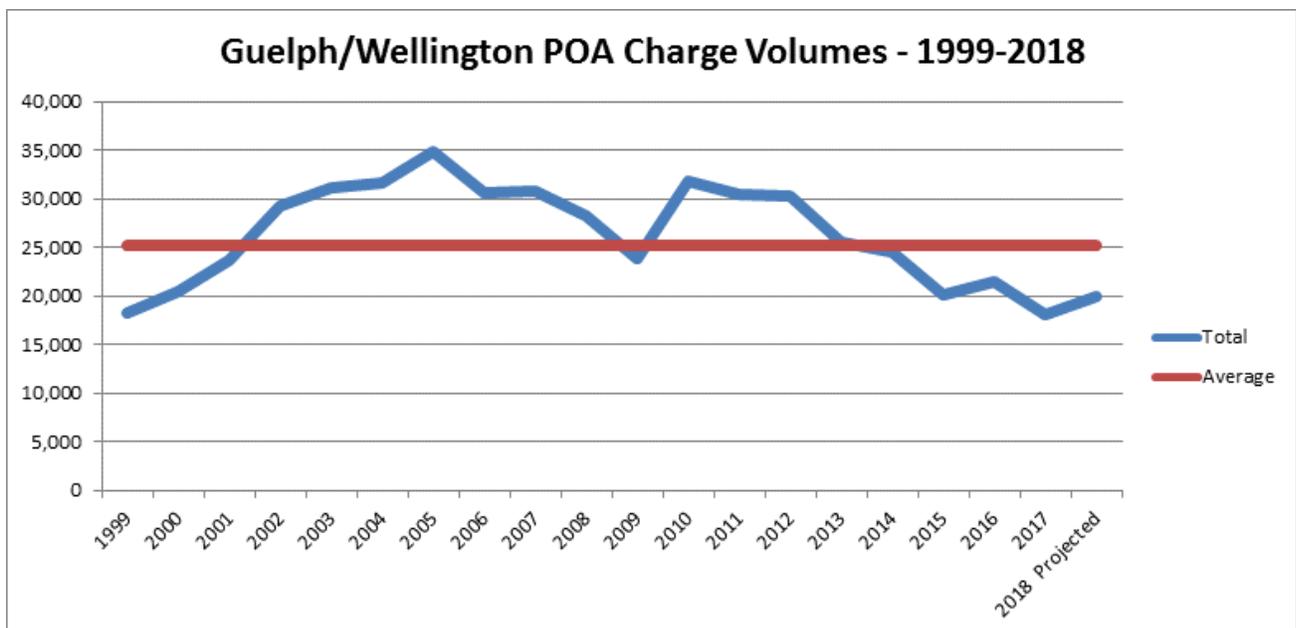
### Our resources

- Continue with facility lifecycle replacement and renovation of prosecution division to allow for the part III transfer.
- Enhance in-court equipment to provide for digital evidence and remote language interpretation services.

### Our people

- Continue collaborating with the province to expand use of the courthouse by other levels of courts and tribunals.

**Figure 3, Guelph/Wellington POA charge volumes, 1999–2018**



## Financial information

This budget represents a 0.4 per cent increase over 2018.

**Table 15, Revenue trend 2017 to 2019 (Court Services)**

Revenue	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
User fees & service charges	(\$3,911,513)	(\$3,903,000)	(\$3,907,700)	(\$4,700)	0.1%
Internal recoveries	(\$71,431)	(\$37,300)	(\$49,700)	(\$12,400)	33.2%
<b>Total revenue</b>	<b>(\$3,982,944)</b>	<b>(\$3,940,300)</b>	<b>(\$3,957,400)</b>	<b>(\$17,100)</b>	<b>0.4%</b>

**Explanation of changes**

- \$20,600 increase in municipal revenue.
- \$20,000 decrease in POA fine revenue as a result of continued lower charge volume.
- \$4,100 increase (additional revenues expected) in rentals from other branches of the Ministry of the Attorney General, including the criminal division.
- \$12,400 increase in parking ticket fine operations as a result of higher program support cost to address production of notices.

**Table 16, Expense trend 2017 to 2019 (Court Services)**

Expenditure	2017 actuals	2018 approved budget	2019 purposed budget	2019 budget change	2019 budget change
Salary, wage & benefits	\$1,392,528	\$1,425,100	\$1,286,800	(\$138,300)	(9.7%)
Purchased goods	\$124,770	\$96,800	\$130,000	\$33,200	34.3%
Purchased services	\$370,290	\$396,253	\$393,700	(\$2,553)	(0.6%)
Government transfers	\$304,056	\$306,708	\$313,000	\$6,292	2.1%
Financial expenses	\$14,023	\$13,900	\$15,000	\$1,100	7.9%
Internal charges	\$1,777,276	\$1,701,539	\$1,818,900	\$117,361	6.9%
<b>Total expenditures</b>	<b>\$3,982,943</b>	<b>\$3,940,300</b>	<b>\$3,957,400</b>	<b>\$17,100</b>	<b>0.4%</b>

**Explanation of changes**

- \$138,300 decrease in salaries and benefits resulting from a realignment of Court Services into Legal, Realty and Court Services.
- \$25,000 increase in utility costs.
- \$7,500 increase in administration cost due to higher use of e-ticket papers and requirement for new tickets to be ordered as a result of legislative changes.
- \$7,700 decrease in interpreter costs due to implementation of remote interpretation.
- \$95,500 increase in staff chargeback due to realignment of Court Services into Legal, Realty and Court Services. New support service costs budgeted this year to align with methodology used in other non-tax service areas.

## **Reserves: Courts Operating Contingency**

Purpose: To meet emergency and unplanned funding needs for Courts in order to avoid an operating deficit.

Target: 10% of City's share of Court's gross operating expenditures.

Funding Strategy: Annual budget surplus transfers

2018 forecasted ending Reserve balance: \$485,000

2019 forecasted ending Reserve balance: \$485,000

2019 target Reserve balance: \$390,700

2019 forecast as a percentage of target: 124 per cent

## **Capital programs of work (see capital budget)**

- Corporate Projects