

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

**DATE Tuesday, November 5, 2013 – 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**

### **a) 2014-2023 Non-Tax Supported Capital Budget & Forecast and 2014-2017 Operating Budget & Forecast**

For Court Services

1. The 2014 Court Services Operating Budgets in the amount of \$3,642,000;
2. The 2014 Court Services Capital Budget and 2015-2023 Capital Forecast in the amount of \$602,900; and

For Ontario Building Code Administration

1. The 2014 Ontario Building Code Administration Operating Budget in the amount of \$2,900,000;
2. The 2014 Ontario Building Code Capital Budget and the 2015-2023 Capital Forecast in the amount of \$49,000.

For Water and Wastewater Services

1. The proposed expansion packages in the net amounts of \$142,900 for Water Services and \$93,500 for Wastewater Services;
2. The 2014 Water and Wastewater Operating Budgets in the amounts of \$26,351,480 and \$28,293,090 respectively, inclusive of expansions;
3. The 2014 Water and Wastewater Capital Budgets and 2015 - 2023 Forecasts in the amounts of \$193,881,300 and \$169,497,800 respectively;
4. The City of Guelph water volume charge of \$1.43 cents per cubic metre effective January 1, 2014 and the wastewater volume charge of \$1.59 cents per cubic metre, effective January 1, 2014;

5. The City of Guelph water and wastewater basic service charges and various fees and charges, be approved as per attached schedule "A" effective January 1, 2014; and
6. The Waterworks Fees and Services By-law be passed.

**BY-LAWS**

Resolution – Adoption of By-laws (Councillor Piper)

<p>By-law Number (2013)-19654  A by-law to impose water and wastewater service rates and charges in the City of Guelph, and to adopt Municipal Code Amendment 501 which amends Chapter 291, Article II of the Corporation of the City of Guelph’s Municipal Code and to repeal By-law Number (2012)-19482.</p>	<p>To adopt water and wastewater service rates and charges.</p>
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**b) 2014 Tax Supported Operating Budget**

- Introductory remarks by Mayor Farbridge
- Ann Pappert, CAO
- Al Horsman, Executive Director Finance & Enterprise/CFO
- Executive Team

**Recommendation:**

1. That the 2014 Tax Supported Operating Budget with a net levy requirement of \$192,865,918 or 3.36% above the 2013 tax levy be received for information and referred to the December 5 meeting for Council consideration.
2. That user fees and proposed reserve and reserve fund transfers be received and referred to December 5, 2013.

**ADJOURNMENT**

# Guelph's Financial Strategy 2014



# Tax-supported Operating Strategy

2014 proposed Operating Budget and Forecast



Budget	Staff Presentation	Public Delegations	Council Approval
Capital	Complete	Complete	December 5
Non-tax supported - Court Services - Ontario Building Code - Water - Wastewater	Complete	Complete	<b>Tonight</b>
Operating - City Services	<b>Tonight</b>	November 28	December 5
Operating - Local Boards - Shared Services	November 27	November 28	December 5



# Questions and Requests for Information

- Direct questions to Executive Director or CFO
- Response tonight where possible

OR

- Staff will follow-up and provide requested information to all members of Council
- 

# Agenda

- Decisions Non-Tax supported
- Presentation – Tax-Supported – Presentation
  - Budget Context
    - Ann’s summary
  - Financial Context & Position
    - Progress (2010 – 2014)
    - 2014 Proposed Financial Strategy
    - Financial Overview
  - Service Area Progress
  - Recommended Strategic & Service Investments
  - Multi-Year Operating Forecast




# **Non-tax-supported Budget Decisions**






# **THAT Council approves:**

## **For Court Services**

1. The 2014 Court Services Operating Budgets in the amount of \$3,642,000;
  2. The 2014 Court Services Capital Budget and 2015-2023 Capital Forecast in the amount of \$602,900; and
- 




## **For Ontario Building Code Administration**

3. The 2014 Ontario Building Code Administration Operating Budget in the amount of \$2,900,000;
  4. The 2014 Ontario Building Code Capital Budget and the 2015-2023 Capital Forecast in the amount of \$49,000.
- 




## **For Water and Wastewater Services**

5. The proposed expansion packages in the net amounts of \$142,900 for Water Services and \$93,500 for Wastewater Services;
  6. The 2014 Water and Wastewater Operating Budgets in the amounts of \$26,351,480 and \$28,293,090 respectively, inclusive of expansions;
  7. The 2014 Water and Wastewater Capital Budgets and 2015 - 2023 Forecasts in the amounts of \$193,881,300 and \$169,497,800 respectively;
- 



## **For Water and Wastewater Services**

8. The City of Guelph water volume charge of \$1.43 cents per cubic metre effective January 1, 2014 and the wastewater volume charge of \$1.59 cents per cubic metre, effective January 1, 2014;
  9. The City of Guelph water and wastewater basic service charges and various fees and charges, be approved as per attached schedule "A" effective January 1, 2014; and
  10. The Waterworks Fees and Services By-law be passed.
- 



# **Proposed 2014 Tax-supported Operating Budget**



# Recommendation


- 'That the 2014 Tax-supported Operating Budget with a net levy requirement of \$192,865,918 or 3.36% above the 2013 tax levy be received for information and referred to the December 5 Meeting for Council consideration;
- That user fees and proposed reserve and reserve fund transfers be received and referred to December 5, 2013'

## Specifically:

- Increase to base budget 2.73%
- Investment: Service and Strategic of 0.63%
- Represents an average tax increase of \$107 for the average residential taxpayer



# **Proposed 2014 Tax-supported Operating Budget:**

- No Service Reductions
  - Maintains existing reserve fund balances
  - Investments (strategic and service) to continue to move forward
  - Includes a three-year (2015 – 2017) operating forecast for information
- 



# **2014 Tax Supported Operating Strategy:**

## **A - Progress 2011- 2014 Guelph Financial Strategy**

- Strong Foundation
- Strong Performance
- Strong Position
- Open Reporting





# **2014 Tax Supported Operating Strategy:**

## **B - Predictability + Affordability Highlights**

- Budget Model Formula
- Efficiencies, Productivity and Business Optimization
- Multi Year and Service-based Operating Budgets Tax-supported





# **2014 Tax Supported Operating Strategy:**

## **C - Next Steps: Commitment**

- Infrastructure Gap /Asset Management
- Financing Options - Priority Projects








# **Financial Position and Context**



# Guelph's Financial Strategy

## Where we were in 2010:

- Lower credit rating
  - Limited financial policies
  - No service based budgets or multi-year operating forecasts
  - Limited predictability (taxpayer/ratepayer)
  - Infrastructure gap not being effectively addressed
  - Poor performance measurement reporting
- 



# Guelph's Budget and Financial Strategy

## Progress:


- Two increases in the credit rating (2012 and 2013)
- Several financial policies adopted by Council
  - Contributed to Guelph's improved credit rating
  - Applauded by the External Audit community
  - Internal Auditor position created to assist further





# Guelph's Budget and Financial Strategy


## Progress:

- Non-tax-supported Budgets are service-based and include multi-year operating forecasts
  - Tax-supported budgets multi-year starting in 2014
  - Transitioning to service-based budgets for tax-supported
  - Infrastructure gap being addressed
  - Regular reporting on KPIs
- 



# Guelph's Budget and Financial Strategy

The proposed 2014 Financial Strategy:

- Considers a two-pronged Budget Model
  - Guided by a predictable formula
  - Introduces a multi-year perspective
  - Complies with legislated and Council-approved financial policies
- 





# Guelph's Budget and Financial Strategy

- Challenges and Opportunities include:
  - Over 1/3 of net expenditures remain uncontrollable
  - Strategic and service investments are needed to position the City for success



# Predictable Formula/Budget Model:

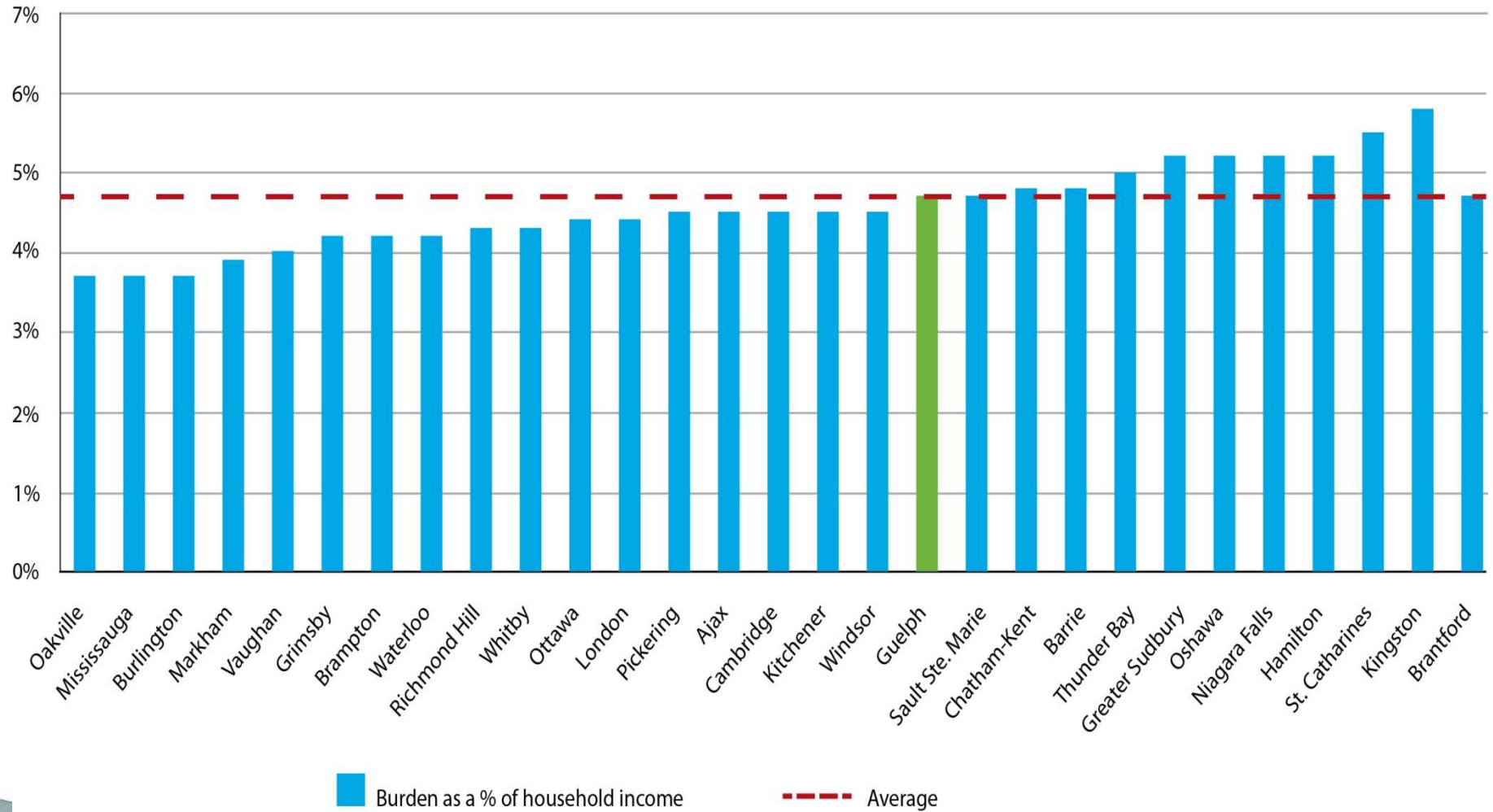
Model	Recommended 2014 operating budget	Predictable formula	Difference
<b>Base</b> (includes assessment growth and efficiencies)	2.73%	1.94% (CPI) + 1.43% (volume) = 3.37%	-0.64%
<b>Recommended Investments</b> (see budget highlights for details)	0.63%	0.50%	0.13%
<b>Total</b>	<b>3.36%</b>	<b>3.87%</b>	<b>-0.51%</b>

*CPI – Consumer Price Index*

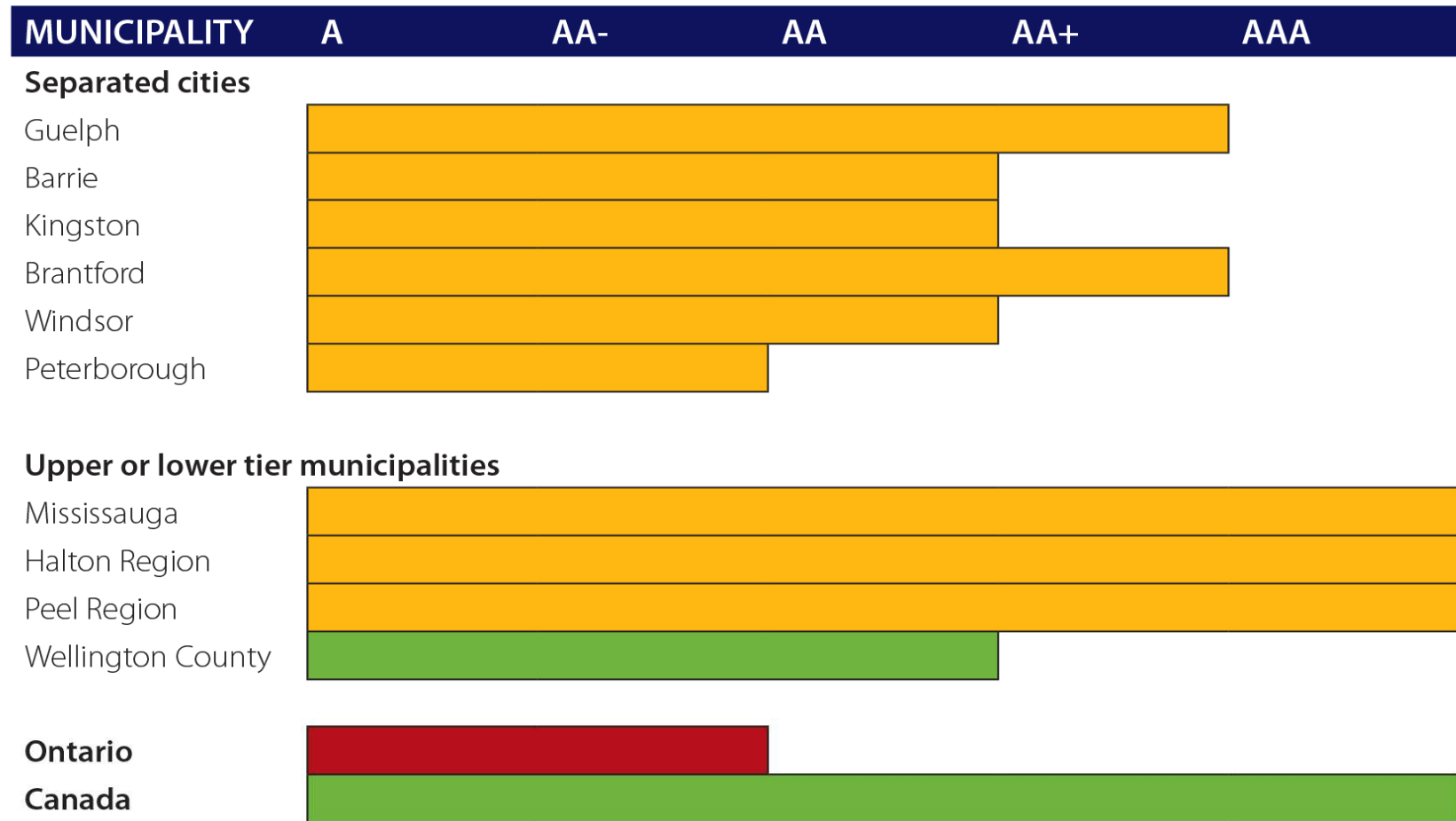
# 2015–17 Multi-year Operating Budget

	2013	2014	Yr/Yr Change (\$)	Yr/Yr Change (%)
Net Tax Levy	185,187,614	192,865,919	7,678,305	4.15%
Prior Year Assesment Growth	1,400,000		(1,400,000)	
<b>Total Tax Supported Budget</b>	<b>186,587,614</b>	<b>192,865,919</b>	<b>6,278,305</b>	<b>3.36%</b>
	2014	2015	Yr/Yr Change (\$)	Yr/Yr Change (%)
Net Tax Levy	192,865,918	206,319,742	13,453,823	6.98%
Prior Year Assesment Growth	1,400,000		(1,400,000)	
<b>Total Tax Supported Budget</b>	<b>194,265,918</b>	<b>206,319,742</b>	<b>12,053,823</b>	<b>6.20%</b>
	2015	2016	Yr/Yr Change (\$)	Yr/Yr Change (%)
Net Tax Levy	206,319,742	216,193,115	9,873,374	4.79%
Prior Year Assesment Growth	1,400,000		(1,400,000)	
<b>Total Tax Supported Budget</b>	<b>207,719,742</b>	<b>216,193,115</b>	<b>8,473,374</b>	<b>4.08%</b>
	2016	2017	Yr/Yr Change (\$)	Yr/Yr Change (%)
Net Tax Levy	216,193,115	225,086,080	8,892,964	4.11%
Prior Year Assesment Growth	1,400,000		(1,400,000)	
<b>Total Tax Supported Budget</b>	<b>217,593,115</b>	<b>225,086,080</b>	<b>7,492,964</b>	<b>3.44%</b>

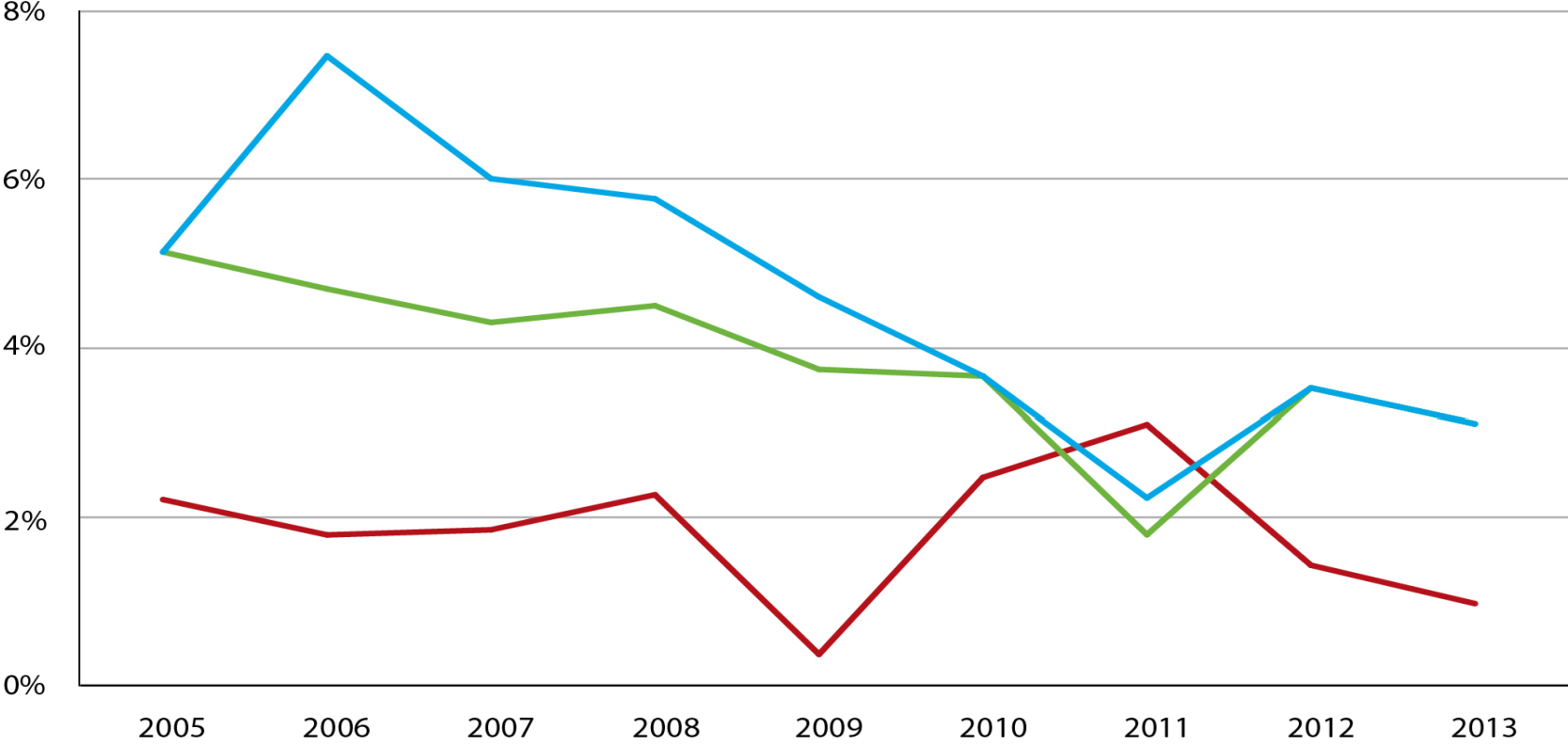
## Total municipal burden as a per cent of household income



## Municipal Credit Rating Comparison



### Using the tax rate stabilization reserve



- Tax levy increase (without rate stabilization)
- Tax levy increase (with rate stabilization)
- CPI



# 2012 Performance Measures Report Card

## Financial indicators

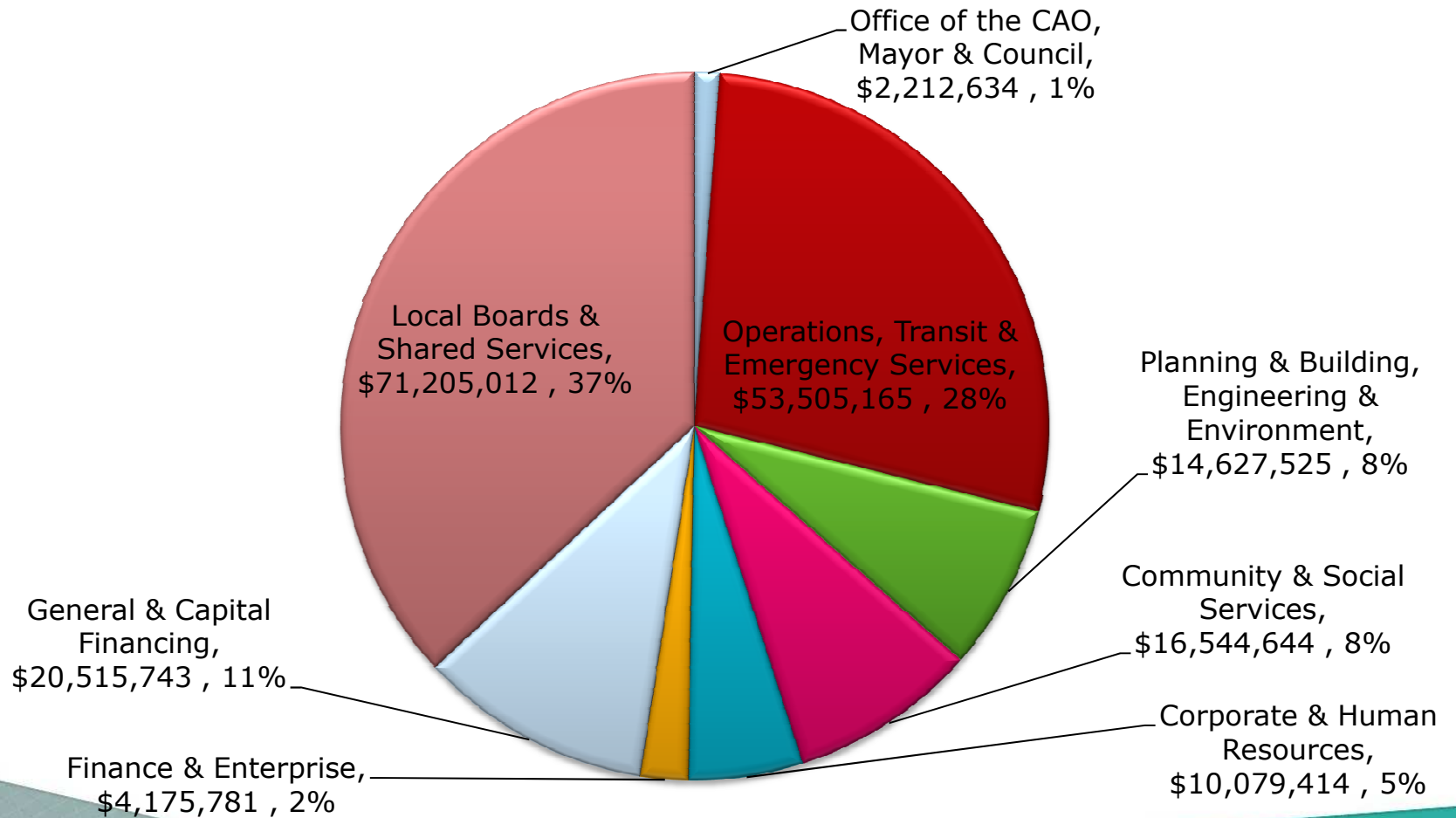
	2012 finding	Change from 2011 to 2012	2011 finding
Financial position per capita	●	+	●
Operating surplus ratio	●	-	●
Receivables as % of taxes levied	●	+	●
Net financial assets	●	+	●
Net financial asset as % of own revenues	●	-	●
Liquid assets to total reserves	●	+	●
Debt to total reserve ratio	●	+	●
Debt outstanding per 100k of unweighted tax assessment	●	+	●
Debt interest as a % of own source of revenues	●	+	●
Operating reserves as % of own source of revenue	●	+	●
Capital reserve contributions as % of asset value	●	-	●
Capital reserve contributions to depreciation	●	-	●

## Legend

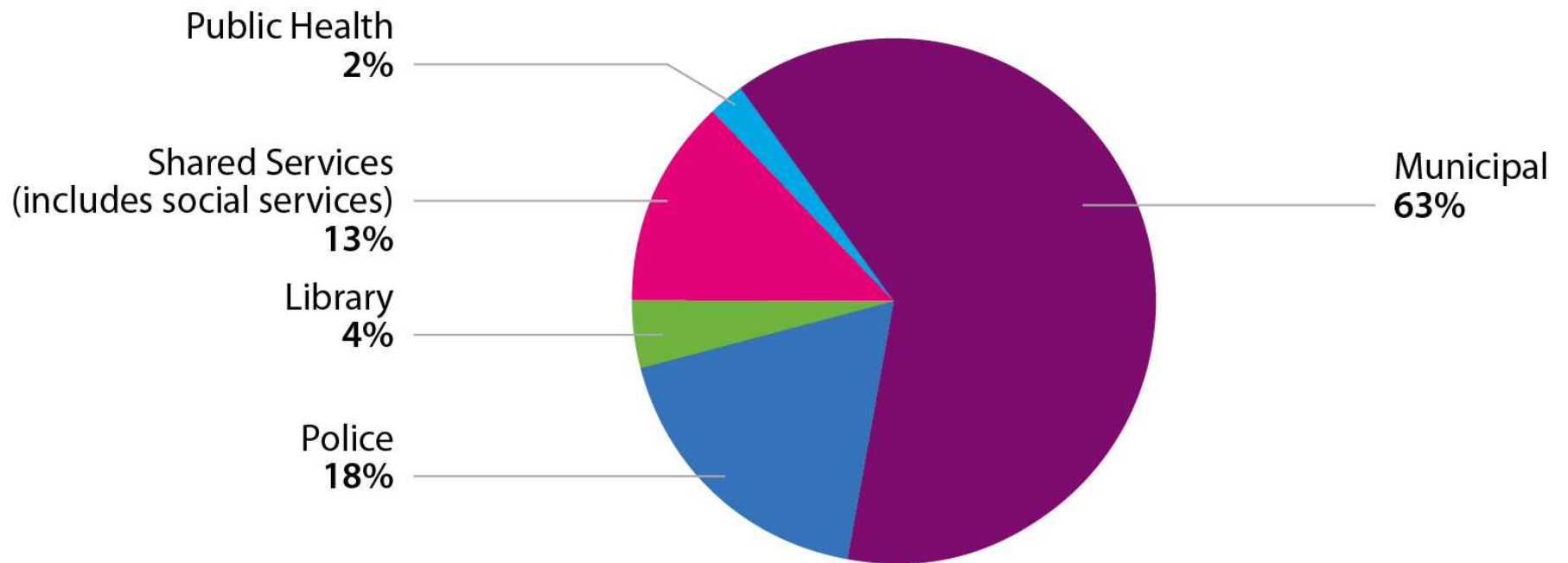
- **Positive:** stay the course
- **Caution:** in the right range but may be moving in the wrong direction
- **Negative:** take corrective action
- + **Positive change**
- **Negative change**



# 2014 Municipal Tax Dollars (\$192.9M)



## 2014 distribution of municipal tax dollars



# Financial Overview (Changes)

<b>Revenue</b>	<b>2014</b>	<b>% increase</b>
Departmental Revenues	2,282,399	1.22%
General Revenues	(490,000)	-0.26%
<b>Expenditures</b>		
Impact from Capital (City Budget)	249,200	0.13%
General Expenditures & Capital Financing , Grants & Cross Charges	1,495,790	0.80%
Compensation	2,899,082	1.55%
Fuel, Heat & Hydro	(837,900)	-0.45%
Other Purchased Goods & Services	2,633,051	1.41%
Strategic & Service Investments	1,079,800	0.58%
Local Boards & Shared Services	1,951,680	1.05%
Prior Year Assessment	(1,400,000)	-0.75%
<b>TOTAL</b>	<b>\$ 6,278,304</b>	<b>3.36%</b>

# Departmental Revenues \$2.3M over 2013

## Highlights:

- Tipping Fee Increases \$1.7 million
- Product Sale increases \$0.08 million
- Licenses, Permits & External Recoveries increases \$0.6 million
- Grants from other levels of government decreases \$0.03 million



## **General Revenues & Transfers from Reserves** ↓ **\$0.5M over 2013**

### **Highlights:**

- Reduction to Supplementary Revenues - \$0.4 million
- Increase Payment-in-lieu of Taxes Revenue from reassessment - \$0.08 million
- Increased Investment Income - \$0.02 million
- Reduced Transfers from Reserves - \$0.2 million

# Impact from Capital \$0.25M over 2013

## Highlights:

- New Park (Eastview) Operating Requirements \$0.1 million
- Contribution to GO/Metrolinx \$0.15 million (a report on this topic is forthcoming later this month)

# General Expenditures, Capital Financing Grants & Cross Charges \$1.5M over 2013

## Highlights:

- Increase funding for Tax Increment Based Grants \$0.5 million
- Increased contributions to capital reserve funds \$1.1 million
- Increased recoveries from other Non-tax-supported Budgets \$0.5 million
- Increase Financial Expenses \$0.3 million
- Increased Debt Servicing to fund two interest payments of an early 2014 debt issue \$0.04 million



# Compensation \$2.9M over 2013

## Highlights:

- Salary and wage increases \$2.6 million or 1.39%
- Increased costs due to benefit increases (i.e. CPP, EI, STD, LTD) are outside of the City's control and/or experience rated (increase is \$0.3 million over 2013)
- Reduction of \$0.5 million (total \$1.8M) to reflect naturally occurring vacancies

# Fuel, Heat, Hydro ↓ \$0.8M over 2013

## Highlights:

- Decreased fuel costs largely due to usage \$0.5 million
- Decreased hydro costs due to conservation and usage adjustments (savings from CEI incorporated) \$0.3 million
- Increase to heating costs due to realignment of usage \$0.02 million

## Other Purchased Goods & Services

↑ **\$2.6M over 2013**

### Highlights:

- Increased insurance \$0.5 million
- Increased operating supplies of \$0.9 million
- Increased Repairs & Maintenance by \$0.2 million
- Increased tipping fees by \$1.0 million

# Corporate Highlights: 2014 Key Initiatives

## Community & Social Services:

- Began the South End Community Centre Needs Assessment, Feasibility Study and Implementation Strategy – report back in 2014
- Began the operational review for Tourism Services – report back in 2014

## Planning, Building, Engineering & Environment:

- Secondary Plans – Guelph Innovation District (complete) and Clair/Maltby (continue progress)
- Storm Water Funding Review and Recommendation
- Downtown Public and Private Realm and St. George's Square design
- Renovation of Via Station
- Active Transportation Study
- IOR Implementation
- Shared Rental Housing (Licensing)

# Corporate Highlights: 2014 Key Initiatives

## Corporate & Human Resources:

- Open Government Action Plan
- Workforce Census/Employment Systems Review
- Continued implementation of the Corporate Technology Strategy
- Complete Communications Audit
- Complete Long Term Care Home designation

## Finance & Enterprise:

- Finalize the City's DC Policy and By-law update before Mar 1,2014
- Finalize Purchasing Policy & By-law update
- Investigate and implement self-service tax applications
- Increase local renewable energy investment, jobs and projects
- Lead the Downtown Guelph community Improvement Plan
- Deliver core programs to attract, retain and expand investment



# Corporate Highlights: 2014 Key Initiatives

## Operations, Transit & Emergency Services:

- Introduction of (CREMS) Community Referrals by EMS program
- Implementation of the Master Downtown Parking Study recommendations
- Implementation of the Transit Technology Plan
- Implementation of the Emerald Ash Borer Strategy



# Corporate Highlights: 2014 Budget Drivers

- Compensation
- Capital financing
- Aging infrastructure
- Energy costs
- Purchased goods and services
- Legislative requirements (shared services)



# Service Area Budget Snapshots

	2013 Budget	2014 Requested	Year/year increase	Year/year increase	Funding sources tax-supported	User fee	Grants
<b>Community and Social Services</b>	\$16,493,833	\$16,647,044	\$153,211	0.93%	63.33%	35.46%	1.21%
<b>Corporate and Human Resources</b>	\$9,462,955	\$9,813,114	\$350,159	3.70%	97.37%	2.63%	
<b>Finance and Enterprise</b>	\$3,868,900	\$4,082,081	\$213,181	5.51%	83.86%	15.73%	0.41%
<b>Operations, Transit and Emergency Services</b>	\$52,541,703	\$53,070,065	\$528,362	1.01%	67.19%	24.03%	8.78%
<b>Planning, Building, Engineering and Environment</b>	\$14,654,320	\$14,332,525	-\$321,795	-2.20%	50.79%	45.67%	3.55%

# Strategic Investments

Position Name	FTE Impact	2014 Net Cost	2015 Net Cost	2016 Net Cost
Program Manager: Corporate Projects (Contract)	0.00	\$0	\$0	\$0
Business Process Improvement Specialist	1.00	\$92,100	\$62,625	\$42,550
Development Planner II	1.00	\$110,800	\$112,700	\$114,500
IOR Funding	0.00	\$169,400	\$169,400	\$169,400
Timekeeping Package	0.00	\$50,000	\$0	\$0
Corporate Application Analyst	1.00	\$130,300	\$120,400	\$122,700
<b>Total</b>	<b>3.00</b>	<b>\$552,400</b>	<b>\$465,125</b>	<b>\$449,550</b>

# Service Investments

Position Name	FTE Impact	2014 Net Cost	2015 Net Cost	2016 Net Cost
Termite Management	0.00	\$15,000	\$0	\$0
Affordable Bus Pass	0.00	(\$102,400)	(\$204,800)	(\$204,800)
School Zone Speed Limit Reductions	0.00	\$70,000	\$9,800	\$9,800
Urban Forest Management Plan	2.50	\$205,600	\$215,880	\$226,674
Fleet Mechanics – Transit	1.00	\$79,750	\$84,700	\$86,400
Fleet Mechanics – PW	1.00	\$79,750	\$84,700	\$86,400
Committee Coordinator	1.00	\$86,000	\$79,200	\$80,800
Corporate Health & Safety Program Coordinator	1.00	\$0	\$0	\$0
Enterprise Development Officer	0.00	\$93,700	\$89,000	\$90,700
Police Services Requests	2.00	\$113,300	\$116,200	\$119,300
<b>Total</b>	<b>8.50</b>	<b>\$640,700</b>	<b>\$474,580</b>	<b>\$495,074</b>



# **November 5**

## **Tax-supported Recommendations**

THAT the 2014 Tax Supported Operating Budget and Forecast, which includes:

- Base budget increase of \$5,085,204 or 2.73%;
- Expansions related to strategic initiatives \$640,700 or 0.33%;
- Expansions related to service investments \$552,400 or 0.30%

For a net levy requirement of \$192,865,918 or 3.36% over the 2013 tax levy, be received for information; and,



# **November 5**

## **Tax-supported Recommendations**

THAT user fees and proposed reserve and reserve fund transfers be received and referred to December 5, 2013



# Discussion

# STAFF REPORT



TO City Council

SERVICE AREA Finance & Enterprise Services

DATE November 5, 2013

**SUBJECT 2014 Tax Supported Operating Budget**

REPORT NUMBER FIN-13-47

## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To introduce the recommendation of the Executive Team related to the 2014 Tax Supported Operating Budget and provide details and background materials for Council's budget deliberations scheduled for December 5, 2013.

To provide the Executive Team with an opportunity to formally present the tax supported operating budget to Council and receive questions and/or requests for additional information from Council.

### KEY FINDINGS

The recommended budget is reflecting a net tax levy requirement of \$192,865,918, or 3.36% above the 2013 tax levy requirement. This budget is within the predictable formula that was presented to Council in July 2013. A comparison of the City's recommended budget to the formula is highlighted below:

Model	Recommended 2014 operating budget	Predictable formula	Difference
<b>Base</b> (includes assessment growth and efficiencies)	2.73%	1.94% (CPI) + 1.43% (volume) = 3.37%	-0.64%
<b>Recommended Investments</b> (see budget highlights for details)	0.63%	0.50%	0.13%
<b>Total</b>	<b>3.36%</b>	<b>3.87%</b>	<b>-0.51%</b>

*CPI – Consumer Price Index*

### FINANCIAL IMPLICATIONS

The financial implications resulting from this report are outlined in detail in the City's budget document and the attached presentation. Staff are recommending a 3.36% increase over the prior year's net tax levy to maintain existing service levels and fund strategic and service investments. Overall, this represents an average annual property tax increase of \$107 for the average residential taxpayer with a property valued at \$311,136.



# STAFF REPORT

## ACTION REQUIRED

Receive and refer to the December 5, 2013 meeting of Council the:

- 2014 Tax Supported Operating Budget,
- Proposed user fees,
- Proposed Reserve and Reserve Fund Transfers

## RECOMMENDATION

That the 2014 Tax Supported Operating Budget with a net levy requirement of \$192,865,918 or 3.36% above the 2013 tax levy be received for information and referred to the December 5 meeting for Council consideration; and

That user fees and proposed reserve and reserve fund transfers be received and referred to December 5, 2013.

## BACKGROUND

The proposed 2014 Tax Supported Operating Budget represents the culmination of several months of work undertaken by City staff. The proposed budget has been prepared based on continuing to strengthen the following four financial strategy elements:

- strong foundation
- strong performance
- strong future positioning
- open reporting

Through discussions with Council in recent years and in light of economic pressures (affordability), increasing demands for service, improved technological capability to deliver in real time and mounting financial pressures (downloading) from other orders of government the need to identify a new way of doing business was critical. In July 2013, City staff presented a predictable guideline aimed at providing the tax payer and Council a certain degree of long-term predictability that had not previously existed through the utilization of a formula that considers inflation (CPI), increases due to volume or growth within the City and a factor to support investments in new strategies. This guideline and the corresponding recommended budget is shown in the below table:

Model	Recommended 2014 operating budget	Predictable formula	Difference
<b>Base</b> (includes assessment growth and efficiencies)	2.73%	1.94% (CPI) + 1.43% (volume) = 3.37%	-0.64%
<b>Recommended Investments</b> (see budget highlights for details)	0.63%	0.50%	0.13%
<b>Total</b>	<b>3.36%</b>	<b>3.87%</b>	<b>-0.51%</b>

*CPI – Consumer Price Index*

# STAFF REPORT



In conjunction with the predictable guideline, staff also committed to preparing a multi-year operating forecast for the City’s tax supported operating budget. The current multi-year operating forecast provides for the following potential levy increases if left unchecked:

Year	Levy Increase (\$)	Levy Increase (%)
2015	\$12,053,823	6.20%
2016	\$8,473,374	4.08%
2017	\$7,924,964	3.44%

As shown in the above table, based on adjustments to the base budget and known future pressures, the tax levy increase is anticipated to exceed the 3.87% predictable formula in both 2015 and 2016 primarily due to capital financing and inflationary pressures and is reflective of revenues not changing at the same rate as costs. This indicates that staff will need to find ways to mitigate these pressures through such things as service reviews, efficiencies, and new revenue opportunities.

### REPORT

The current 2014 tax supported operating budget was prepared in accordance with Council-approved Budget, Debt Management and General Reserve and Reserve Fund policies.

As with previous years, the proposed base budget includes all annualized costs and the impacts of new capital.

In developing the City’s operating and capital budgets, staff has ensured that a balance exists between the need to maintain and rehabilitate existing City services and infrastructure while ensuring that funds are allocated to projects and services that allow the City to develop in a manner that is consistent with the changing needs of the population.

This budget is based on a strong budget forecast that ensures the City’s financial position continues to remain strong and improve.

It does so through conservative use of debt and reserves to support capital investment, exploration of more innovative ways to tackle budget and inflationary pressures and further minimizing reliance on the tax stabilization reserve to manage economic constraints and/or extraordinary events.

The total recommended 3.36% increase above the 2013 tax levy, represents a recommended:

- base operating budget increase of 2.73%;
- recommended investments for both strategic and service purposes of 0.63%

# STAFF REPORT



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## **CORPORATE STRATEGIC PLAN**

### Organizational Excellence 1.2

*Develop collaborative work teams and apply whole systems thinking to deliver creative solutions*

### Innovation in Local Government 2.3

*Ensure accountability, transparency and engagement*

### City Building 3.2

*Be economically viable, resilient, diverse and attractive for business*

## **DEPARTMENTAL CONSULTATION**

Budget development was a coordinated effort by City Departments, Boards and Shared Services. The City's Direct Report Leadership Team – Budget group was responsible for bringing forward a budget that supported existing services and provided an opportunity to fund various strategic and service investments. The Executive Team has reviewed and recommended the proposed 2014 Tax Supported Operating Budget being presented at the November 5, 2013 meeting of Council.

## **FINANCIAL IMPLICATIONS**

The financial implications resulting from this report are outlined in detail in the City's budget document and the attached presentation. Staff are recommending a 3.36% increase over the prior year's net tax levy to maintain existing service levels and fund strategic and service investments. Overall, this represents an average annual property tax increase of \$107 for the average residential taxpayer with a property valued at \$311,136.

## **COMMUNICATIONS**

Staff have worked collaboratively with Corporate Communications to develop the final budget document.

Public meeting notification was placed on the City's web page and will be advertised in the local newspaper during the month of November. A draft copy of the City budget is also available at all City Library branches and is posted on the City's website.

## **ATTACHMENTS**

Attachment 1: Summary of Transfers to Reserves and Reserve Funds

# STAFF REPORT

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## **Report Author**

Sarah Purton  
Manager, Financial Planning & Budgets

"original signed by Katrina Power"

"original signed by Al Horsman"

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## **Approved By**

Katrina Power  
General Manager, Finance  
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Katrina.power@guelph.ca

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## **Recommended By**

Al Horsman  
Executive Director, Finance & Enterprise/CFO  
519-822-1260 ext. 5606  
al.horsman@guelph.ca

**Attachment 1: Summary of Transfers to Reserves & Reserve Funds**

<b>Description</b>	<b>2014 Contribution</b>	<b>Purpose</b>
Department Reserve Funds	2,800,000	Fund non-vehicle and equipment related capital projects in either the current or future years.
Vehicle & Equipment Reserve Funds	9,590,000	Fund the replacement of vehicles and equipment within the City's existing inventory.
Capital Tax Reserve Fund	2,605,000	Provide a contingency for projects that have unanticipated cost overruns or emergency situations that occur during the year
DC Exemption Reserve Fund	850,000	Fund growth related costs that are not eligible under the Development Charges Act and to fund exemptions that have been made by Council in the prior budget year.
Road Infrastructure Reserve Funds	2,385,000	Fund on-going road rehabilitation capital projects
Building Lifecycle & Accessibility Reserve Fund	2,629,000	Fund on-going capital works at City facilities, including regular capital upgrades and replacements and accessibility projects
Sleeman Naming Rights and Capital Reserve Fund	90,000	Fund on-going capital works at the Sleeman Centre. Funds received as part of the Sleeman Naming Rights agreement.
Information Technology Reserve	144,000	Fund the purchase of IT software that was previously licensed
<b>Tax Supported Capital Reserve Funds</b>	<b>21,093,000</b>	
Tax Increment Based Grant (TIBG) Financing	972,000	Annual contribution to provide funding for the Council approved TIBG program
Tax Rate Stabilization Reserve (NEW)	100,000	Annual Contribution to provide funding for the tax rate stabilization reserve to build to targeted levels equal to 8-10% of gross operating expenditures
Building Maintenance (non-capital) Reserve	100,000	Annual contribution to provide funding for emergency, non-capital, repairs that need to be undertaken at City facilities
Election Reserve	131,000	Annual contribution to help offset the cost of the municipal election
HR Reserves	60,200	Annual contribution to Human Resources reserves for contingency and job evaluations
Contingency for Integrity Inquiries (NEW)	10,000	Annual contribution to provide funding for work carried out by the Integrity Commissioner
<b>Tax Supported Operating Reserves</b>	<b>1,373,200</b>	
<b>Total Transfers to Reserves &amp; Reserve Funds</b>	<b>\$ 22,466,200</b>	

**Summary of Transfers from Reserves and Reserve Funds**

<b>Description</b>	<b>2014 Contribution</b>	<b>Purpose</b>
Dedicated Provincial Gas Tax Reserve Fund	2,754,300	Fund conventional and mobility transit operations
Police Sick Leave Reserve	335,000	Fund the current year sick leave expense for eligible Police staff
Sleeman Naming Rights Reserve	30,605	Fund expenditures related to suite rental and advertising costs.
Strategic Initiatives Reserve	326,800	To fund one-time strategic initiatives for work to be carried out in 2013.
HR Reserves	406,050	Fund HR activities related to staffing, employee recognition & wellness
Court Services Capital Reserve	397,075	Fund debt charges related to the POA facility. Funds are transferred to the reserve from the Enterprise fund.
<b>Total Transfers from Reserves/Reserve Funds</b>	<b>\$ 4,249,830</b>	