

# CITY COUNCIL AGENDA



**Council Chambers, Guelph City Hall, 1 Carden Street**

**DATE** Wednesday, January 21, 2015 – 6:00 p.m.

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

## **Disclosure of Pecuniary Interest and General Nature Thereof**

### **CONSENT REPORTS/AGENDA – ITEMS TO BE EXTRACTED**

*The following resolutions have been prepared to facilitate Council’s consideration of the various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Reports/Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Consent Reports/Agenda will be approved in one resolution.*

### **Consent Reports/Agenda from:**

<b>Council Consent Agenda</b>			
<b>Item</b>	<b>City Presentation</b>	<b>Delegations (maximum of 5 minutes)</b>	<b>To be Extracted</b>
CON-2015.1 2015 Non-Tax Supported Operating and Capital Budgets	<ul style="list-style-type: none"> <li>• Peter Busatto, General Manager of Water Services</li> <li>• Kiran Suresh, General Manager of Waste Water Services</li> <li>• Brad Coutts, Manager of Court Services</li> <li>• Bruce Poole, Chief Building Official</li> </ul>	<ul style="list-style-type: none"> <li>• Joe Farwell, CAO, Grand River Conservation Authority &amp; Sonja Radoja, Manager of Corporate Services, GRCA</li> </ul>	✓

Adoption of balance of the Council Consent Agenda – Councillor

### **ITEMS EXTRACTED FROM COMMITTEES OF COUNCIL REPORTS AND COUNCIL CONSENT AGENDA** (Chairs to present the extracted items)

*Once extracted items are identified, they will be dealt with in the following order:*

- 1) delegations (may include presentations)

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- 2) *staff presentations only*
  - 3) *all others.*

Reports from:

- Council Consent – Mayor Guthrie

## **SPECIAL RESOLUTIONS**

### **MAYOR'S ANNOUNCEMENTS**

*Please provide any announcements, to the Mayor in writing, by 12 noon on the day of the Council meeting.*

## **NOTICE OF MOTION**

## **ADJOURNMENT**

## CONSENT AGENDA

January 21, 2015

His Worship the Mayor  
and  
Members of Guelph City Council.

### **SUMMARY OF REPORTS:**

The following resolutions have been prepared to facilitate Council's consideration of the various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with immediately. The balance of the Consent Agenda will be approved in one resolution.

### **A REPORTS FROM ADMINISTRATIVE STAFF**

<b>REPORT</b>	<b>DIRECTION</b>
<p data-bbox="113 905 1242 968"><b>CON-2015.1      2015 Non-Tax Supported Operating and Capital Budgets</b></p> <p data-bbox="113 1010 1242 1073">That Council receives and refers to the January 28, 2015 Council meeting:</p> <p data-bbox="113 1115 1242 1146">For Water and Wastewater Services</p> <ol data-bbox="113 1188 1242 1892" style="list-style-type: none"><li data-bbox="113 1188 1242 1293">1. the proposed expansion packages in the net amounts of \$358,900 for Water Services and \$44,600 for Wastewater Services; and</li><li data-bbox="113 1335 1242 1440">2. the 2015 Water and Wastewater Operating Budgets in the amounts of \$27,103,310 and \$28,857,240 respectively, inclusive of expansions; and</li><li data-bbox="113 1482 1242 1587">3. the 2015 Water and Wastewater Capital Budgets and 2016-2024 Forecasts in the amounts of \$206,632,200 and \$192,118,600 respectively; and</li><li data-bbox="113 1629 1242 1755">4. the City of Guelph water volume charge of \$1.53 cents per cubic metre effective March 1, 2015 and the wastewater volume charge of \$1.66 cents per cubic metre, effective March 1, 2015; and</li><li data-bbox="113 1797 1242 1892">5. the City of Guelph water and wastewater basic service charges be increased as per attached schedule "A" effective March 1, 2015; and</li></ol>	<p data-bbox="1242 905 1546 936">Receive/Refer</p>

6. the Water Services and Wastewater Services Fees and Services By-law be passed.

For Court Services

7. the 2015 Court Services Operating Budget in the amount of \$3,349,900; and
8. the 2015 Court Services Capital Budget and 2016-2024 Capital Forecast in the amount of \$682,400; and

For Ontario Building Code Administration

9. the 2015 Ontario Building Code Administration Operating Budget in the amount of \$3,006,510 and
10. The 2015 Ontario Building Code Administration Capital Budget and 2016-2024 Capital Forecast in the amount of \$166,000

attach.

# **Non-tax-supported Strategy**

2015 Proposed Operating and Capital Budget and Forecast

# Agenda

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Introduction/Overview (Al Horsman);

Presentations:

- Court Services (Brad Coutts);
- Ontario Building Code (Bruce Poole);
- Water Services (Peter Busatto);
- Wastewater Services (Kiran Suresh).

# Overview Non Tax Supported Programs

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- **Court Services** – provides mandatory court services under agreement with the province of Ontario;
- **Ontario Building Code** – responsible for the administration and enforcement of the Ontario Building Code;
- **Water Services** – ensures a safe, secure and sustainable water supply for residential , business, recreation and firefighting purposes;
- **Wastewater Services** – delivers reliable sanitary services and high quality effluent that meets or exceeds regulatory requirements.

# Key Highlights and Assumptions

- The 2015 Non-Tax Supported Budgets build on previous years' work;
- The 2015 Operating budgets are service based;
- Operating Strategy includes the recommended 2015 Operating Budget and a 3 year (2016 – 2018) operating forecast;
- The Recommended Non-Tax Supported Capital Budgets include 2015 for approval and a 9 year Capital forecast (2016 – 2024);
- The Non-Tax Supported includes **NO** transfer from property tax;



# Key Themes

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As with the Tax Supported Strategy, the Non-Tax Supported programs have been developed to:

- maintain existing infrastructure;
- consider affordability;
- address the infrastructure gap (achieve sustainability)

# Overview/Summary

## Operating (including expansion and capital contribution)

	2014	2015	Rate Change
<b>Court Services</b>			
Expenditure	\$3,642,000	\$3,349,900	-8.02%
Revenue	\$3,642,000	\$3,349,900	-8.02%
<b>Ontario Building Code (OBC)</b>			
Expenditure	\$2,900,000	\$3,006,510	3.67%
Revenue	\$2,900,000	\$3,006,510	3.67%
<b>Water</b>			
Expenditure	\$26,351,480	\$27,103,310	5.22% *
Revenue	\$26,351,480	\$27,103,310	5.22% *
<b>Wastewater</b>			
Expenditure	\$28,293,090	\$28,857,240	3.42% *
Revenue	\$28,293,090	\$28,857,240	3.42% *

## Capital Budget

	2014	2015	2016-2024
<b>Court Services</b>	\$63,800	\$302,400	\$380,000
<b>Ontario Building Code (OBC)</b>	\$23,200	\$34,200	\$131,800
<b>Water</b>	\$18,067,300	\$15,915,100	\$190,717,100
<b>Wastewater</b>	\$9,480,100	\$19,759,400	\$172,359,200

\* Average rate increase based on City estimate of annual bill (185 metric metre consumption)

# Court Services (Tab 4)



# Court Services

- Mandatory service provided by the City under agreement with the Province of Ontario;
- Service is provided in accordance with the principles of justice and legislative and provincial policy;
- Service ensures public access to justice required by the *Canadian Charter of Rights and Freedoms*;
- Municipalities cannot alter fine amounts to increase revenue. Fine amounts are set by provincial legislation, not by municipalities operating courts.

# Court Services Provided

## Court Administration

Public service component of court processes  
Stakeholder relations  
Financial operations

## Prosecutions

Case resolution services  
Trials and appeals  
Case management  
Legal research and document preparation

## Court Support

Administration of in-court proceedings  
Transcript production services  
Judicial support services

## Facilities

Provision of public, judicial, administrative and in-custody amenities  
Maintenance and cleaning services

# 2014 Court Services Accomplishments

- Revised departmental data systems, and Implemented use of Equifax, MTO and Geowarehouse systems;
- Working with Guelph Police Service, implemented initial processes associated with E-Tickets;
- Completed assessment of on-line fine payment options;
- Enhanced utilization of court facilities and realigned resources within the prosecutorial process resulting in streamlined service;
- Provided support to increased number of courts and tribunals.

# 2015 Court Services Objectives

- Implement direct upload of electronic ticket data;
- Implement on-line fine payment system;
- Establish operating protocols for adding fines to the tax roll;
- Replace roof;
- Implement corporate operational synergies (i.e. more efficient use of staff resources in maintaining market square).



## 2015 Key Changes

- \$292,100 reduction in gross revenue;
- Net revenue to the County reduced by \$105,095 over 2014 amount;
- Increased costs associated with Interpreters, facility equipment service costs and compensation;
- Increase in some purchased goods;
- Increase in internal charges;
- Reduced contribution to capital reserve to mitigate anticipated lower revenue due to reduced charge volumes.



# Court Services Operating Budget (by Service Area)

	2014 Approved Budget	2015 Budget by Service					Yr/Yr Change (\$)	Yr/Yr Change (%)
		Court Administration	Court Support	Prosecutions	Facilities	Total		
<b>Revenue</b>								
By-Law Fines	(\$131,200)	(\$111,800)	\$0	\$0	\$0	(\$111,800)	\$19,400	(15%)
POA Fines	(\$3,500,000)	(\$3,232,300)	\$0	\$0	\$0	(\$3,232,300)	\$267,700	(8%)
Facility Rentals	(\$2,300)	\$0	\$0	\$0	(\$2,300)	(\$2,300)	\$0	0%
Transcript Revenue	(\$8,500)	\$0	(\$3,500)	\$0	\$0	(\$3,500)	\$5,000	(59%)
<b>Total Revenues</b>	<b>(\$3,642,000)</b>	<b>(\$3,344,100)</b>	<b>(\$3,500)</b>	<b>\$0</b>	<b>(\$2,300)</b>	<b>(\$3,349,900)</b>	<b>\$292,100</b>	<b>(8%)</b>
<b>Expenditures</b>								
Compensation	\$1,328,600	\$665,136	\$184,494	\$380,930	\$112,340	\$1,342,900	\$14,300	1%
Purchased Goods	\$108,700	\$15,580	\$3,500	\$4,930	\$90,891	\$114,900	\$6,200	6%
Purchased Services	\$358,110	\$114,163	\$198,577	\$29,299	\$27,981	\$370,020	\$11,910	3%
Bank Charges	\$30,500	\$32,200	\$0	\$0	\$0	\$32,200	\$1,700	6%
Payment to County	\$688,395	\$583,300	\$0	\$0	\$0	\$583,300	(\$105,095)	(15%)
Debt Charges	\$400,000	\$0	\$0	\$0	\$400,000	\$400,000	\$0	0%
Internal Charges	\$308,100	\$152,788	\$31,464	\$67,448	\$65,900	\$317,600	\$9,500	3%
<b>Total Expenditures</b>	<b>\$3,222,405</b>	<b>\$1,563,167</b>	<b>\$418,035</b>	<b>\$482,607</b>	<b>\$697,112</b>	<b>\$3,160,920</b>	<b>(\$61,485)</b>	<b>(2%)</b>
<b>Net Budget before Reserve Financing</b>	<b>(\$419,595)</b>	<b>(\$1,780,933)</b>	<b>\$414,535</b>	<b>\$482,607</b>	<b>\$694,812</b>	<b>(\$188,980)</b>	<b>\$230,615</b>	<b>55%</b>
Reserve Financing	\$419,595	\$158,046	\$0	\$0	\$30,934	\$188,980	(\$230,615)	(55%)
<b>Net Budget After Reserve Financing</b>	<b>\$0</b>	<b>(\$1,622,887)</b>	<b>\$414,535</b>	<b>\$482,607</b>	<b>\$725,746</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
<b>Full Time Equivalents</b>	<b>15.8</b>	<b>8.28</b>	<b>2.37</b>	<b>3.8</b>	<b>1.35</b>	<b>15.8</b>	<b>0</b>	

## **3 Year Operating Budget Forecast and Drivers**

- Multi-Year operating budget forecast has been provided for all 4 areas for information only

### **Assumptions used in the Court Services forecast**

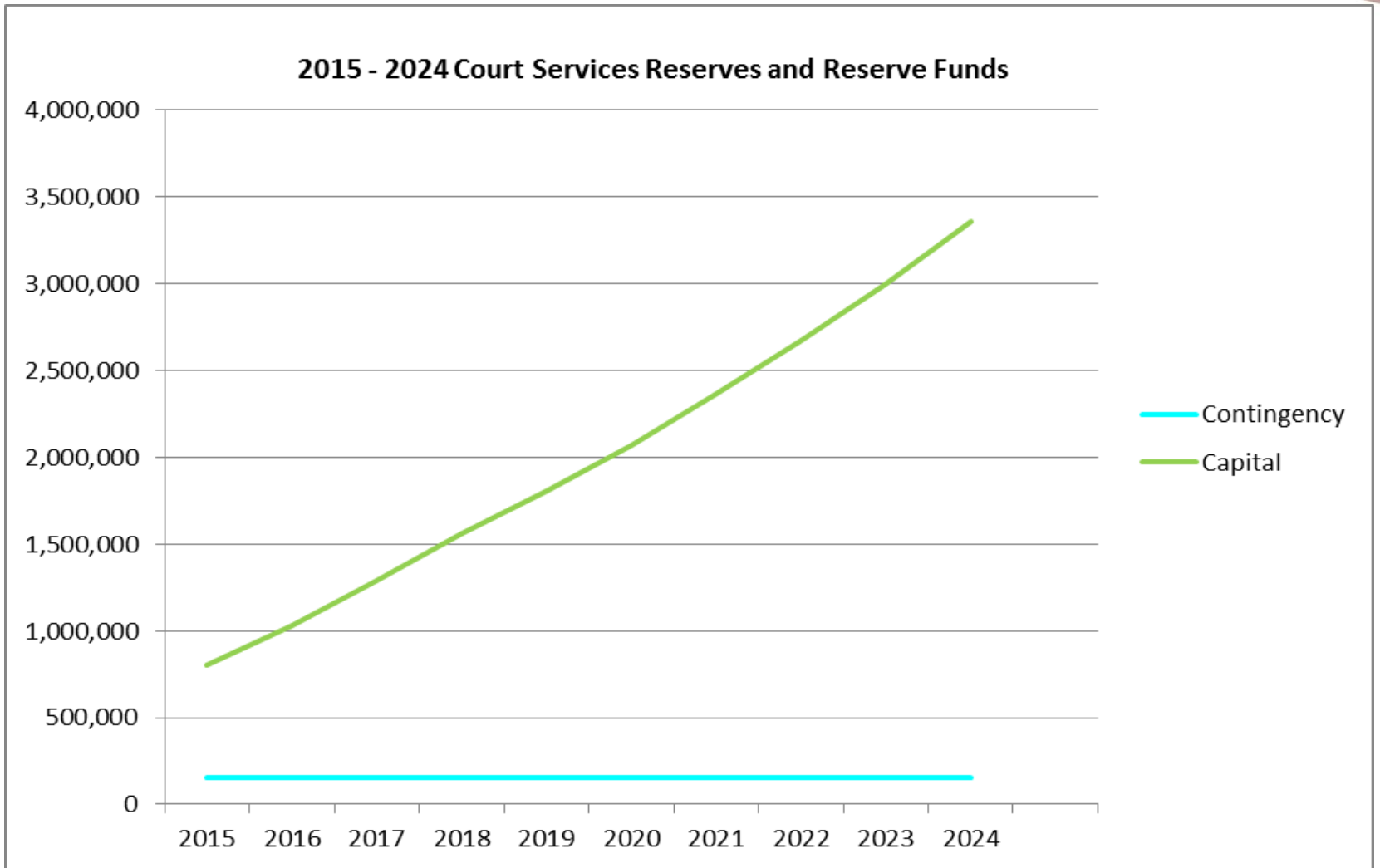
- Compensation - increases reflective of collective agreements;
- Purchased Goods – 2% applied for most goods. Projecting some reductions where transitioning to innovative solutions;
- Purchased Services – 2% for most services. Projecting some reductions in provincial chargebacks due to reduced court schedule;
- Financial Expenses and Program Support Costs – annual increases based on historic trends;
- Revenues - projecting approximately 1.5% annual increase related to enhanced default fine enforcement efforts.

# Court Services Multi-Year Forecast

	2015 Total Proposed Budget	Total 2016 Forecasted Budget	Total 2017 Forecasted Budget	Total 2018 Forecasted Budget
<b>Revenue</b>				
By-Law Fines	(\$111,800)	(\$114,000)	(\$116,300)	(\$118,600)
POA Fines	(\$3,232,300)	(\$3,296,900)	(\$3,362,900)	(\$3,430,100)
Facility Rentals	(\$2,300)	(\$2,300)	(\$2,300)	(\$2,300)
Transcript Revenue	(\$3,500)	(\$3,400)	(\$3,300)	(\$3,200)
<b>Total Revenues</b>	<b>(\$3,349,900)</b>	<b>(\$3,416,600)</b>	<b>(\$3,484,800)</b>	<b>(\$3,554,200)</b>
<b>Expenditures</b>				
Compensation	\$1,342,900	\$1,333,750	\$1,359,200	\$1,386,700
Purchased Goods	\$114,900	\$115,700	\$121,200	\$125,800
Purchased Services	\$370,020	\$377,520	\$380,540	\$386,524
Bank Charges	\$32,200	\$32,700	\$33,300	\$33,900
Payment to County	\$583,300	\$594,800	\$606,700	\$618,700
Debt Charges	\$400,000	\$400,000	\$400,000	\$400,000
Internal Charges	\$317,600	\$317,900	\$318,100	\$318,200
<b>Total Expenditures</b>	<b>\$3,160,920</b>	<b>\$3,172,370</b>	<b>\$3,219,040</b>	<b>\$3,269,824</b>
<b>Net Budget before Reserve Financing</b>	<b>(\$188,980)</b>	<b>(\$244,230)</b>	<b>(\$265,760)</b>	<b>(\$284,376)</b>
Reserve Financing	\$188,980	\$244,230	\$265,760	\$284,376
<b>Net Budget After Reserve Financing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Full Time Equivalents</b>	<b>15.8</b>	<b>15.8</b>	<b>15.8</b>	<b>15.8</b>

## POA Capital Summary ('000s)

<b>Project Category</b>	<b>Project Cost</b>	<b>County Contributions</b>	<b>Capital Reserves</b>
Court Facilities	313.0	156.5	156.5
Court Administration	369.4	184.7	184.7
<b>Total Capital Budget</b>	<b>682.4</b>	<b>341.2</b>	<b>341.2</b>



# **Ontario Building Code (OBC) Administration and Capital Budgets (Tab 5)**



# Building Services Areas

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Two primary service areas which are separate from one another due to their involvement with the Ontario Building Code:

**OBC & Reserve** – Funded solely from revenues generated by building permit fees.

**Non-OBC** – Various by-laws, programs & services are funded through the tax-supported operating budget.



# 2014 OBC Accomplishments

- Launched an effective Legal Proceedings Program which will assist in the enforcement of the Ontario Building Code and various by-laws;
- Continued significant involvement by several staff in the corporate assessment and upgrade of the AMANDA Software Program;
- Assisted external stakeholders with all new Ontario Building Code changes effective January 1st, 2014;
- Contributed to the development application review process through the Integrated Operational Review.



# 2015 OBC Objectives

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- Implement effective changes in the enforcement of the Ontario Building Code and various by-laws;
- Commence maintenance program for private sewage systems as required by the Clean Water Act;
- Complete entire upgrade of the corporate AMANDA Software Program to the current web based version;
- Continue to implement all aspects of the new Inactive Permits Program developed by staff;
- Implement and educate stakeholders on new Ontario Building Code changes to accessibility requirements and mid-rise wood construction, effective January 1, 2015;
- Final development and implementation of a comprehensive Customer Satisfaction Survey Strategy Plan to ensure our services are meeting the needs of our customers.

# 2014 Performance Measures

## Turnaround Times for House Permits

	2011	2012	2013	2014 projected	2015 forecast
Permits issued	256	235	149	150	150
Legislated turnaround times (days)	10	10	10	10	10
Average turnaround times (days)	7.6	9.3	9.0	9.0	< 9.0
Permits issued within legislated turnaround times	93%	96%	95%	95%	95%

## 2015 Key Changes:

- \$50,000 increase in Permits Revenue from permit fees due to increased building activity;
- \$201,940 increase in Internal Charges due to an FTE expansion for Resource Conservation Inspector cross charged to OBC and contribution to interdepartmental service charges;
- \$56,510 increase in transfer from reserves to partially fund the cross charge for Resource Conservation Inspector position.

# 2015 OBC Budget

	2014 Approved Budget	2015 OBC Requested Budget	Year/Year Change (\$)	Year/Year Change (%)
<b>Revenue</b>				
Licenses and Permits	(\$2,900,000)	(\$2,950,000)	(\$50,000)	2%
Transfer from Reserves	\$0	(\$56,510)	(\$56,510)	100%
<b>Total Revenue</b>	<b>(\$2,900,000)</b>	<b>(\$3,006,510)</b>	<b>(\$106,510)</b>	<b>4%</b>
<b>Expenditures</b>				
Purchased Goods	\$54,100	\$57,300	\$3,200	6%
Purchased Services	\$91,400	\$93,900	\$2,500	3%
Bank Charges	\$20,000	\$20,500	\$500	3%
Internal Charges	\$2,632,870	\$2,834,810	\$201,940	8%
Transfer to Reserves	\$101,630	\$0	(\$101,630)	-100%
<b>Total Expenditures</b>	<b>\$2,900,000</b>	<b>\$3,006,510</b>	<b>\$106,510</b>	<b>4%</b>
<b>Net Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>

# **Assumptions in OBC Multi-Year Forecast**

- Compensation increases reflect collective agreements;
- 2016 – 2018 includes transfers from OBC reserve due to the forecasted one FTE in 2016 and 2018
- Revenue estimated based on expected activity.

# OBC Multi-Year Forecast

	2015 OBC Requested Budget	2016 Proposed Budget	2017 Proposed Budget	2018 Proposed Budget
<b>Revenue</b>				
Licenses and Permits	(\$2,950,000)	(\$3,068,000)	(\$3,190,700)	(\$3,318,300)
Transfer from Reserves	(\$56,510)	(\$91,500)	(\$58,700)	(\$166,900)
<b>Total Revenue</b>	<b>(\$3,006,510)</b>	<b>(\$3,159,500)</b>	<b>(\$3,249,400)</b>	<b>(\$3,485,200)</b>
<b>Expenditures</b>				
Purchased Goods	\$57,300	\$58,100	\$58,900	\$59,700
Purchased Services	\$93,900	\$94,300	\$94,700	\$95,100
Bank Charges	\$20,500	\$21,100	\$21,700	\$22,400
Internal Charges	\$2,834,810	\$2,986,000	\$3,074,100	\$3,308,000
Transfer to Reserves	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$3,006,510</b>	<b>\$3,159,500</b>	<b>\$3,249,400</b>	<b>\$3,485,200</b>
<b>Net Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# OBC Administration: Capital Budget Overview

## 2015 - 2024 Ontario Building Code Capital Budget & Forecast (\$'000s)

Project Category	Project Cost	Capital Reserves
<b>Strategic Plan</b>		
IT Strategic Plan	166.0	(166.0)
<b>Total Strategic Plan</b>	<b>166.0</b>	<b>(166.0)</b>
<b>Total Capital Budget</b>	<b>166.0</b>	<b>(166.0)</b>

*The figure represents the 10 year Capital Costs to be funded from OBC*

# Building Stabilization Reserve

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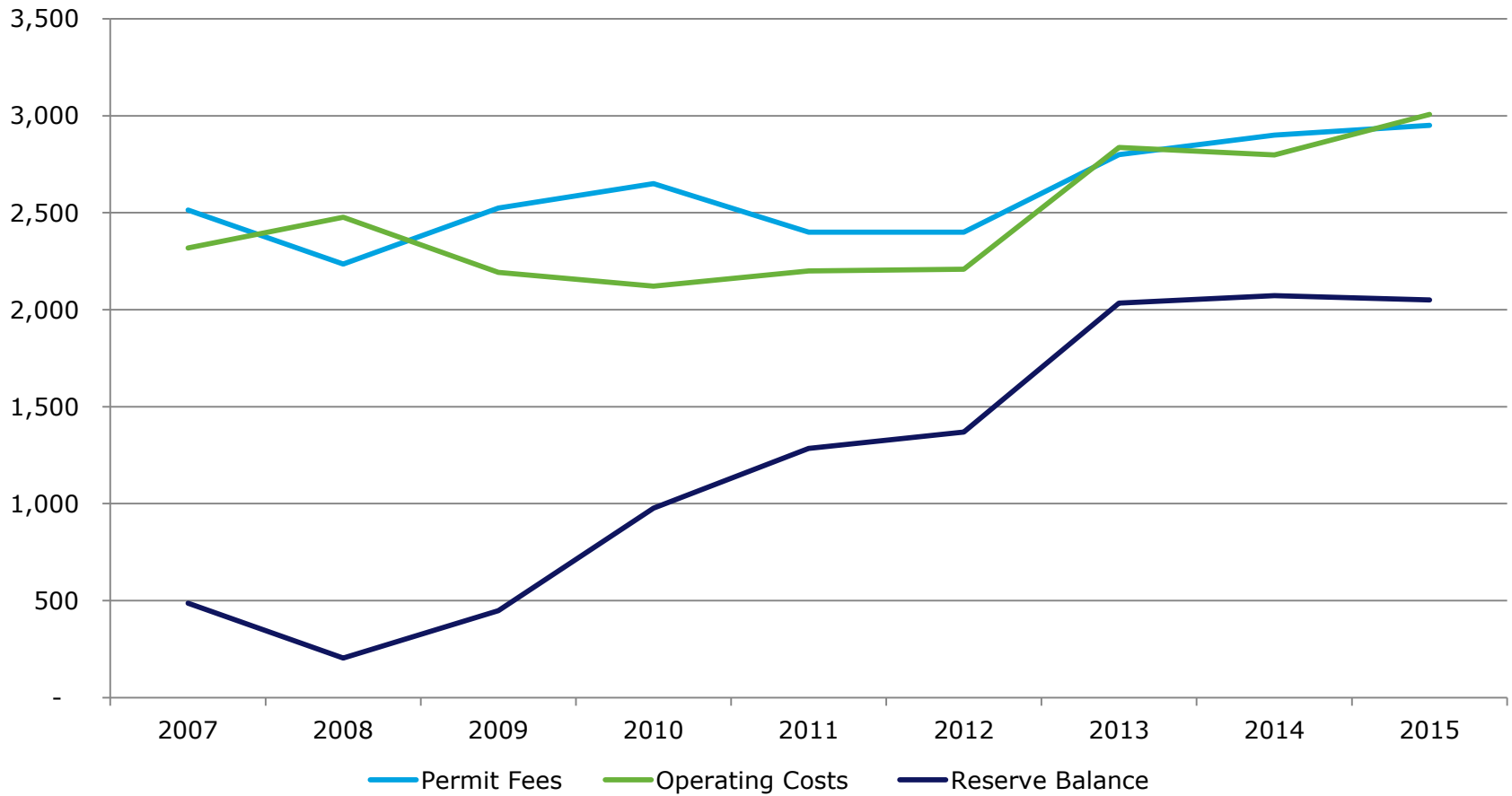
Only used for Ontario Building Code matters:

- Offset lean years;
- Implement service enhancements;
- Unexpected expenses

Maximum reserve limit = One year of operating costs.



## Permit Fees, Operating Costs & Reserve Activities (\$000's)



# Water Services Budgets (Tabs 1 – 2)



# 2014 Water Services Key Accomplishments

- High MOE Inspection scores;
- Passed Drinking Water Quality Management System Audit;
- Council approved Water/Wastewater Long Range Financial Plan;
- Council approved Water Supply Master Plan Update;
- Arkell Adaptive Management Plan implementation;
- Reclaimed ~1,120 m<sup>3</sup>/day through demand management including 600m<sup>3</sup>/day in leak reduction;
- Launched Critical Customer Enrolment System;
- Met ON1CALL locates mandatory registration deadline;
- Completed capital upgrades including Arkell Dam, Woods transformer, electrical and SCADA system upgrades, etc.;
- Guelph Water Wagon serviced 16 community events;
- Continued implementation of management structure reorganization;
- Repaired large number of mainbreaks and frozen services.

# 2015 Water Services Key Objectives

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- Updates to Facility Master Plan and Property Acquisition Strategy;
- Complete Conservation & Efficiency Strategy Update;
- Continue Rate Review, Billing Policies Review, and Water By-law Update;
- Continue implementation of leak reduction program;
- Pilot automated meter reading equipment;
- Continue implementation of Arkeil Adaptive Management Plan;
- Implement upgrades related to new MOECC treatment guidelines;
- Develop management plan for Volatile Organic Compounds (VOC's);
- Continued implementation of management structure reorganization;
- Continued implementation of Infrastructure Locates improvements;
- Continued implementation of Source Protection Programs.

# Rate Setting Objectives

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- Consistent with sustainability targets of Long-Range Financial Plan (i.e. rate representative of true cost of providing service);
- Ensure continued compliance with Provincial Regulations;
- Ensure adequate lifecycle funding for system infrastructure renewal;
- Predictable and affordable (i.e. eliminate rate spikes);
- Maintain cost competitiveness with comparable municipalities;
- Encourage efficient use by allowing customers to control costs through extent of service use.

# Benefits of Water Use Efficiency

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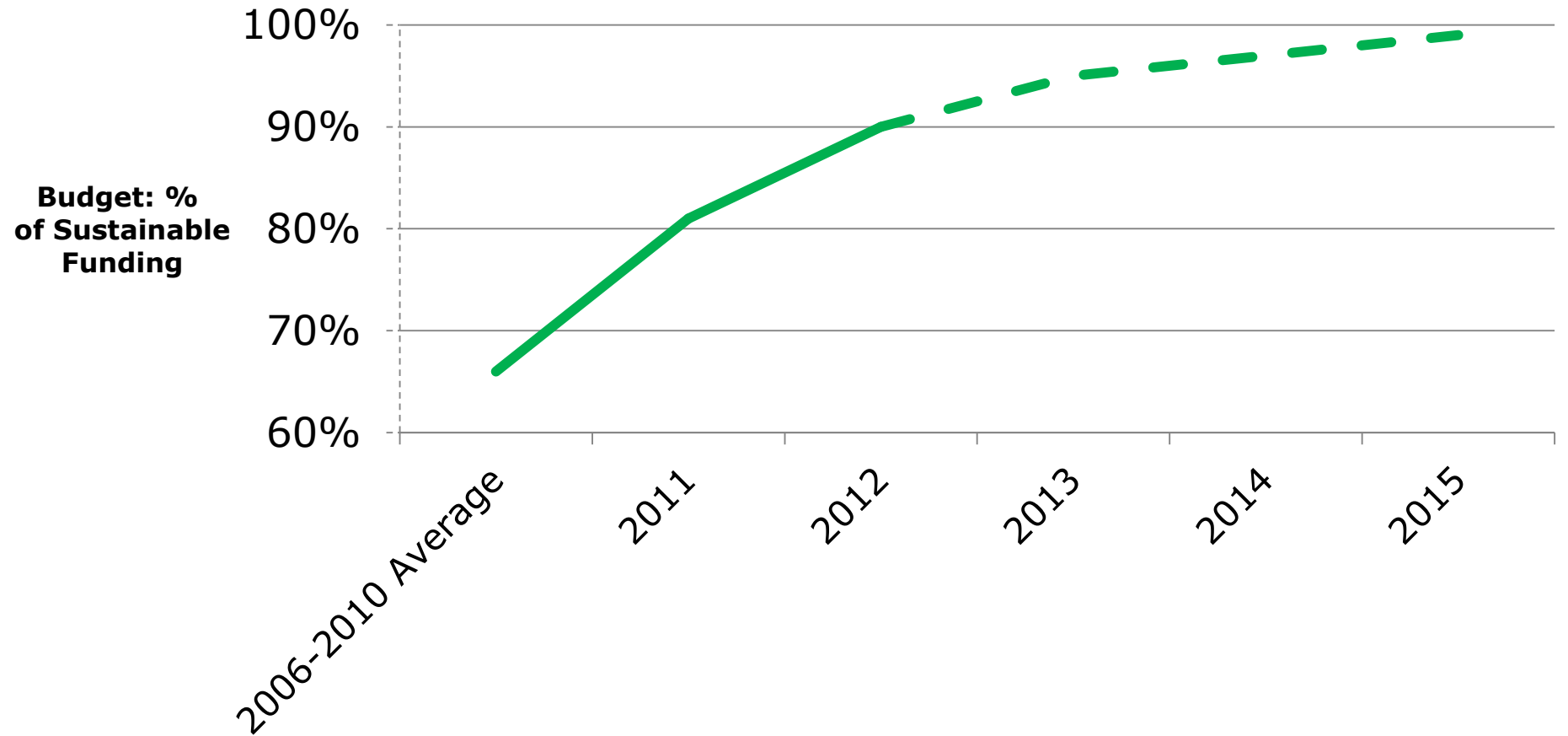
- Allows customers to control and reduce bills;
- Decreases and defers community capital investments (new water supply/ wastewater treatment);
- Reduces Water and Wastewater pumping, treatment, chemical, and maintenance costs – lower rate pressures;
- Cheapest source of new source of capacity for service reliability and future growth;
- Leaves groundwater in the aquifer for future use and benefit to the environment;
- Mandated by the Province in the issuance of Permits To Take Water.



# Water Rate Pressures

- Mandatory Financial Plan requires sustainable funding;
- Infrastructure sustainable funding gap closing but capital reserves not funding accumulated depreciation (i.e. \$46M backlog);
- Expenses pressures include capital financing, internal charges, compensation, and expansions;
- Forecasted 2.4% decrease in 2015 billable consumption based on continued efficient residential growth, lower customer use, stable ICI use, and conservation and efficiency program gains.

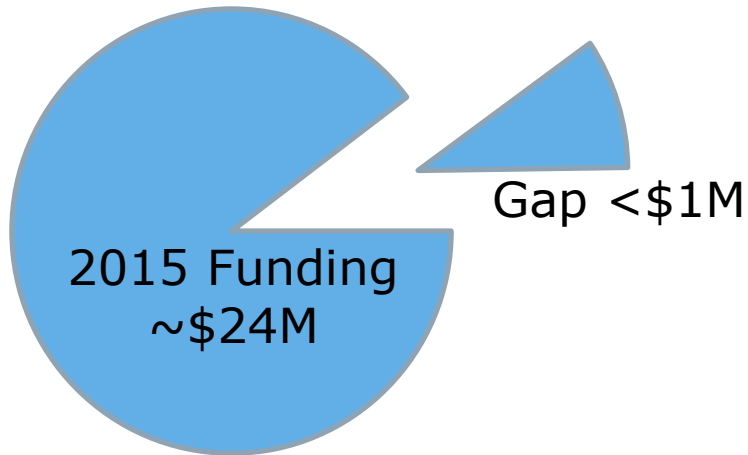
# Progress to Achieve 100% Annual Sustainable Funding





# 2015 Water Infrastructure Gap & Backlog

## Water Annual Funding



## Proposed 2015 Rates & Increased Average Annual Residential Bill

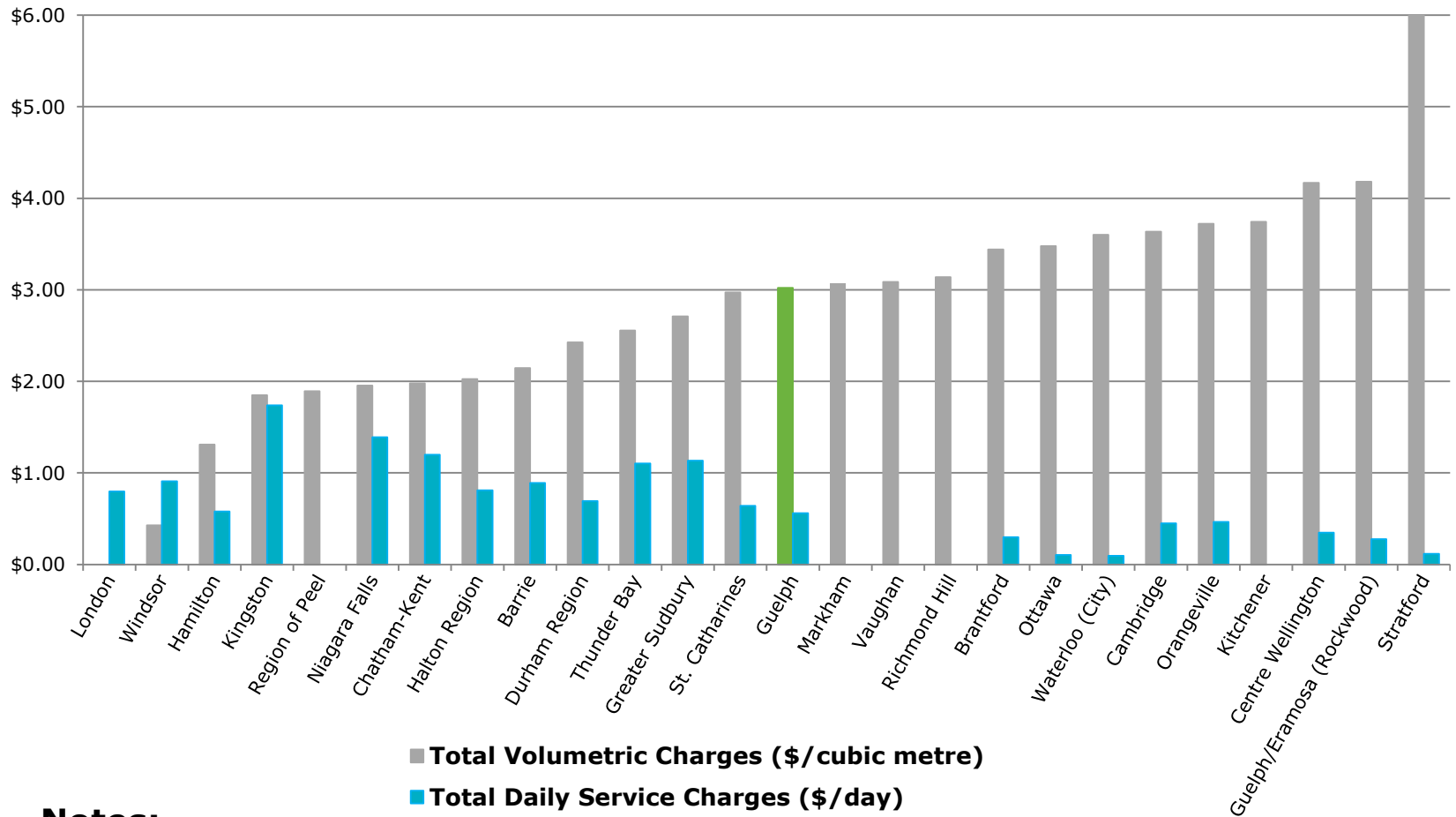
### Summary of Rate Changes and Impact on Average Residential Water/Wastewater Annual Bill (365 days)

	2014	2015	Change
Water Volume Charge \$/cubic metre	\$1.43	\$1.53	\$0.10
Water Basic Charge \$/day	\$0.25	\$0.26	\$0.01
Wastewater Volume Charge \$/cubic metre	\$1.59	\$1.66	\$0.07
Wastewater Basic Charge \$/day	\$0.31	\$0.32	\$0.01
Average Residential Annual Bill (185* cubic metre)	\$763	\$796	\$33 or 4.3%

**Notes:**

\*Average annual volume of water consumed by a three-person household in Guelph is estimated at 185 m<sup>3</sup>. 2015 rates will come into effect on March 1, 2015. The 2015 average annual residential bill is calculated based on two months of existing rates (January and February) and 10 months of increased rates (March to December).

## Residential Water and Wastewater Volumetric Rates and Service Charges of Comparator Municipalities (2014 Rates)



**Notes:**

\*The volumetric rate shown here represents the rate charged for the first cubic metre of water used each month.


# Budget Development Steps

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- Team approach with focus on quality control;
- Development of detailed water and wastewater demand forecasts;
- Budget expense line updates and modifications to meet spending target;
- Development, review, and prioritization of expansion packages;
- Update of capital budget and forecast;
- Use of rate model to match expense total with required revenue (both volumetric and basic);
- Use of rate model to determine reserve contributions;
- Update to multi-year budget forecasts;
- Benchmark against Council approved Long Range Financial Plan
- Multi-step internal review and approvals.

# Demand Forecasting Methodology

2014 YTD Revenue Analysis & Year End Forecasting



Revenue Stream Growth Evaluation & Forecast

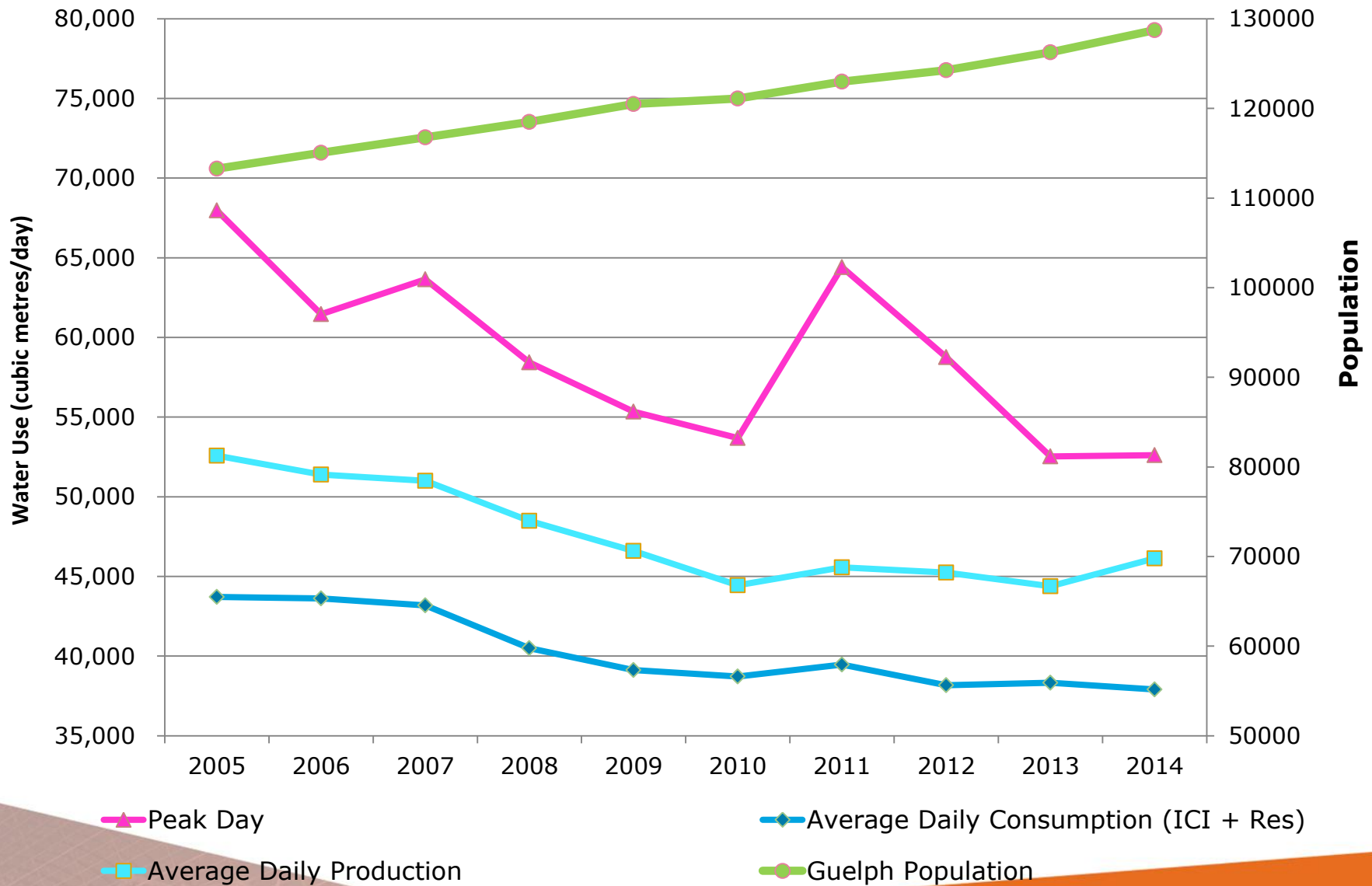


Accuracy Assessment and Revenue Stream Adjustment

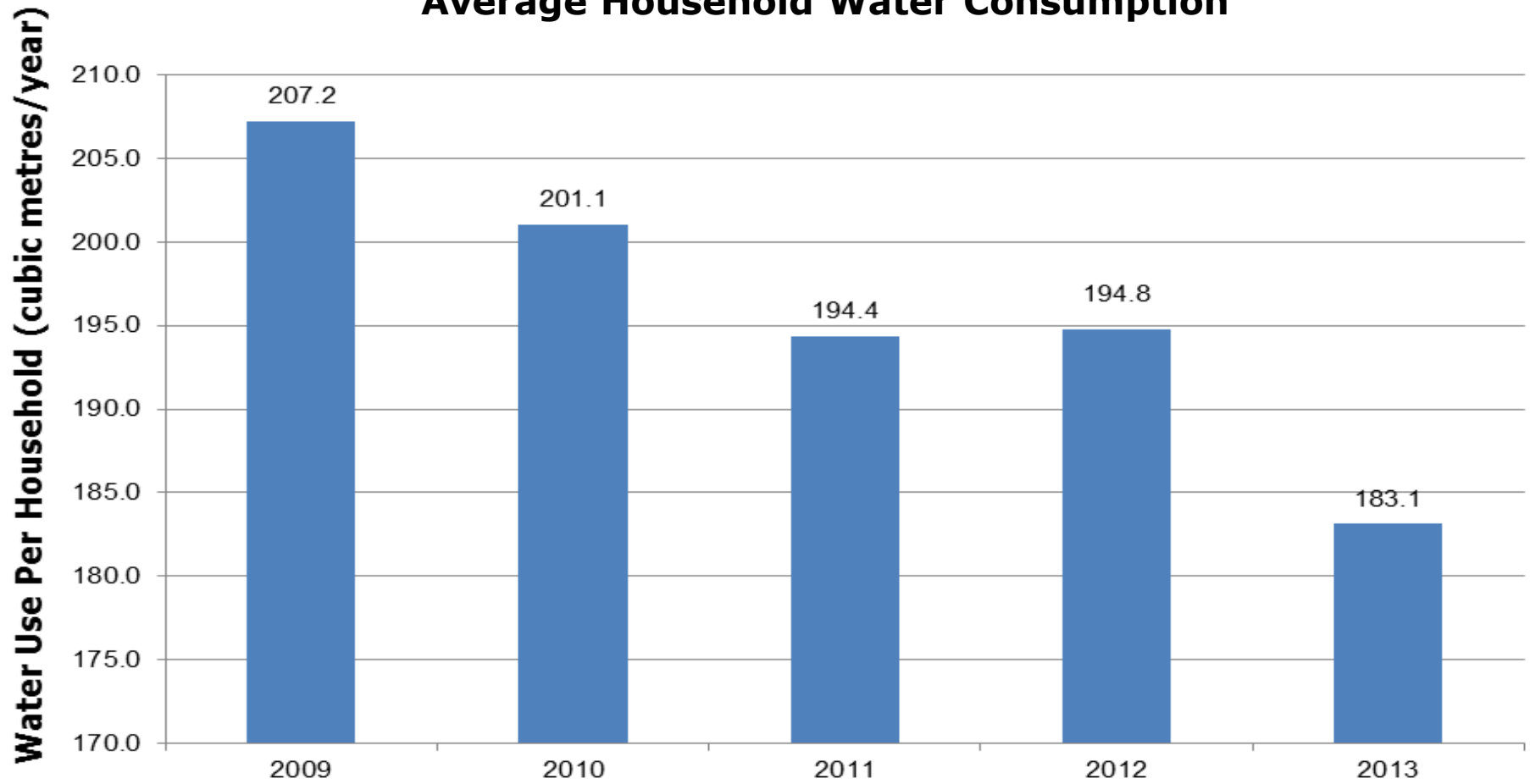


2015 Billable Revenue Forecast Development

# Guelph Water Production vs. Water Consumption vs. Population



## Average Household Water Consumption



# 2015 Major Operating Budget Changes

## Revenue :

- Billable consumption: Forecast 2.1% decrease

## Operating budget :

- Compensation: +\$178,300 or +3.3%
- Purchase goods & services: -\$546,300 or -8.8% (includes \$220,000 moved to contingency reserve)
- Other Transfers: (GRCA Levy) +\$26,800; Internal Charges: +\$127,830
- Net Expenditure Increase of 0.04% (not including expansions and capital financing)

**Expansions :** Supervisor & Locates positions: +\$358,900

**Capital Financing :** Transfers to Capital reserves for growth/aging infrastructure: +\$386,300 or 3.5%

**Overall operating expenditures +\$751,830 or 2.9%**



# 2015 Proposed Water Operating Budget by Service Area

	2014 Approved Budget	Customer Service and Conservation	Supply, Treatment and Protection	Distribution and Metering	2015 Total Requested Budget	Year/Year Change (\$)	Year/Year Change (%)
<b>Revenue</b>							
User Fees & Service Charges	(24,218,680)	(24,968,010)	0	0	(24,968,010)	(749,330)	3.1%
Product Sales	(27,000)	(14,800)	0	0	(14,800)	12,200	-45.2%
Licenses & Permits	(50,000)	(45,000)	0	0	(45,000)	5,000	-10.0%
Interest & Penalties	(13,000)	(13,000)	0	0	(13,000)	0	0.0%
External Recoveries	(1,037,300)	(270,000)	(76,100)	(709,600)	(1,055,700)	(18,400)	1.8%
Internal Recoveries	(1,005,500)	(1,006,200)	0	(600)	(1,006,800)	(1,300)	0.1%
<b>Total Revenue</b>	<b>(26,351,480)</b>	<b>(26,317,010)</b>	<b>(76,100)</b>	<b>(710,200)</b>	<b>(27,103,310)</b>	<b>(751,830)</b>	<b>2.9%</b>
<b>Expenditure</b>							
Compensation	5,445,500	2,107,300	1,325,200	2,191,300	5,623,800	178,300	3.3%
Purchased Goods	3,127,000	325,700	1,659,700	778,500	2,763,900	(363,100)	-11.6%
Purchased Services	3,092,480	1,277,100	1,034,980	597,200	2,909,280	(183,200)	-5.9%
Other Transfers	669,000	695,800	0	0	695,800	26,800	4.0%
Internal charges	2,903,800	2,061,850	316,170	653,610	3,031,630	127,830	4.4%
Transfer to Contingency	0	220,000	0	0	220,000	220,000	100.0%
<b>Sub-total (Before Capital Expenditure and Expansion)</b>	<b>15,237,780</b>	<b>6,687,750</b>	<b>4,336,050</b>	<b>4,220,610</b>	<b>15,244,410</b>	<b>6,630</b>	<b>0.04%</b>
Expansion		120,200	0	238,700	358,900	358,900	
Capital Financing	11,113,700	838,920	5,675,249	4,985,831	11,500,000	386,300	3.5%
<b>Total Expenditure</b>	<b>26,351,480</b>	<b>7,646,870</b>	<b>10,011,299</b>	<b>9,445,141</b>	<b>27,103,310</b>	<b>751,830</b>	<b>2.9%</b>
<b>Net Budget</b>	<b>0</b>	<b>(18,670,140)</b>	<b>9,935,199</b>	<b>8,734,941</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Full Time Equivalents</b>	<b>57.0</b>	<b>21.0</b>	<b>15.0</b>	<b>24.0</b>	<b>60.0</b>	<b>3.0</b>	

## 3 Year Operating Budget Forecast and Drivers

- Multi-year operating budget forecast provided for information

### Assumptions: Water Services Forecast

- Reflective of the approved Long Range Financial Plan (LRFP);
- **2016 & 2017:** 3% increase to compensation, 2% increase to purchased goods and purchased services;
- **2018:** 5% increase to Administration; 3% increase to Supply, Distribution and Metering;
- **Capital contributions:** In accordance with LRFP to meet reserve fund targets;
- Projected FTE Requests for Water Services based on Management Structure Review.

# Water Multi-Year Forecast

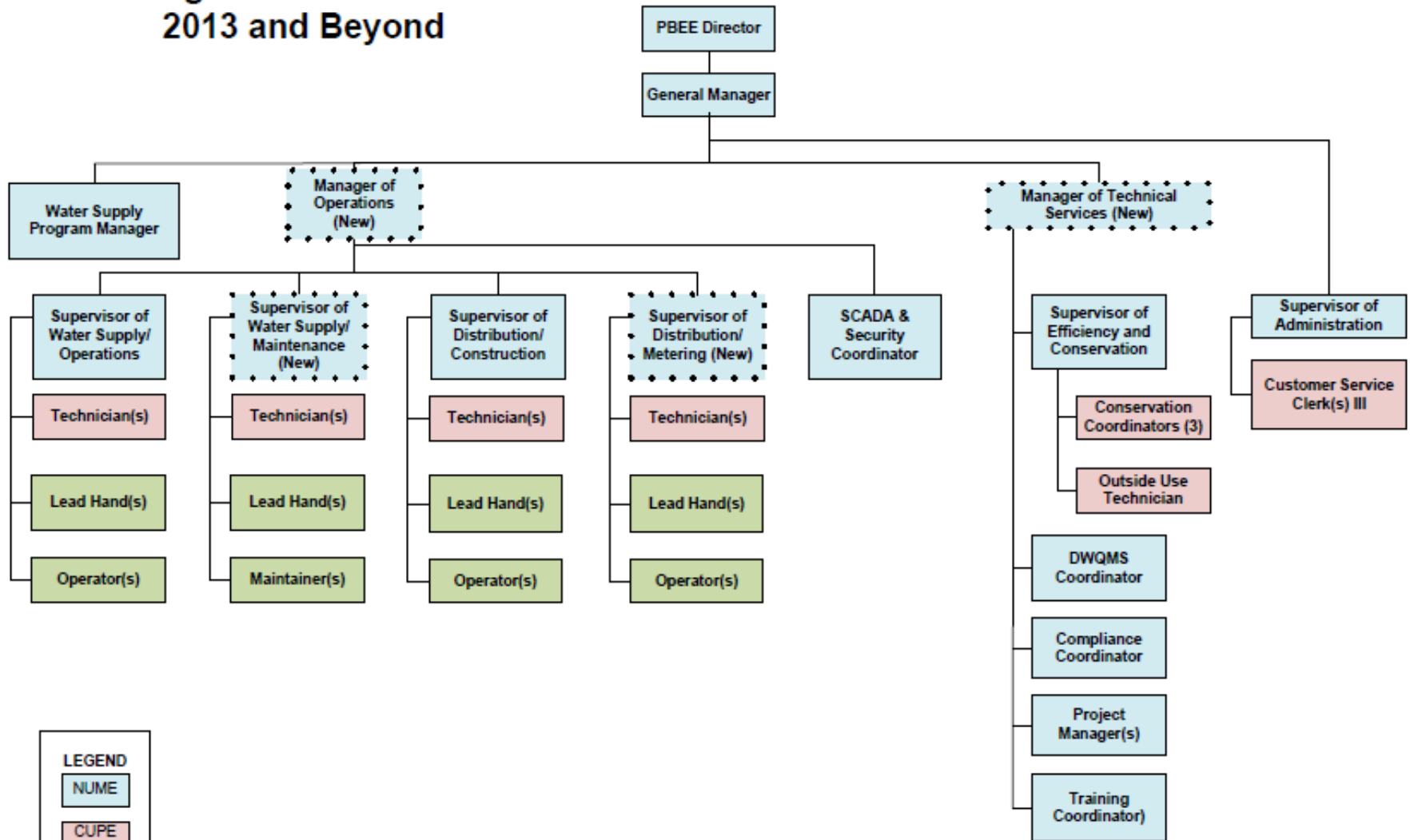
	2014 Approved Budget	2015 Total Requested Budget	2016 Projected Budget	2017 Projected Budget	2018 Projected Budget
<b>Revenue</b>					
User Fees & Service Charges	(\$24,218,680)	(\$24,968,010)	(\$26,389,650)	(\$27,811,500)	(\$29,563,300)
Product Sales	(\$27,000)	(\$14,800)	(\$14,800)	(\$14,800)	(\$14,800)
Licenses & Permits	(\$50,000)	(\$45,000)	(\$45,000)	(\$45,000)	(\$45,000)
Interest & Penalties	(\$13,000)	(\$13,000)	(\$13,000)	(\$13,000)	(\$13,000)
External Recoveries	(\$1,037,300)	(\$1,055,700)	(\$1,055,700)	(\$1,055,700)	(\$1,055,700)
Internal Recoveries	(\$1,005,500)	(\$1,006,800)	(\$1,100,050)	(\$1,101,800)	(\$1,104,650)
<b>Total Revenue</b>	<b>(\$26,351,480)</b>	<b>(\$27,103,310)</b>	<b>(\$28,618,200)</b>	<b>(\$30,041,800)</b>	<b>(\$31,796,450)</b>
<b>Expenditure</b>					
Compensation	\$5,445,500	\$5,982,700	\$6,442,200	\$6,914,300	\$7,173,000
Purchased Goods	\$3,127,000	\$2,763,900	\$3,050,600	\$3,249,300	\$3,353,600
Purchased Services	\$3,092,480	\$2,909,280	\$3,050,200	\$3,094,100	\$3,215,950
Other Transfers	\$669,000	\$695,800	\$723,600	\$752,500	\$790,100
Internal Charges	\$2,903,800	\$3,031,630	\$3,031,600	\$3,031,600	\$3,163,800
Transfer to Contingency	\$0	\$220,000	\$220,000	\$0	\$0
<b>Sub-total (Before Capital Expenditure)</b>	<b>\$15,237,780</b>	<b>\$15,603,310</b>	<b>\$16,518,200</b>	<b>\$17,041,800</b>	<b>\$17,696,450</b>
Capital Financing	\$11,113,700	\$11,500,000	\$12,100,000	\$13,000,000	\$14,100,000
<b>Total Expenditure</b>	<b>\$26,351,480</b>	<b>\$27,103,310</b>	<b>\$28,618,200</b>	<b>\$30,041,800</b>	<b>\$31,796,450</b>
<b>Net Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Forecast Rates (per m3)	\$1.43	\$1.53	\$1.62	\$1.73	\$1.87
Full Time Equivalent	57.0	60.0	63.0	66.0	66.0

## **Expansion: Supervisor of Supply Maintenance**

- Water Services Management Structure Review: Recommended updated departmental structure and phase-in of additional staff;
- Increase productivity, improve customer service, minimize health and safety risks, support employee engagement and corporate development;
- Supervisor to staff ratios have increased since 2000 and exceed corporate and industry standards (18:1 of Water Supply area);
- Recommendations being met through the repurposing of existing positions plus gradual addition of new positions;
- Supervisor of Supply Maintenance (+\$120,200) will oversee maintenance of facilities and water supply process equipment worth over \$100M as well as supervise tradespeople, contractors, and consultants.

# Water Services Organizational Chart

## Guelph Water Services Department New Organizational Structure 2013 and Beyond



**LEGEND**

NUME
CUPE 973
CUPE 241

# Expansion: Infrastructure Locates

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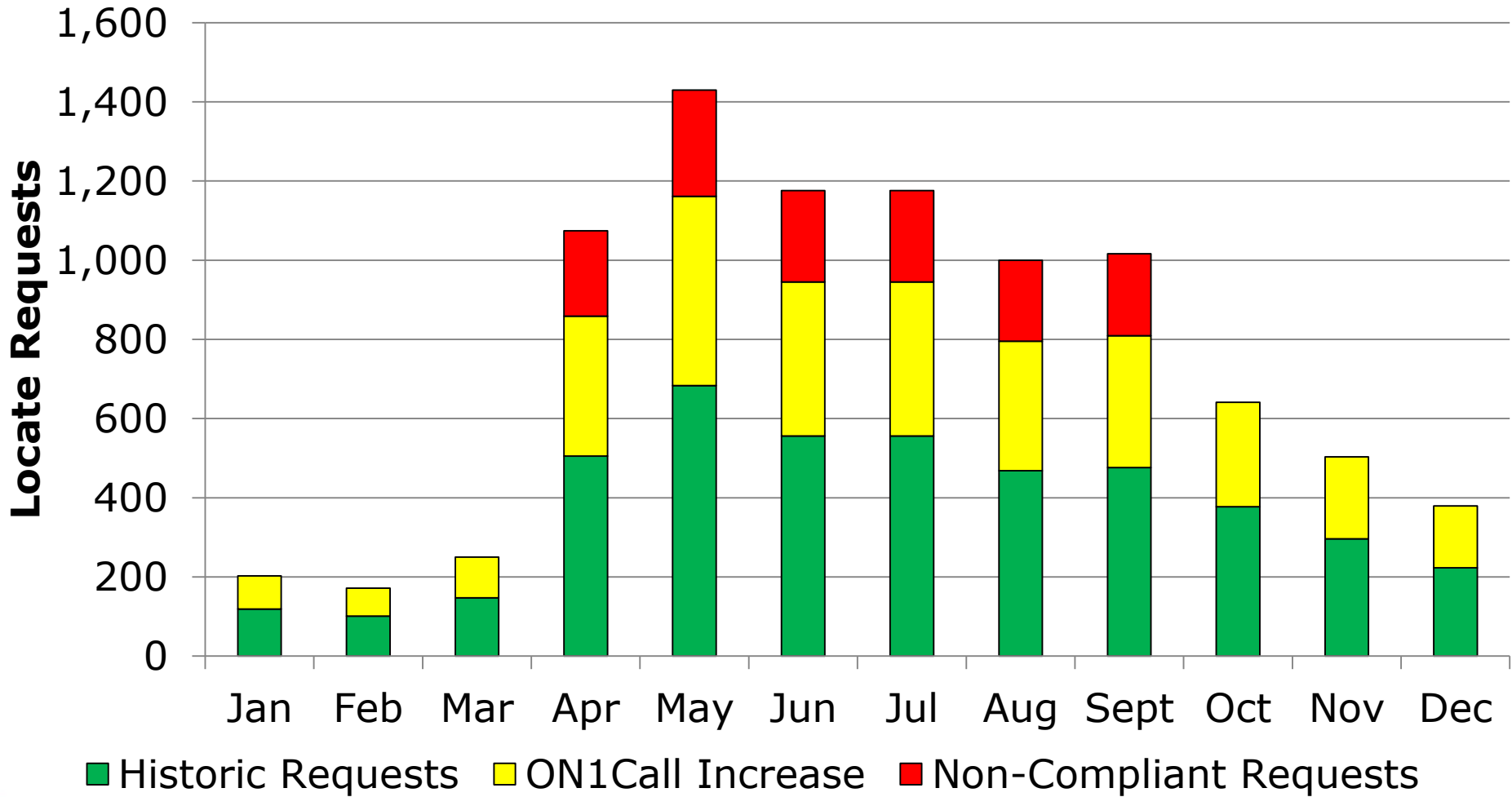
## **ON1CALL Registration:**

- City Departments registered with ON1Call in June 2014;
- ON1Call annual fees reduced if dealing with one City contact (~\$62,000 to \$15,000);
- Performance standards require 5 days or less locate completion;
- Potential for fines to be levied in 2015;

## **The Challenges:**

- City locate requests have doubled since ON1CALL registration - to ~9,012 annually;
- In 2014 approx. 15% of requests (1,350) completed outside ON1CALL deadlines

# Expansion: ON1Call Infrastructure Locates Program





# **Expansion: Infrastructure Locates**

## **The Solution:**

- Water, Wastewater, Public Works, and Engineering formed Team to comply with ON1Call and gain efficiencies;
- Creating corporate Infrastructure Locates Area attached to Water Services – mandate to coordinate locates delivery across departments, ensure ON1Call compliance, and obtain efficiencies;
- Introduce office and field technology (software and hardware);
- Engineering to improve electronic infrastructure mapping (GIS);
- 'One' field visit goal;

## **Expansion Request:**

- Two additional FTEs (1 locates lead hand +\$134,000, 1 locates coordinator +\$104,700) are proposed to ensure compliance;
- Positions will also implement above efficiencies;
- Efficiencies implemented by new positions would reduce annual program costs by \$250,000;
- Risks of non-compliance and degraded service without expansion



# Water Services Capital Budget and Forecast

## 2015 - 2024 Water Services Capital Budget & Forecast - Service Based ('000s)

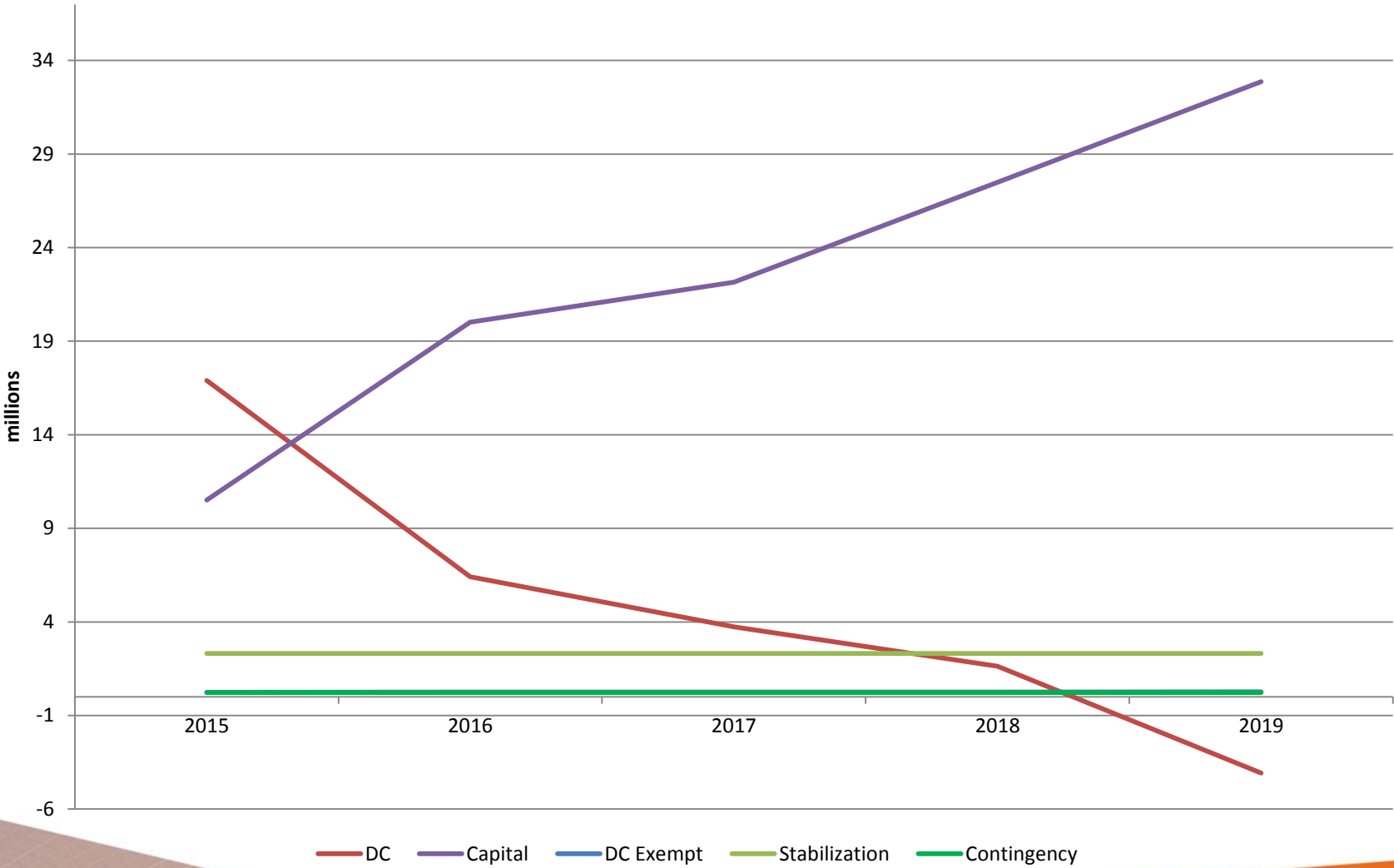
Project Category	Project Cost	Federal Gas Tax	Development Charges	Partner Contribution	Grants & Subsidies	Capital Reserves
<b>Growth</b>						
Customer Service & Conservation	7,612.0	0.0	7,612.0	0.0	0.0	0.0
Supply, Treatment & Protection	62,535.6	0.0	55,295.6	0.0	0.0	7,240.0
Distribution & Metering	58,785.0	0.0	36,488.5	0.0	0.0	22,296.5
<b>Total Growth</b>	<b>128,932.6</b>	<b>0.0</b>	<b>99,396.1</b>	<b>0.0</b>	<b>0.0</b>	<b>29,536.5</b>
<b>Infrastructure Replacement</b>						
Customer Service & Conservation	0.0	0.0	0.0	0.0	0.0	0.0
Supply, Treatment & Protection	48,749.6	0.0	0.0	0.0	0.0	48,749.6
Distribution & Metering	28,950.0	0.0	500.0	0.0	0.0	28,450.0
<b>Total Infrastructure Replacement</b>	<b>77,699.6</b>	<b>0.0</b>	<b>500.0</b>	<b>0.0</b>	<b>0.0</b>	<b>77,199.6</b>
<b>Total Capital Budget</b>	<b>206,632.2</b>	<b>0.0</b>	<b>99,896.1</b>	<b>0.0</b>	<b>0.0</b>	<b>106,736.1</b>

# 2015 Water and Wastewater Financial Indicators

	Target	2015 Predictions from Water LRFP	Actuals Water	2015 Predictions from Wastewater	Actuals Wastewater
Debt to Total Reserve Ratio	< 1:1	0.0:1	0.0:1	0.0:1	0.0:1
Operating Reserves as a % of Own Source Revenue	8 - 10% of Revenues	8.0%	9.4%	9.9%	9.0%
Operating Surplus Ratio	Positive	Positive	Positive	Positive	Positive
Asset Consumption Ratio	35%	n/a	36.8%	n/a	46.1%
Capital Reserves as a % of Historical Asset Value	2-3%	4.5%	7.8%	4.0%	7.8%
Capital Reserves as a % of Asset Replacement Value	2-3%		2.0%		2.0%

LRFP = Long Range Financial Plan as 2014 approved by Council

# Water Services Reserve and Reserve Funds



# Wastewater Services Budgets (Tab 3)



# Wastewater Services Key Accomplishments 2014

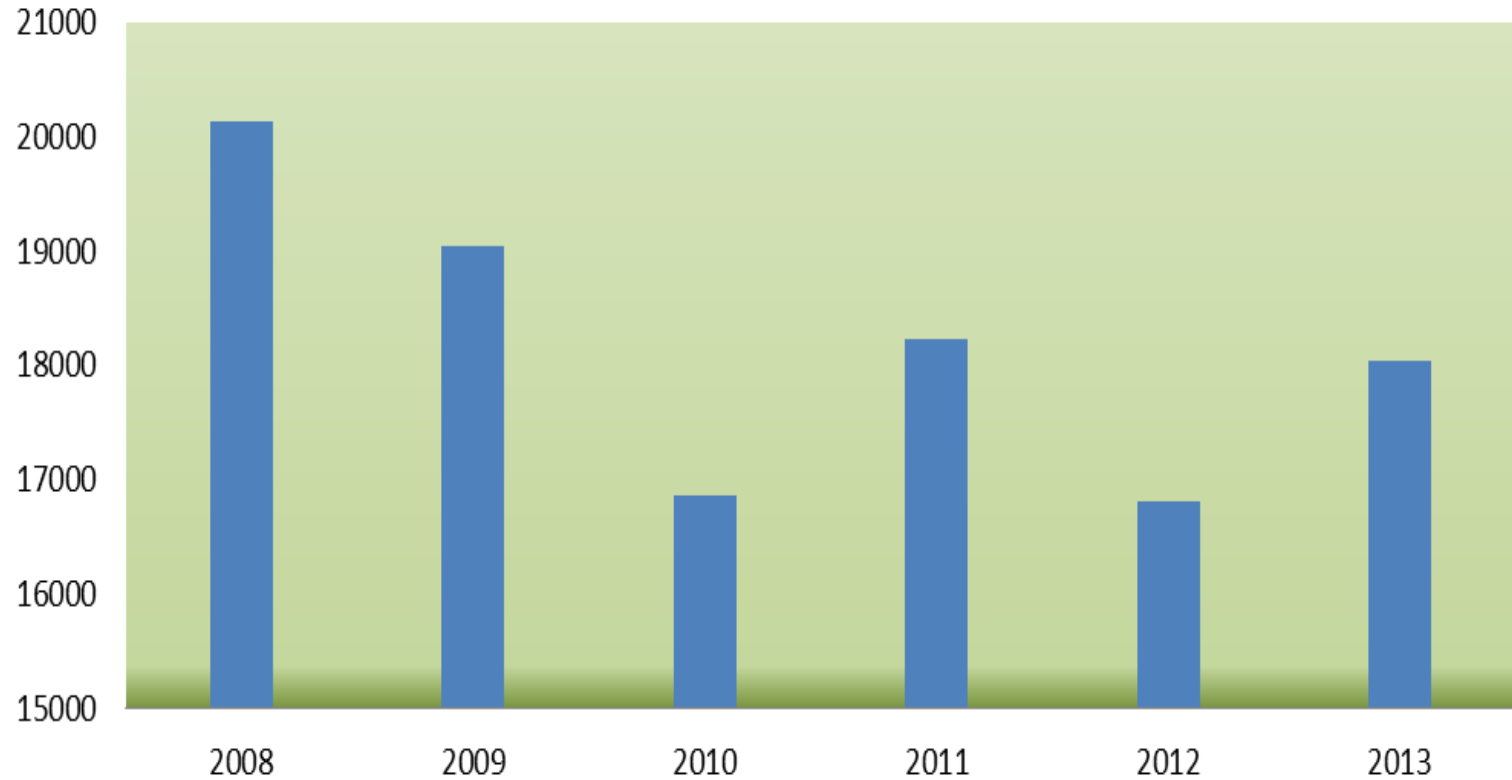
- Completed evaluation of standby power requirements for emergency preparedness;
- Show Casing Water Innovation (SWI) funded project, Construction in progress - Anammox project;
- Successful in introducing educational pamphlets;
- Continued capacity demonstration and submitted pre-approval application to MOE for re-rating of plant;
- Successful in receiving CALA accreditation for Wastewater Laboratory;
- Continued to support and be part of leadership to facilitate optimization of Wastewater facilities throughout the waster shed as part of the Grand River watershed-wide wastewater optimization pilot project;
- Process Operations Centre (POC) / Wastewater Services Administration building is under construction;
- Ongoing replacement and upgrades to wastewater conveyance system to ensure system reliability;
- Completed wastewater collection system inflow and infiltration study aimed at improving system efficiency;
- Completed Design of Biosolids storage facility with tendering;
- Continue to clean Digesters as part of our digester cleaning program;
- Successfully implemented the changes required for the ON1Call legislation.



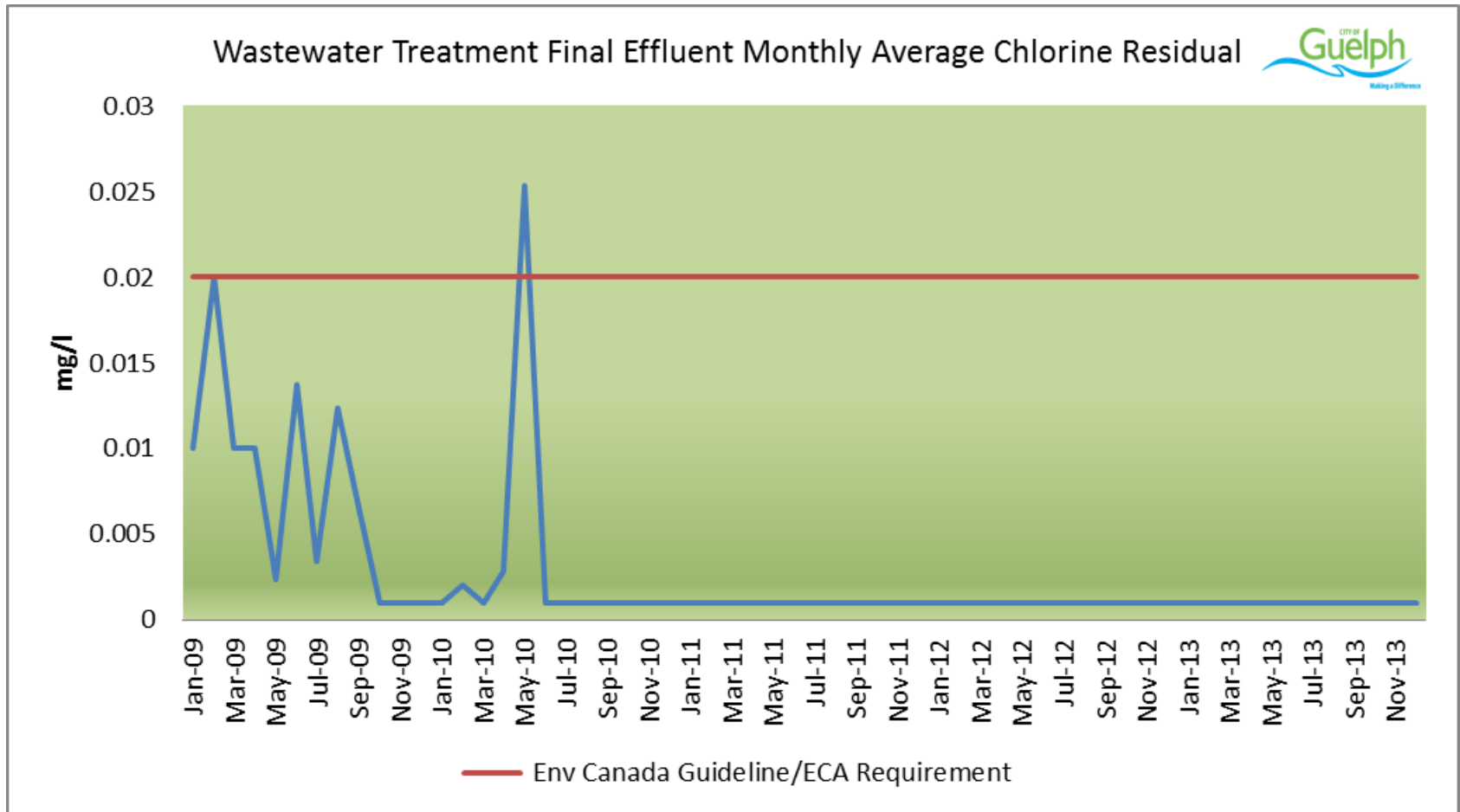
## 2015 Wastewater Services Key Objectives

- Continue supporting Southern Ontario Water Consortium pilot scale demonstration facility;
- Complete construction of the Anammox side stream treatment project and pilot on main stream -1 million funding;
- Continue process to obtain MOE approval for rerating the wastewater facility to 73.3 MLD, and defer portion of the estimated \$ 20 million capital expansion;
- Complete construction of the Process Operations Centre;
- Begin the project for supply and installation of standby generators;
- Begin construction on York Trunk Sanitary Sewer to improve system reliability;
- Continue sewer condition assessments to ensure system reliability;
- Ongoing replacement and upgrades to wastewater conveyance system and the wastewater treatment facility.

## Wastewater Treatment : Total Flow (ML)

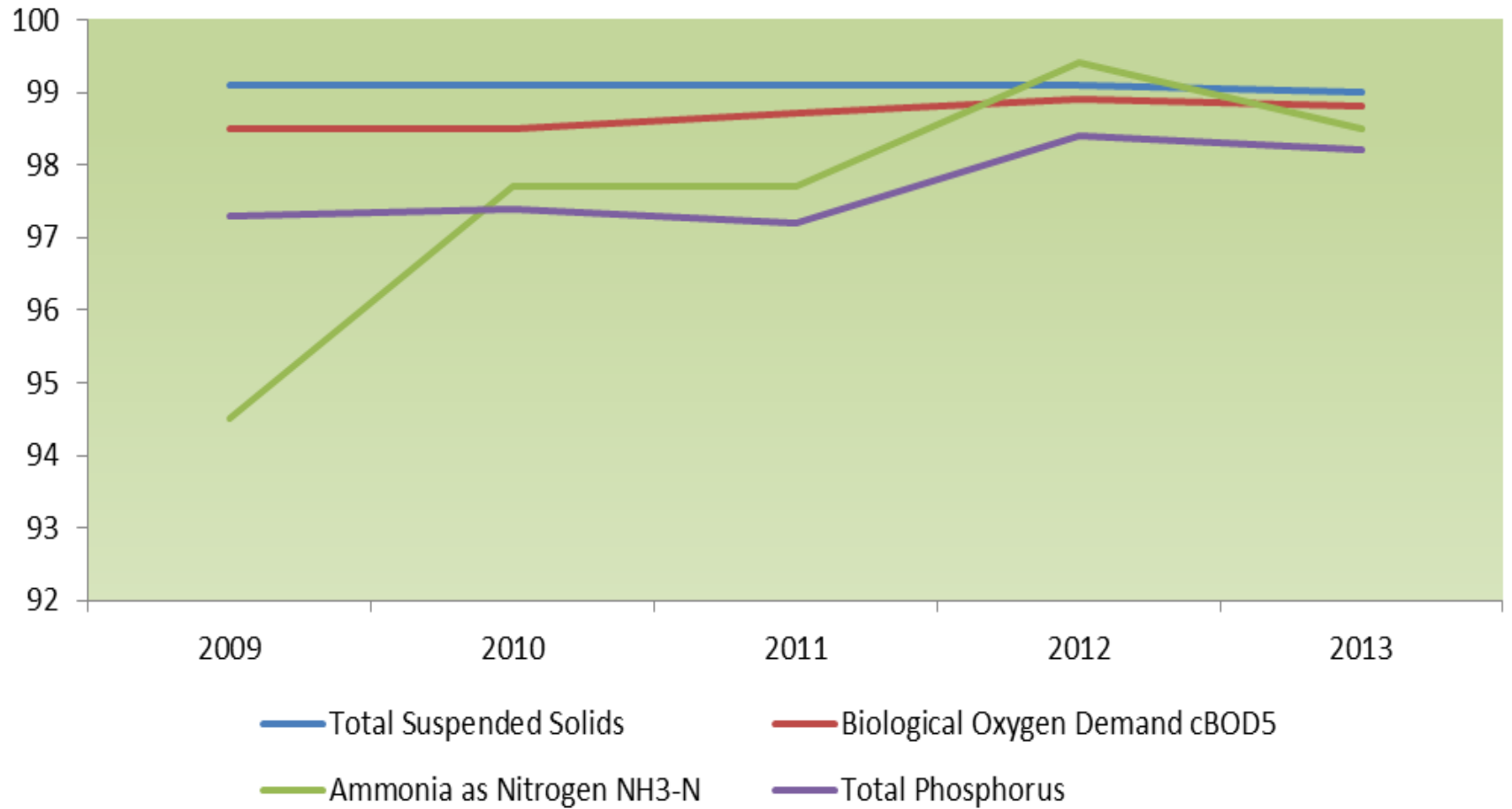


# Average Chlorine Residual and effluent 2009 to 2013

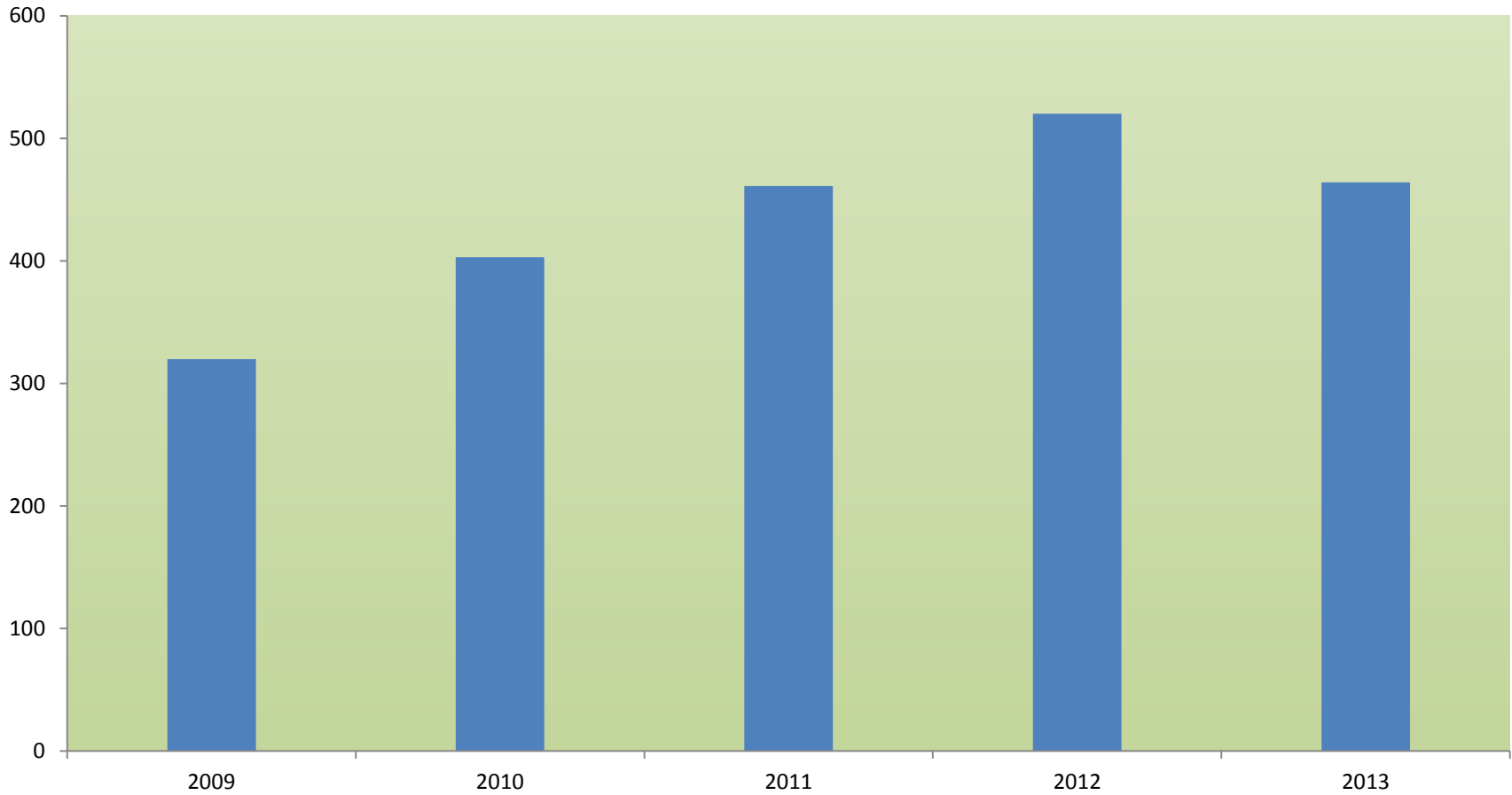




### Wastewater Treatment : Process Performance (% Removal)



# Annual Response to Community Spill Events



# 2015 Major Operating Budget Changes

## Revenue :

- Billable consumption: Forecast 2.6% decrease

## Operating budget :

- Compensation: +\$192,900 or +4%
- Purchase goods & services: -\$1,285,750 or -14.7% (includes \$714,500 moved to contingency reserve)
- Other Transfers: (GRCA Levy) +\$35,100; Internal Charges: +\$243,672
- Net Expenditure Decrease of 0.6% (not including expansions and capital financing)

**Expansions :** Wastewater Collection Operator Position: +\$44,600

**Capital Financing :** Transfers to Capital reserves for growth/aging infrastructure: +\$619,128 or 5.6%

**Overall operating expenditures +\$564,150 or 2.0%**

# 2015 Proposed Wastewater Operating Budget by Service Area

	2014 Approved Budget	Customer Service and Conservation	Plant Operations and Maintenance	Spills Response, Sewer use, Enforcement and Wastewater Collections	2015 Total Requested Budget	Year/Year Change (\$)	Year/Year Change (%)
<b>Revenue</b>							
User Fees & Service Charges	(\$28,222,890)	(\$28,818,540)	\$0	\$0	(\$28,818,540)	(\$595,650)	2.1%
Interest & Penalties	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
External Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Internal Recoveries	(\$70,200)	(\$30,000)	(\$8,700)	\$0	(\$38,700)	\$31,500	-44.9%
<b>Total Revenue</b>	<b>(\$28,293,090)</b>	<b>(\$28,848,540)</b>	<b>(\$8,700)</b>	<b>\$0</b>	<b>(\$28,857,240)</b>	<b>(\$564,150)</b>	<b>2.0%</b>
<b>Expenditure</b>	\$0				\$0	\$0	
Compensation	\$4,816,700	\$1,082,300	\$2,535,400	\$1,391,900	\$5,009,600	\$192,900	4.0%
Purchased Goods	\$4,933,200	\$447,100	\$3,522,900	\$177,200	\$4,147,200	(\$786,000)	-15.9%
Purchased Services	\$3,823,818	\$915,420	\$2,265,048	\$143,600	\$3,324,068	(\$499,750)	-13.1%
Other Transfers	\$878,500	\$913,600	\$0	\$0	\$913,600	\$35,100	4.0%
Internal Charges	\$2,760,000	\$2,323,560	\$437,132	\$242,980	\$3,003,672	\$243,672	8.8%
Transfer to Contingency	\$0	\$714,500	\$0	\$0	\$714,500	\$714,500	100.0%
<b>Sub-total (Before Capital Expenditure and Expansion)</b>	<b>\$17,212,218</b>	<b>\$6,396,480</b>	<b>\$8,760,480</b>	<b>\$1,955,680</b>	<b>\$17,112,640</b>	<b>(\$99,578)</b>	<b>-0.6%</b>
Expansion		\$0	\$0	\$44,600	\$44,600	\$44,600	
Capital Financing	\$11,080,872	\$0	\$3,987,003	\$7,712,997	\$11,700,000	\$619,128	5.6%
<b>Total Expenditure</b>	<b>\$28,293,090</b>	<b>\$6,396,480</b>	<b>\$12,747,483</b>	<b>\$9,713,277</b>	<b>\$28,857,240</b>	<b>\$564,150</b>	<b>2.0%</b>
<b>Net Budget</b>	<b>\$0</b>	<b>(\$22,452,060)</b>	<b>\$12,738,783</b>	<b>\$9,713,277</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
Full Time Equivalents	52	9	14	29.69	52.69	.69	

## 3 Year Operating Budget Forecast and Drivers

- Multi-year operating budget forecast provided for information

### Assumptions: Wastewater Services Forecast

- Reflective of the approved Long Range Financial Plan (LRFP);
- **2016 & 2017:** 3% increase to compensation, 2% increase to purchased goods and purchased services;
- **2018:** 5% increase to Administration; 3% increase to Operations and Maintenance;
- **Capital contributions:** In accordance with LRFP to meet reserve fund targets;

## Wastewater Multi-Year Forecast

	2014 Approved Budget	2015 Total Requested Budget	2016 Projected Budget	2017 Projected Budget	2018 Projected Budget
<b>Revenue</b>					
User Fees & Service Charges	(\$28,222,890)	(\$28,818,540)	(\$29,578,250)	(\$30,978,400)	(\$32,615,611)
Interest & Penalties	\$0	\$0	\$0	\$0	\$0
External Recoveries	\$0	\$0	\$0	\$0	\$0
Internal Recoveries	(\$70,200)	(\$38,700)	(\$38,700)	(\$38,700)	(\$38,700)
<b>Total Revenue</b>	<b>(\$28,293,090)</b>	<b>(\$28,857,240)</b>	<b>(\$29,616,950)</b>	<b>(\$31,017,100)</b>	<b>(\$32,654,311)</b>
<b>Expenditure</b>			\$0		
Compensation	\$4,816,700	\$5,054,200	\$5,203,700	\$5,359,600	\$5,543,350
Purchased Goods	\$4,933,200	\$4,147,200	\$4,281,300	\$4,420,700	\$4,562,657
Purchased Services	\$3,823,818	\$3,324,068	\$3,384,800	\$3,449,900	\$3,572,563
Long Term Debt Charges	\$0	\$0	\$0	\$0	\$0
Other Transfers	\$878,500	\$913,600	\$950,100	\$988,100	\$1,037,505
Internal Charges	\$2,760,000	\$3,003,672	\$3,097,050	\$3,098,800	\$3,238,236
Transfer to Contingency	\$0	\$714,500	\$0	\$0	\$0
<b>Sub-total (Before Capital Expenditure)</b>	<b>\$17,212,218</b>	<b>\$17,157,240</b>	<b>\$16,916,950</b>	<b>\$17,317,100</b>	<b>\$17,954,311</b>
Capital Financing	\$11,080,872	\$11,700,000	\$12,700,000	\$13,700,000	\$14,700,000
<b>Total Expenditure</b>	<b>\$28,293,090</b>	<b>\$28,857,240</b>	<b>\$29,616,950</b>	<b>\$31,017,100</b>	<b>\$32,654,311</b>
<b>Net Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Forecast Rate (per m3)	\$1.59	\$1.66	\$1.71	\$1.82	\$1.95
Full Time Equivalents	52	52.69	52.69	52.69	52.69

# Expansion for Wastewater Collection Operator

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- Currently limited staff resources to perform locates demand in a timely manner mandated by ON1Call;
- Two wastewater collection operator positions for 4 months;
- Two positions will free up regular full time staff to perform locates during peak season.



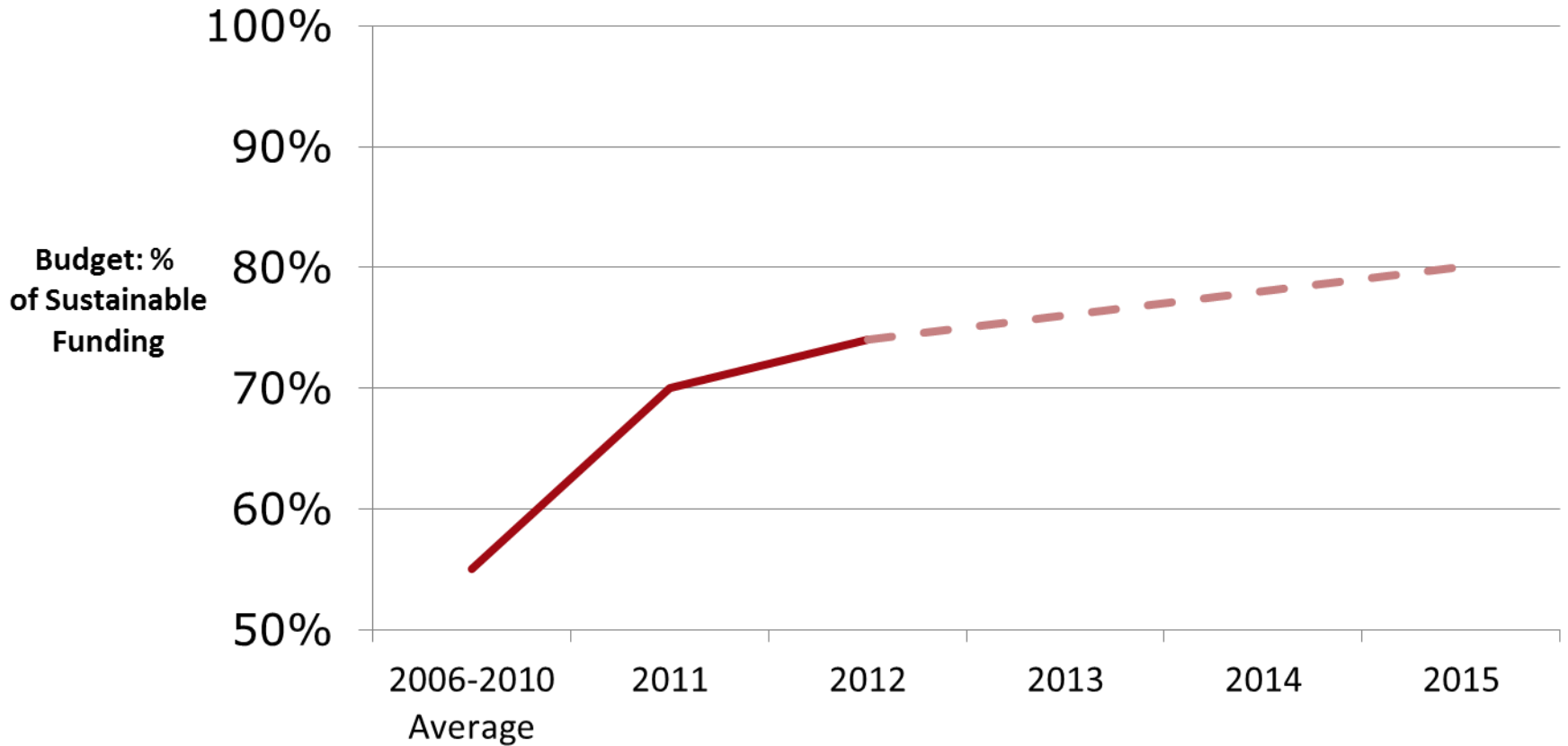
# Wastewater Services Capital Budget and Forecast

2015 - 2024 Wastewater Services Capital Budget & Forecast - Service Based ('000s)

Project Category	Project Cost	Federal Gas Tax	Development Charges	Developer & Other	Capital Reserves
<b>Growth</b>					
Treatment Plant Operations	75,258.0	0.0	61,438.5	906.6	12,913.0
Sewer Use and Collection	58,263.0	0.0	25,649.5	0.0	32,613.5
<b>Total Growth</b>	<b>133,521.0</b>	<b>0.0</b>	<b>87,088.0</b>	<b>906.6</b>	<b>45,526.5</b>
<b>Infrastructure Replacement</b>					
Treatment Plant Operations	19,697.6	0.0	0.0	0.0	19,697.6
Sewer Use and Collection	38,900.0	0.0	1,180.0	0.0	37,720.0
<b>Total Infrastructure Replacement</b>	<b>58,597.6</b>	<b>0.0</b>	<b>1,180.0</b>	<b>0.0</b>	<b>57,417.6</b>
<b>Total Capital Budget</b>	<b>192,118.6</b>	<b>0.0</b>	<b>88,268.0</b>	<b>906.6</b>	<b>102,944.1</b>

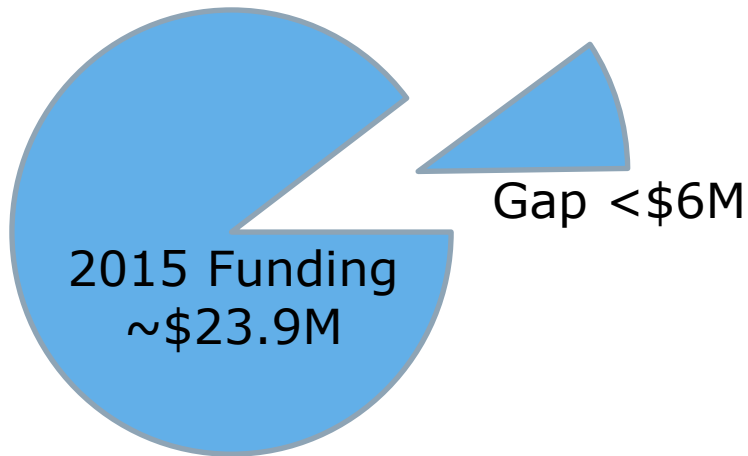


# Progress to Achieve 100% Annual Sustainable Funding

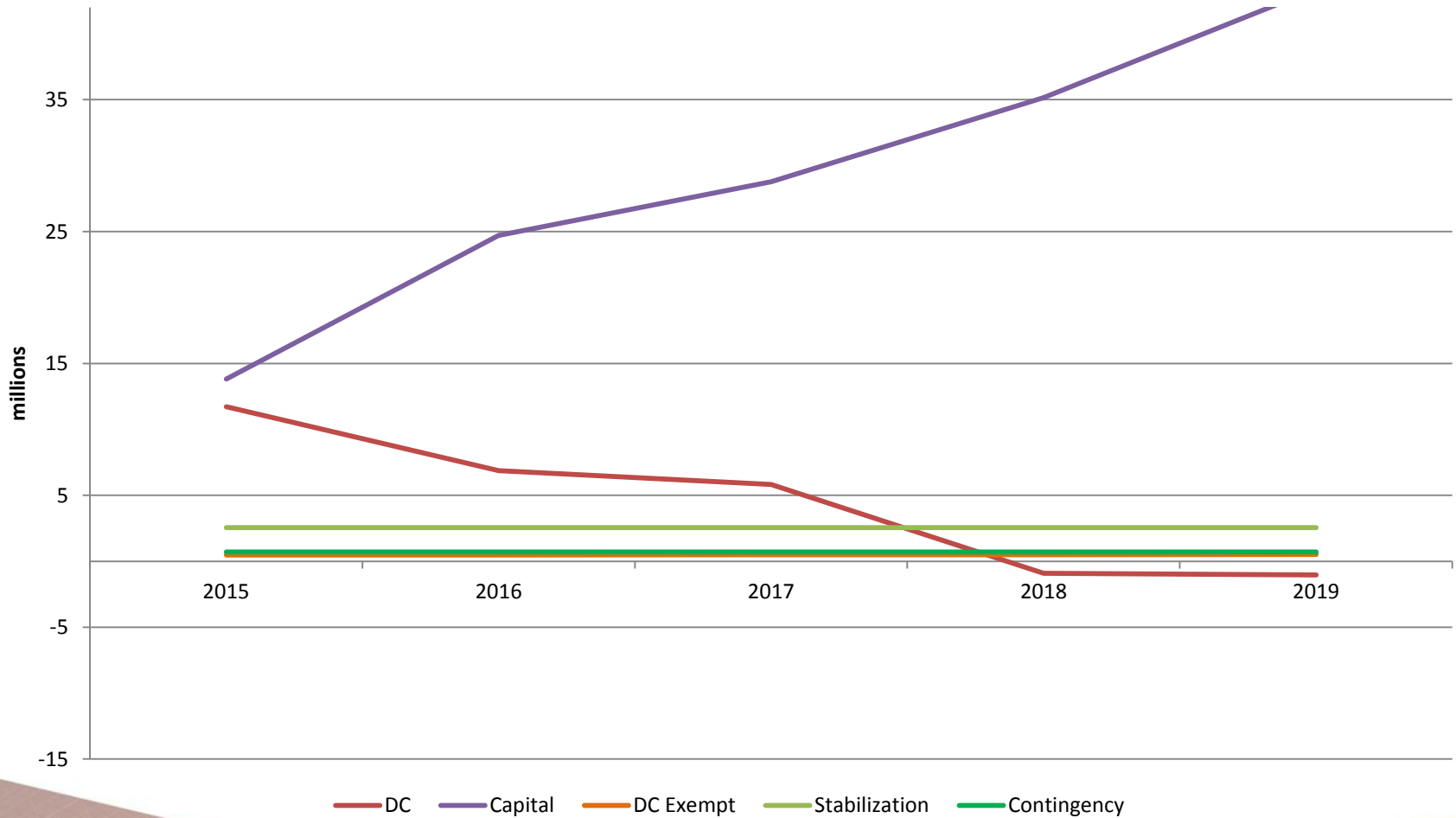


# 2015 Wastewater Infrastructure Gap & Backlog

## Wastewater Annual Funding



## 2015 - 2019 Wastewater Services Reserves and Reserve Funds (Projected Balances)



**The End**

# STAFF REPORT



TO City Council

SERVICE AREA Corporate Services

DATE January 21, 2015

**SUBJECT 2015 Non-Tax Supported Operating and Capital Budgets**

REPORT NUMBER CS-2015-01

## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To present the 2015 Non –Tax Supported Operating and Capital Budgets for Council deliberation.

### KEY FINDINGS

- All Non-Tax Supported budgets have been prepared using a strategy where both sound financial planning and financial tools are used to ensure expenditure reductions, reserve management, avoidance of debt financing and sourcing of external funding are considered where appropriate.
- Water and Wastewater budgets are prepared to keep local water bills near the average of the City's list of comparable municipalities, while ensuring regulatory compliance and progress towards financial sustainability.
- The water and wastewater rates will be in effect for 10 months in 2015 due to the later than usual passage of the budget. Normally, water and wastewater rates are in effect for 12 months.

### FINANCIAL IMPLICATIONS

#### *Water and Wastewater Services*

The 2015 Operating and Capital Budgets align with the **2014 Water and Wastewater Long-Range Financial Plan** and reserve fund policies and targets. Operating and capital requirements identified in the attached budget are funded through rates as outlined in the table below.

Summary of Rate Changes and Impact on Average Residential Water/Wastewater Annual Bill (365 days)			
	2014	2015	Change
Water Volume Charge \$/cubic metre	\$1.43	\$1.53	\$0.10
Water Basic Charge \$/day	\$0.25	\$0.26	\$0.01
Wastewater Volume Charge \$/cubic metre	\$1.59	\$1.66	\$0.07
Wastewater Basic Charge \$/day	\$0.31	\$0.32	\$0.01
Average Residential Annual Bill (185* cubic metre)	\$763	\$796	\$33 or 4.3%

\* A volume of 185 cubic metres represents the annual average volume of water consumed by a family of 3 persons in Guelph. Rate change effective March 1, 2015.

# STAFF REPORT

## *Court Services*

100% of revenue generated by Court Services is being allocated to fund operating expenditures and fund reserves and reserve funds. In 2015, the funding allocated to Court's capital reserve fund is below best practice targets. Best practices suggest that contributions to the reserve fund should be, at minimum, equal to annual depreciation. In 2015, the contribution amount of \$30,934 represents 15% of annual depreciation for assets used for Court operations. This is expected to be a short-term issue and contributions to the capital reserve are expected to return to best practice levels in 2016.

## *Ontario Building Code*

The Ontario Building Code Administration budget reflects a transfer from the OBC Reserve. The reserve can be used to offset periods of low building and construction activity, service enhancements, and cover unexpected expenses.

## **ACTION REQUIRED**

Council receives the 2015 Non-Tax Supported Operating and Capital Budgets for information and refers them to the meeting of Council scheduled January 28, 2015.

## **RECOMMENDATION**

That Council receives and refers to the January 28, 2015 Council meeting:

For Water and Wastewater Services

1. the proposed expansion packages in the net amounts of \$358,900 for Water Services and \$44,600 for Wastewater Services;
2. the 2015 Water and Wastewater Operating Budgets in the amounts of \$27,103,310 and \$28,857,240 respectively, inclusive of expansions;
3. the 2015 Water and Wastewater Capital Budgets and 2016-2024 Forecasts in the amounts of \$206,632,200 and \$192,118,600 respectively;
4. the City of Guelph water volume charge of \$1.53 per cubic metre effective March 1, 2015 and the wastewater volume charge of \$1.66 per cubic metre, effective March 1, 2015;
5. the City of Guelph water and wastewater basic service charges be increased as per attached schedule "A" effective March 1, 2015; and
6. the Water Services and Wastewater Services Fees and Services By-law be passed.

# STAFF REPORT



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## For Court Services

7. the 2015 Court Services Operating Budget in the amount of \$3,349,900; and
8. the 2015 Court Services Capital Budget and 2016-2024 Capital Forecast in the amount of \$682,400; and

## For Ontario Building Code Administration

9. the 2015 Ontario Building Code Administration Operating Budget in the amount of \$3,006,510 and
10. The 2015 Ontario Building Code Administration Capital Budget and 2016-2024 Capital Forecast in the amount of \$166,000

## **BACKGROUND**

The City of Guelph's Non-Tax Supported Budget includes Water Services, Wastewater Services, Court Services and the Ontario Building Code (OBC) Administration budgets. The Non-Tax Supported budget is a budget that is self-supporting and does not require a transfer from property taxes. For the City of Guelph, the costs of the respective services will be 100% recovered through user fees and other non-tax supported revenues.

The 2015 Non-Tax Supported budgets are presented in a service based format. Service based budgeting provides the opportunity to assist Council and management in decision making by providing information about the alignment of services provided, facilitate improved corporate and departmental business planning, develop service performance measurement and provide the ability to analyze optimal organization structure and alternative methods of service delivery.

The multi-year operating forecast provides an estimate of expected expenditures and revenues and aims to highlight identifiable pressures for the 2016-2018 budget years. A forecast has been prepared for each Non -Tax supported area and is included in the budget material for information only.

The proposed 2015 Operating Budgets for all four departments reflect operating increases including compensation, goods and services, and contributions to and from reserves and reserve funds. Where required, various expansions have been requested to allow for more efficient and effective service delivery, ensure legislative compliance and meet Council approved service standards.

# STAFF REPORT



In addition, a 2015-2024 Capital Budget and Forecast has been included for Water, Wastewater, Court Services and OBC Administration. For Water and Wastewater, the capital budget and forecast reflect the capital costs related to both growth and aging infrastructure. The Court Services capital budget and forecast includes the lifecycle replacement costs for maintaining the Court facility, information technology and other equipment and system infrastructure. The OBC Administration budget and forecast provides a budget and forecast representing OBC's contribution to the Information Technology Strategic Plan initiative identified in the approved Corporate Strategic Plan (CSP).

## REPORT

### 1) Water and Wastewater Services

Both Water and Wastewater continue to project increases to user rates for 2015 and beyond. Staff recommends a rate increase in 2015 which will increase the average annual residential bill by \$33 or 4.3% from last year.

#### *Operating Budget:*

Significant changes to the Water Services Operating Budget include:

- Capital financing increased by \$386,300 over 2014 to pay for the City's portion of current and future capital expenditures. These funds are transferred to Water Services Capital and DC Exemption reserve funds;
- Compensation increases of \$537,200 for union and non-union staff due to negotiated economic increases, planned grid moves, and
  - one FTE expansion of \$120,200 for Supervisor of Supply Maintenance
  - two FTE expansions amounting to \$238,700 for legislated ON1Call. These expansions are for an Infrastructure Locates Lead hand and a Coordinator;
- Contingency reserve transfer of \$220,000 is new in 2015 to provide funds to allow the department to respond to emergency or unplanned expenses. This increase is offset by reductions to purchased goods and services of \$363,100 and \$183,200 respectively;
- Internal charges have increased by \$127,830 due to higher charges for services offered by other City departments for fuel and fleet maintenance and costs related to support departments including information services and legal services.

Significant changes to Wastewater Services Operating Budget include:

- Capital financing increased by \$619,128 over 2014 to pay for the City's portion of current and future capital expenditures. These funds are transferred to Wastewater Services Capital and DC Exemption reserve funds;



# STAFF REPORT

- Compensation increases of \$237,500 for union and non-union staff due to negotiated economic increases, planned grid moves and an expansion of \$44,600 for a Wastewater Collection Operator;
- Contingency reserve transfer of \$714,500 is new in 2015 to provide funds to allow the department to respond to emergency or unplanned expenses. This increase is offset by reductions to purchased goods and services of \$786,000 and \$499,750 respectively to align budgets with historical spending;
- Increased internal charges of \$243,672 charged by other city departments for fuel and costs related to support departments including information services and legal.

## *Capital Budget*

Both Water and Wastewater's capital budgets reflect a balance between infrastructure renewal and replacement, and preparing for continued growth according to the Council approved Master Plans.

Highlights of the 2015 Water Services Capital Budget and Forecast include:

- Funding for water supply studies; and
- Funding for various linear infrastructure upgrades, replacement and rehabilitation of existing watermains. Scheduling of water linear projects has been aligned to coincide with wastewater and roads projects which will help reduce costs and minimize customer disruption. The continued funding will also help address the infrastructure gap identified in the 2012 Sustainable Infrastructure Report completed by AECOM.

Highlights of the 2015 Wastewater Services Capital Budget and Forecast include:

- Funding for Supply and installation of standby generators
- Structural repairs and Digester cleaning project
- Funding for various linear infrastructure upgrades as outlined in the Water/Wastewater Servicing Master Plan and the replacement/rehabilitation of existing sewers. The continued Funding for these projects to allow Engineering Services to work towards meeting industry standards and mandatory replacement schedules for infrastructure. The increased funding will also help address the infrastructure gap identified in the 2012 Sustainable Infrastructure Report completed by AECOM.

## 2) Court Services

The 2015 Court Services operating budget continues to provide for contingency reserve contributions and supports operations to ensure that they are running as effectively and efficiently as possible. This budget reflects no additional FTE's throughout the 2015 budget and 2016-2018 operating forecast.

# STAFF REPORT



Significant Changes to the Court Services proposed operating budget include:

- \$292,100 reduction in gross revenue due to the current trend of fewer charges being filed with the Court;
- \$19,810 increases in purchased goods, purchased services and bank charges;
- \$105,095 reduction in payment to the County due to lower gross revenue anticipated; and
- \$9,500 increase in internal charges due to costs assessed by other city departments such as Legal Services, Human Resources, Finance and Information Technology.

The 2015 Court Services capital budget and forecast focuses on ensuring lifecycle budgeting of the facility, information technology, and other equipment and system requirements for the department. Included in the capital budget is the department's share of the IT Strategic Plan; an initiative identified as part of the City's approved Corporate Strategic Plan.

Due to the lower gross revenue budgeted in the Court Services operating budget, the 2015 contribution to the capital reserve fund from the operating budget has been reduced. Although these reduced contributions will be below best practices, which suggest that the capital reserve contribution should, at minimum, equal annual depreciation, the capital reserve will not be adversely affected by this short-term measure. Further, the current position of the reserve is sufficient to fund the capital work set out in the forecast.

### 3) Ontario Building Code Administration

The 2015 proposed OBC Administration budget reflects a \$50,000 increase in permit revenues over 2014 levels due to the expectation that healthy building permit activity will continue to trend above what is currently budgeted in 2014.

Other changes to the OBC Administration budget include:

- Internal charges have increased by \$201,940 reflecting:
  - an \$187,300 increase in direct costs associated with the administration of the Ontario Building Code including an FTE expansion of \$132,900 for a Resource Conservation Inspector. This position is budgeted under the Non-OBC business unit and 100% cross charged to OBC.
  - an increase of \$14,640 in interdepartmental service area support.
- Transfer from the Building Reserve of \$56,510 is required to partially fund the Resource Conservation Inspector position.

# STAFF REPORT



The 2015 OBC Administration capital budget includes a project that represents the department's share of the cost associated with the IT Strategic Plan, an initiative identified as part of the City's Council approved Corporate Strategic Plan.

## **CORPORATE STRATEGIC PLAN**

### **Organizational Excellence**

- 1.2** Develop collaborative work team and apply whole systems thinking to deliver creative solutions
- 1.3** Build robust systems, structures and frameworks aligned to strategy

### **Innovation in Local Government**

- 2.1** Build an adaptive environment for government innovation to ensure fiscal and service sustainability
- 2.2** Deliver Public Service better
- 2.3** Ensure accountability, transparency, and engagement

### **City Building**

- 3.1** Ensure a well designed, safe, inclusive, appealing and sustainable City
- 3.2** Be economically viable, resilient, diverse and attractive for business

## **DEPARTMENTAL CONSULTATION**

Budget development was a coordinated effort by the Infrastructure, Development and Enterprise, Court Services, Finance.

## **FINANCIAL IMPLICATIONS**

### *Water and Wastewater Services*

The 2015 Operating and Capital Budgets align with the **2014 Water and Wastewater Long-Range Financial Plan** and reserve funding policies and targets. Operating and capital requirements identified in the attached budget are funded through rates as outlined in the table below.

# STAFF REPORT

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Once reserve and reserve fund targets are met, the City would be eligible to receive a dividend. However, this is not anticipated to occur within the multi-year forecast.

## *Ontario Building Code*

The Ontario Building Code Administration budget reflects a transfer from the OBC Reserve. The reserve can be used to offset periods of low building and construction activity, service enhancements, and cover unexpected expenses.

## **COMMUNICATIONS**

Public meeting notification was placed in local newspapers and on the City's website.

## **ATTACHMENTS**

Appendix A - Water and Wastewater Basic Service Fees

### **Attachments provided under a separate cover:**

2015 Water Operating Budget

# STAFF REPORT

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2015 Wastewater Operating Budget

2015 – 2024 Water Capital Budget and Forecast

2015 – 2024 Wastewater Capital Budget and Forecast

2015 Court Services Operating Budget

2015-2024 Court Services Capital Budget and Forecast

2015 Ontario Building Code Administration Operating Budget

2015 – 2024 Ontario Building Code Administration Capital Budget & Forecast

**Prepared By:**

Jennifer Chang  
Corporate Analyst, Financial Planning

**Prepared By:**

Walter Estrada  
Jr Corporate Analyst, Financial  
Planning

**Prepared By:**

Peter L. Busatto  
General Manager of Water Services

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Kiran Suresh  
General Manager of Wastewater  
Services

**Prepared By:**

Brad Coutts  
Manager of Court Services

**Prepared By:**

Bruce Poole  
Chief Building Official

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**Recommended By:**

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# STAFF REPORT

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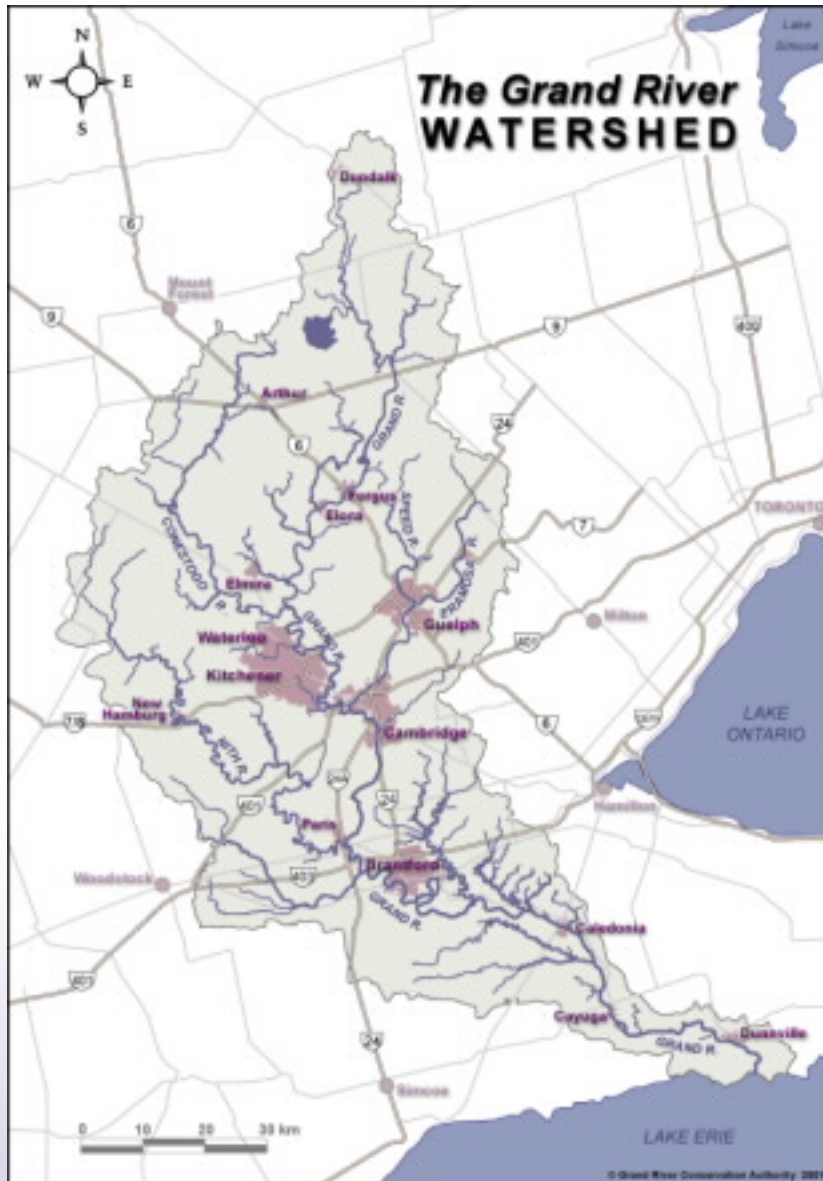
# Grand River Conservation Authority 2015 Draft Budget

City of Guelph – January 2015





# About the watershed



- **Largest watershed in Southern Ontario**
- **300 km long from Dundalk to Lake Erie**
- **Major tributaries: Conestogo, Speed, Eramosa, Nith**
- **Population: about 1 million**
- **Rich agricultural region**



# GRCRA Strategic Plan



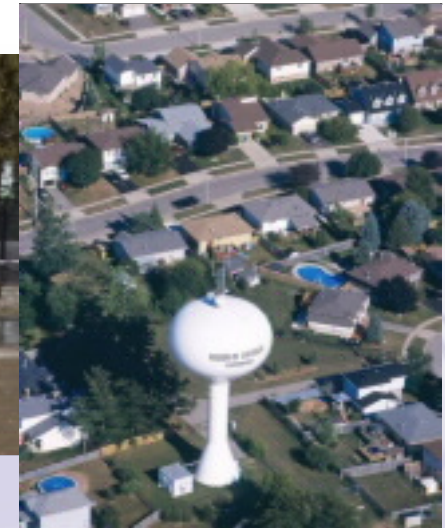
## Objectives

1. Protect life and minimize property damage
2. Improve watershed health
3. Connect people with the environment
4. Organizational focus on teamwork, development and engagement
5. Deliver value and innovation



# Watershed issues

- **Watershed population growing rapidly**
  - expected to reach 1.5 million by 2051
- **Extensive agriculture**
  - 70% of land is farmed; factor in water quality
- **Climate change could have major impact**
  - More extreme events, e.g. floods, drought



# Water Management Plan



## New water management plan addresses issues:

- Ensure sustainable water supplies
- Reduce flood damage potential
- Improve water quality
- Build resiliency to address climate change



## Participating partners:

- Guelph and other municipalities
- Canada
- Ontario
- First Nations
- GRCA

## Plan completed endorsed by partners in 2014

# Guelph & the GRCA

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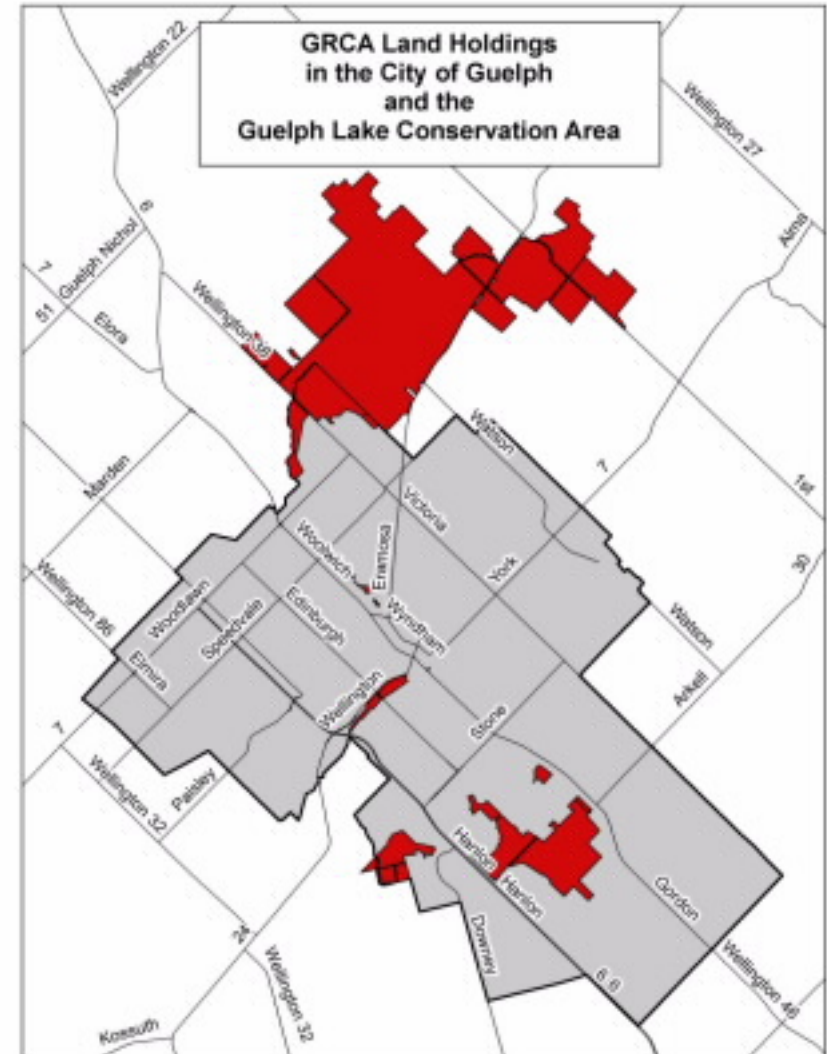


- **Guelph Lake Dam and Reservoir**
  - low flow augmentation to support sewage plant operation
  - flood damage reduction
- **Guelph Lake Conservation Area**
  - 200,000+ paid visits; 25 full-time and seasonal employees
  - Hillside Festival, rowing club, triathlons, walkathons
- **Rural Water Quality Program**
  - 230 projects worth \$1.34 million in 2014
- **Waste Water Optimization Program**
  - Guelph initiated optimization program
  - Guelph continues to work with GRCA and other partners

# GRCA landholdings in Guelph



- **Total landholdings in city – 456 hectares**
- **Key properties in Guelph**
  - Guelph Lake Sports Complex
  - Silvercreek Park
  - Preservation Park/Hanlon Creek
- **Land outside city that benefits Guelph**
  - Arkell well land
  - Starkey Hill





# Niska property update



- **GRCA took over possession of the Niska Waterfowl Park lands on December 31, 2014**
- **Niska Landholdings = 140 acres (Guelph/Puslinch)**
- **GRCA Master Plan process to begin in Spring 2015**

# Budget overview

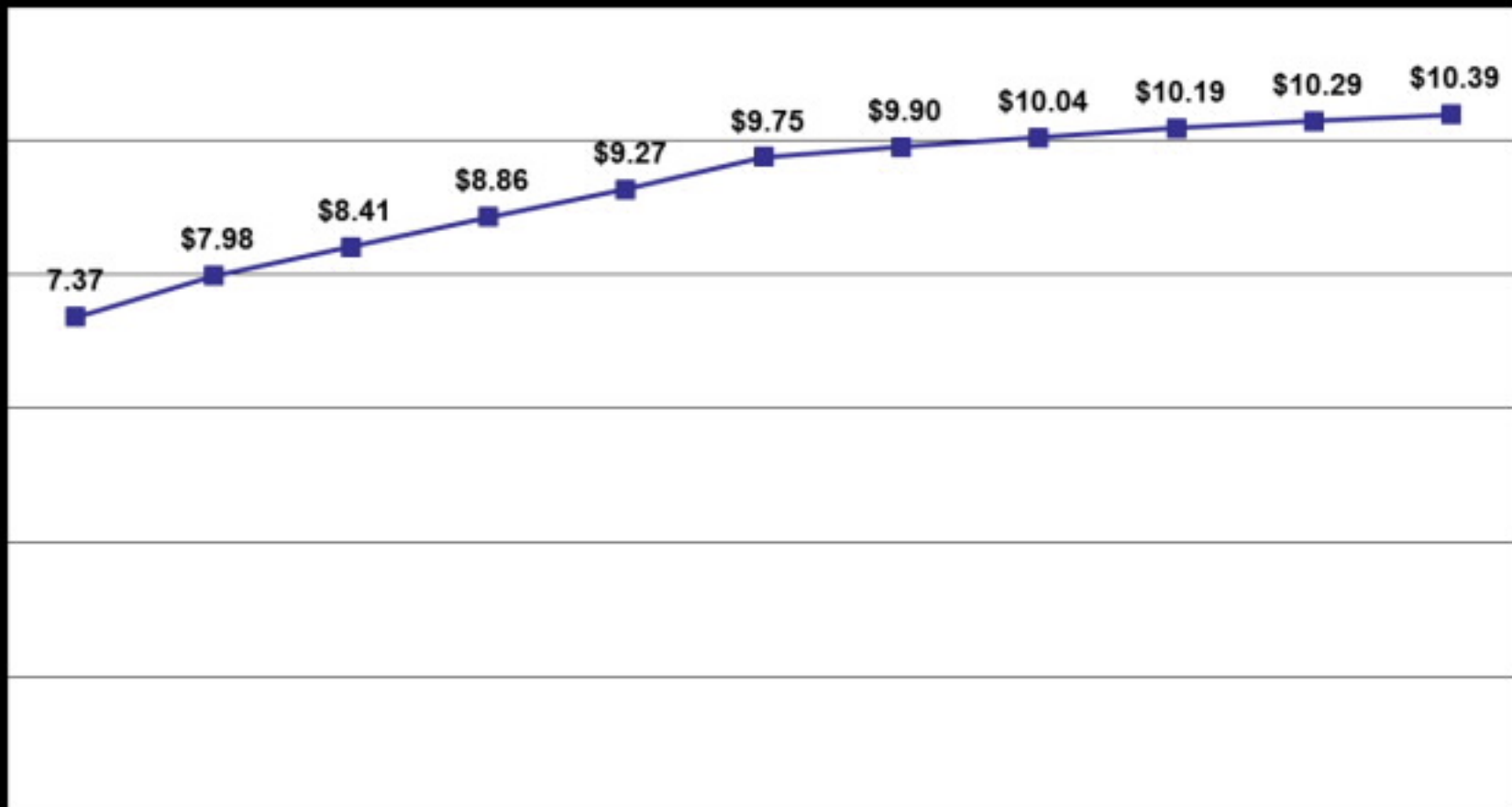
- **2015 expenditures: \$29.3 million**
  - down from \$29.8 million in 2014
- **Municipal dollars highly leveraged**
  - \$1 in municipal levy matched by \$2 from other sources

**Per capita municipal**





# CPCA Per Capita Levy



# 2015 budget issues



- **Demand for GRCA services remains high**
  - Responding to climate change (severe weather events)
  - Population growth
- **Forestry Program**
  - Emerald Ash Borer infestation
  - Ice Storm Funding
- **GRCA Conservation Areas revenue**
  - Weather dependent.
  - Revenue forecasts are declining, costs increasing
  - Use of Reserves to breakeven (unsustainable)

# 2015 budget issues



## Forestry Program

### 1. Emerald Ash Borer infestation

- 10 year cost estimates exceed \$8 million
- Draft 2015 budget included \$1.1 million in spending.
- Anticipate budget will be revised to approximately \$400K given results of tree inventory exercise undertaken in the fall.

### B. Ice Storm Funding

- Claim submitted for \$550,000
- approval of submission uncertain
- approximately \$150,000 in expenses not claimed since defined as ineligible.

# Response to budget issues



- Managing staff costs
  - restructuring of staffing complement
  - budgeting for savings due to gaps in employee service (e.g. leaves, departures, retirements)
- Emerald Ash Borer
  - requesting provincial funding
- Provincial Funding Opportunities
  - adhoc (special project) funding has been approved.
- Hydro Development
  - Cambridge new site development, potential for \$600,000 gross annual revenue (2016)
  - Guelph site upgrade being evaluated
  - Shand/Conestogo have long term contracts in place
- Conestogo Dam spillway project

# Grand River Conservation Authority Budget 2015 Timetable

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## Five Year Plan

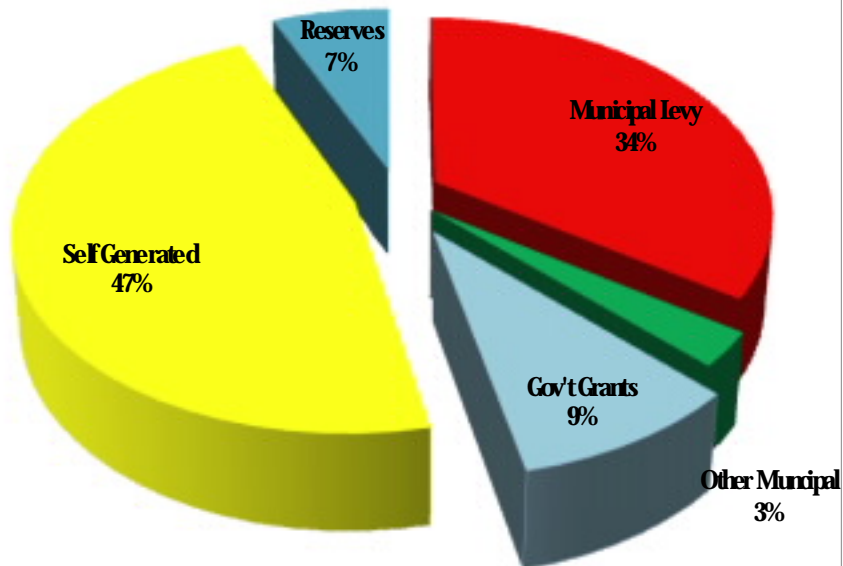
- **July 25, 2014**      **Five Year Forecast, General Membership**
- **Oct-Dec, 2014**      **Communication with Municipal Staff as required**

## 2015 Budget

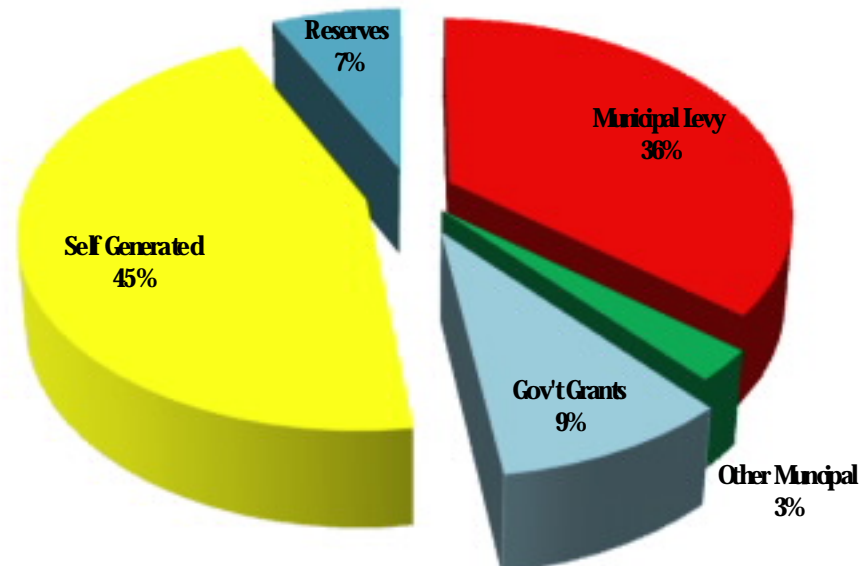
- **Sept 11, 2014**      **Special Budget Meeting, General Membership**
- **Jan 23, 2015**      **Budget Draft, General Membership**
- **Jan 27, 2015**      **Municipalities advised of Meeting Date for Budget Approval**
- **Feb 27, 2015**      **Board Approval, 2015 Budget & Levy (AGM)**

# Budget - Sources of Revenue

Budget 2014 (\$29.8 Million)



Budget 2015 (\$ 29.3 Million)



# 2015 Budget - Revenue

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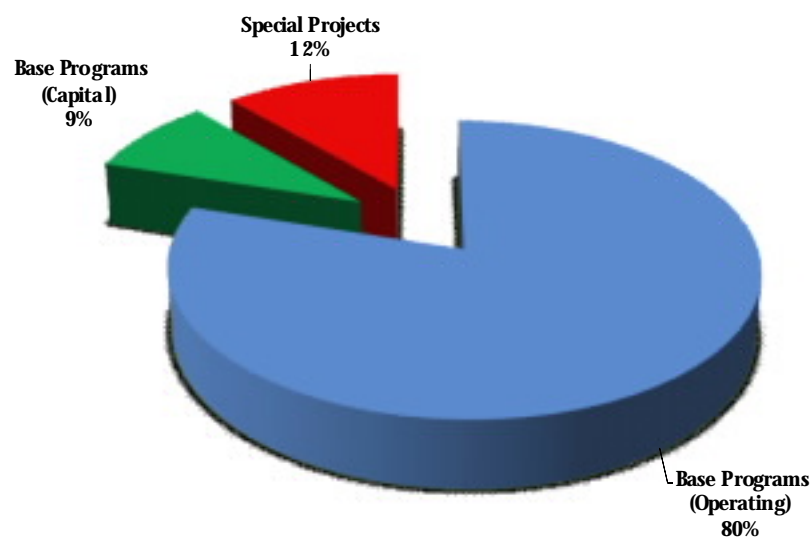
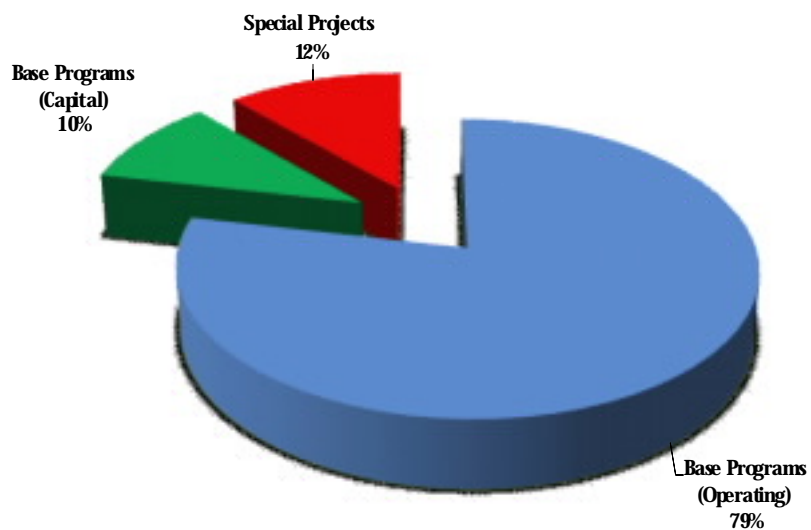
- **Revenue Categories**
  - Have remained consistent in relative size year over year.
- **General Municipal Levy**
  - Increasing by 2.5% to \$10,548,000 in 2015
  - Operating Levy increasing 2.8%
  - Capital Levy held constant at \$1.0 million (nil increase)
- **Special Projects**
  - Expenses are offset 100% by special funding sources.
  - Do not use general municipal levy to fund these projects.



# Budget - Expenditures

Budget 2014 (\$29.8 Million)

Budget 2015 (\$29.3 Million)



# 2015 Budget - Expenditures



- **Operating Budget** (\$23.4 million)
  - Watershed Management (Dams, flood forecasting, planning, lands management, education)
  - Conservation Areas
  - Corporate Services and Communication
- **Capital Budget** (\$2.5 million)
  - Water Control Structures
  - Conservation Areas
- **Special Projects** (\$3.4 million)
  - Rural Water Quality Program
  - Land Acquisition
  - Emerald Ash Borer

# General Municipal Levy for 2015



							DRAFT		
	% CVA in Watershed	2014 CVA (Modified)	CVA in Watershed	CVA-Based Apportionment	2015 Budget Operating Levy	2015 Budget Capital Levy	2015 Budget Total Levy	Actual 2014 Levy	% Change
Brant County	84.0%	5,191,477,357	4,360,840,980	3.1%	299,997	31,420	331,417	322,593	2.7%
Brantford C	100.0%	11,510,309,897	11,510,309,897	8.3%	791,833	82,932	874,765	855,399	2.3%
Amaranth Twp	82.0%	594,676,910	487,635,066	0.4%	33,546	3,513	37,059	36,159	2.5%
East Garafraxa Twp	80.0%	455,738,235	364,590,588	0.3%	25,081	2,627	27,708	27,222	1.8%
Town of Grand Valley	100.0%	323,319,521	323,319,521	0.2%	22,242	2,330	24,572	23,283	5.5%
Melancthon Twp	56.0%	434,354,020	243,238,251	0.2%	16,733	1,753	18,486	18,144	1.9%
Southgate Twp	6.0%	748,776,654	44,926,599	0.0%	3,091	324	3,415	3,369	1.4%
Haldimand County	41.0%	5,772,883,876	2,366,882,389	1.7%	162,826	17,053	179,879	177,155	1.5%
Norfolk County	5.0%	7,763,139,368	388,156,968	0.3%	26,703	2,797	29,500	28,947	1.9%
Halton Region	10.2%	32,374,084,654	3,299,802,669	2.4%	227,005	23,775	250,780	241,159	4.0%
Hamilton City (estimated)	4.7%	70,321,727,277	3,305,121,182	2.4%	227,371	23,813	251,184	246,875	1.7%
Oxford County	38.0%	3,280,399,853	1,247,794,718	0.9%	85,840	8,990	94,830	93,264	1.7%
North Perth T	2.0%	1,574,264,932	31,485,299	0.0%	2,166	227	2,393	2,354	1.7%
Perth East Twp	40.0%	1,440,152,628	576,061,051	0.4%	39,629	4,151	43,780	43,121	1.5%
Waterloo Region	100.0%	79,008,716,405	79,008,716,405	56.9%	5,435,278	569,258	6,004,535	5,866,931	2.3%
Centre Wellington Twp	100.0%	3,902,277,684	3,902,277,684	2.8%	268,451	28,116	296,567	287,256	3.2%
Erin T	49.0%	2,101,147,533	1,029,562,291	0.7%	70,827	7,418	78,245	76,805	1.9%
<b>Guelph C</b>	<b>100.0%</b>	<b>20,630,146,045</b>	<b>20,630,146,045</b>	<b>14.9%</b>	<b>1,419,218</b>	<b>148,640</b>	<b>1,567,858</b>	<b>1,523,954</b>	<b>2.9%</b>
Guelph Eramosa Twp	100.0%	2,226,730,120	2,226,730,120	1.6%	153,184	16,044	169,228	165,640	2.2%
Mapleton Twp	95.0%	1,243,286,242	1,181,121,930	0.9%	81,253	8,510	89,763	87,610	2.5%
Wellington North Twp	51.0%	1,316,528,857	671,429,717	0.5%	46,190	4,838	51,028	50,443	1.2%
Puslinch Twp	75.0%	2,122,996,673	1,592,247,505	1.1%	109,536	11,472	121,008	114,318	5.9%
<b>Total</b>		<b>254,337,134,741</b>	<b>138,792,396,875</b>	<b>100.00%</b>	<b>9,548,000</b>	<b>1,000,000</b>	<b>10,548,000</b>	<b>10,292,000</b>	<b>2.5%</b>