

Special City Council Meeting Agenda

Consolidated as of September 22, 2017



Tuesday, September 26, 2017 – 6:00 p.m.
Council Chambers, Guelph City Hall, 1 Carden Street

Please turn off or place on non-audible all electronic devices during the meeting.

Please note that an electronic version of this agenda is available on guelph.ca/agendas.

Changes to the original agenda have been highlighted.

Open Meeting– 6:00 p.m.

Disclosure of Pecuniary Interest and General Nature Thereof

Special Council - 2018 Budget Information Session

CON-2017.41 2018 Budget Information Session

Presentation: (presentation)

Introduction: Derrick Thomson, Chief Administrative Officer
Trevor Lee, Deputy CAO Corporate Services
Tara Baker, Treasurer, GM Finance

Operating: Karen Newland, Manager Finance Client Services

Special Topics: James Krauter, Manager Taxation and Revenue

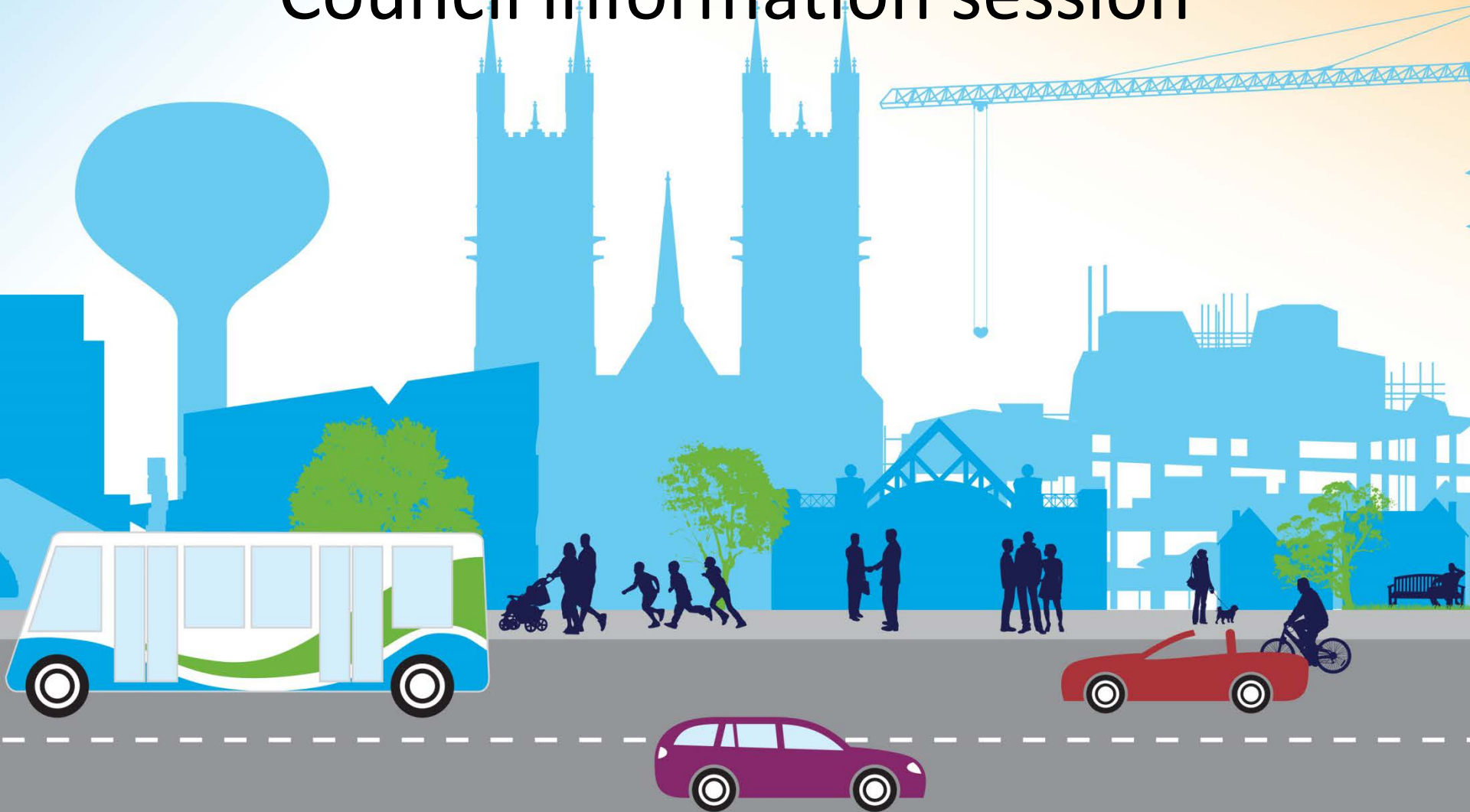
Capital: Greg Clark, Program Manager Capital Planning
Daryush Esmaili, Manager Corporate Asset Management

Recommendation:

That the report titled 2018 Budget Information Session (CS-2017-71), and dated September 26, 2017 be received.

Adjournment

2018 Budget: Council information session



September 26, 2017

Agenda

- General Budget overview
- Operating Budget
- Financial incentives
- De-linking the Budget and Tax Policy
- Capital Budget

What is the Budget?

- It is our realistic plan for providing the current level of service that the community relies on every day in the most cost effective manner, including the revenues required

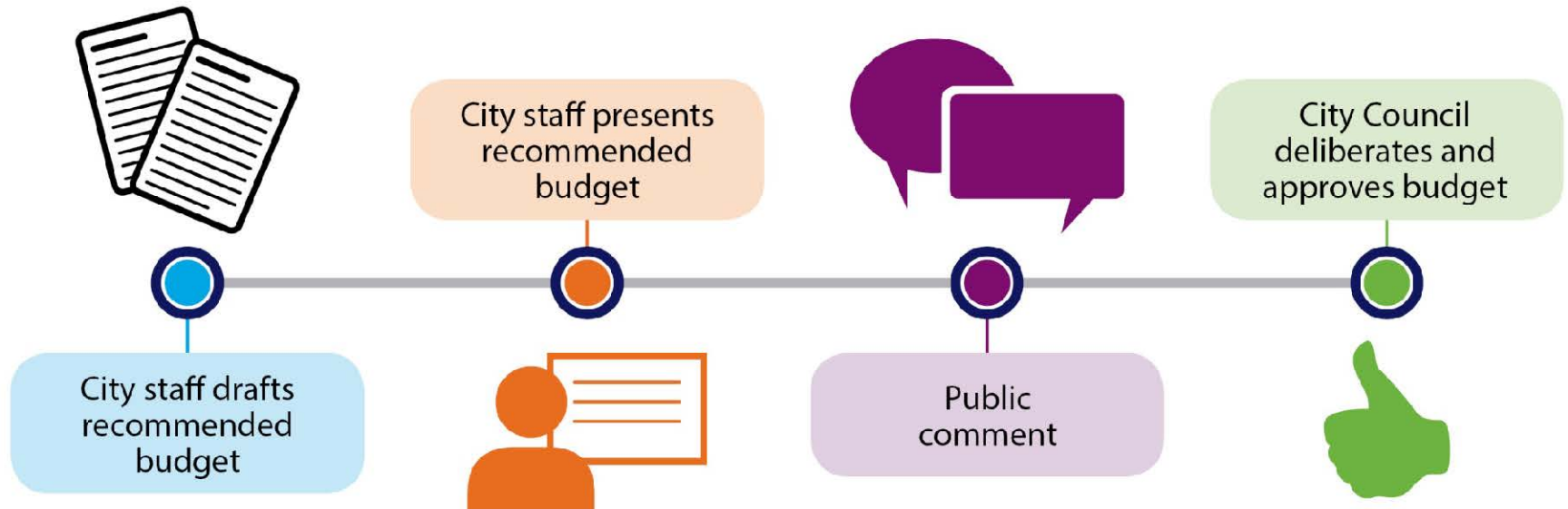


<https://www.youtube.com/watch?v=ghu-XEHi8Tk>

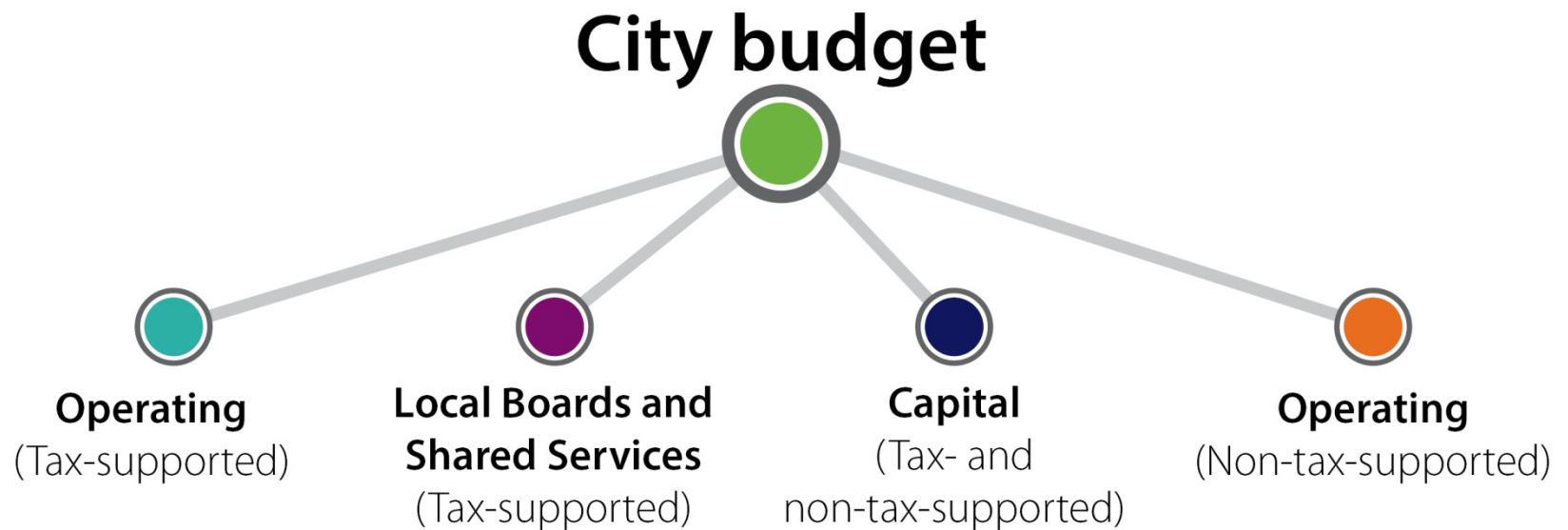
Informing and engaging the community

- Delegation opportunities throughout the year as reports are presented to council
- Website
- Council interaction with public e.g., Town Halls
- Public is invited to delegation nights

Budget process



One budget, four sections



Operating Budget

Build-a-budget model

- Prior year budget
- Corporate pressures
- Local Boards & Shared Services
- User fees/User rates
- Assessment Growth (tax supported only)
= **Total base budget** (City recommended budget)

Then Add:

- Legislative changes driven by other Levels of Government
- New Council directions
- Expansions and Service level changes
= **Total city budget** (Council approved budget)

2018 municipal challenges

- Compensation (negotiated collective bargaining)
- Energy (Hydro, Natural Gas, Fuel costs)
- Legislative changes eg. presumptive illness, minimum wage
- Infrastructure funding gap
- Growth

Looking forward

Base budget

(current day-to-day operations)



Operating impacts from capital and growth

(new or additional day-to-day operations)



Expansions and service level changes

(Council decisions)



Existing services	
A	no change
B	-\$
C	+\$
D	no change
E	+\$

Financial grants and incentives

- In advance of budget, a corporate initiative inventory and report on the total City contribution towards financial grants and incentives
 - Managed in a decentralized manner across departments
 - Recognize the need to develop a corporate strategy
- Provide context for future budget discussions and delegations
- Financial transparency for Council and the Community

Financial grants and incentives

- \$5.5 M of tax supported operating budget
 - represents approximately 2.5 per cent of the budget
- Provide both social and economic benefits in the community – difficult to measure
- Examples: Wellbeing grants, Affordable Housing Contributions, Community Improvement Plan, Property Tax Charity and Vacancy Rebates, Community Benefit Agreements

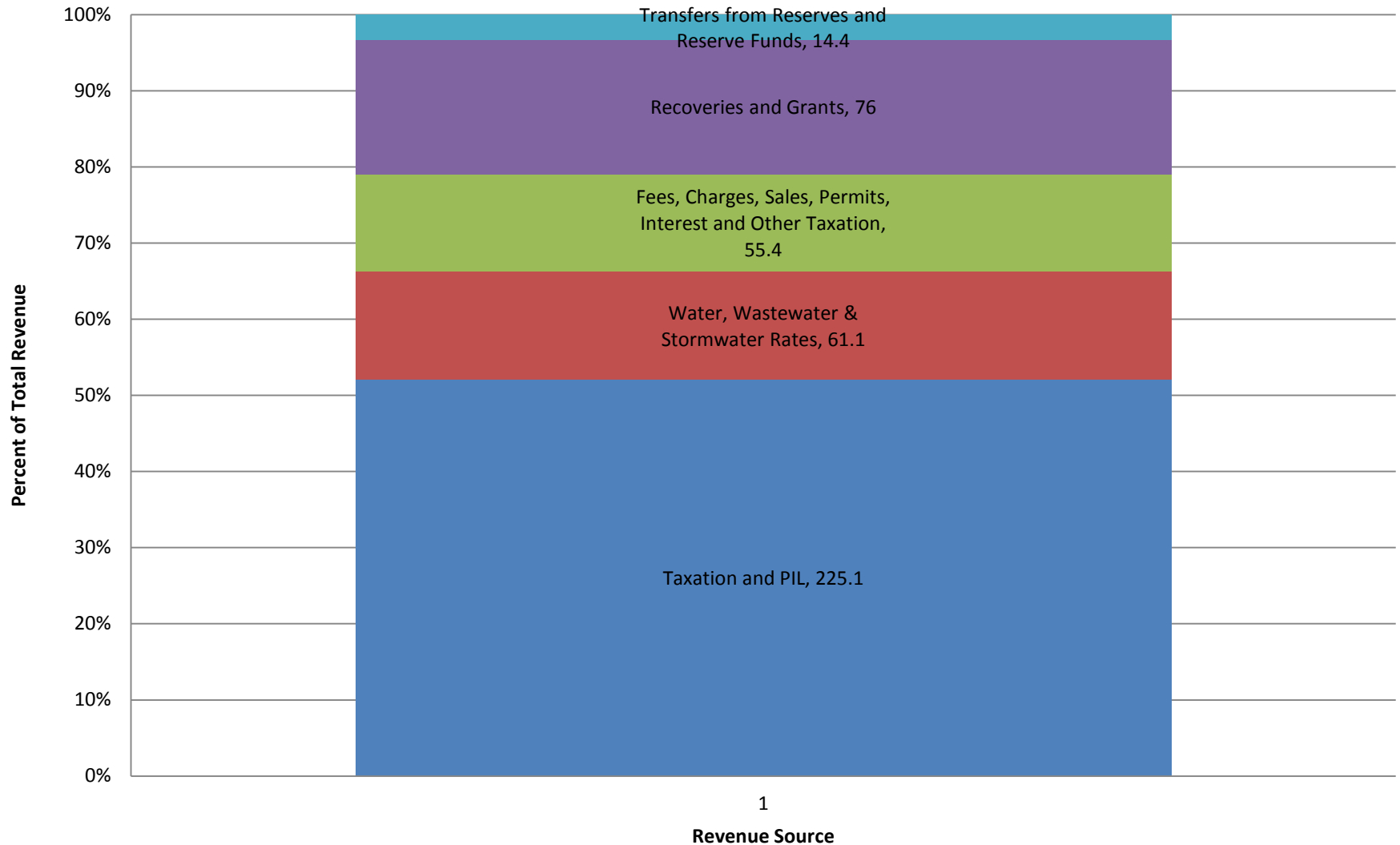
Financial grants and incentives

- Next Steps:
 - Community Benefit Agreement information report – October 2017
 - Property Tax Vacancy Rebate report – November 2017
 - Affordable Housing Incentive Program expansion – referred to budget from July 2017
 - Community Improvement Plan – 4 year review on-going – report in 2018
 - Development of a Corporate Strategy for all grants and incentives – 2018/2019

De-linking the Budget and Tax Policy: impact on the property owner

- Annual budget process **does not** allow for exact taxes to be calculated at the time of budget approval
- We **will know** the total to levy from taxation and payment in lieu of taxes (PIL's) once budget is passed.
- We **will not know** Total Assessment Base and Approved tax Policy.

City Revenue Sources for 2017-\$431.9M



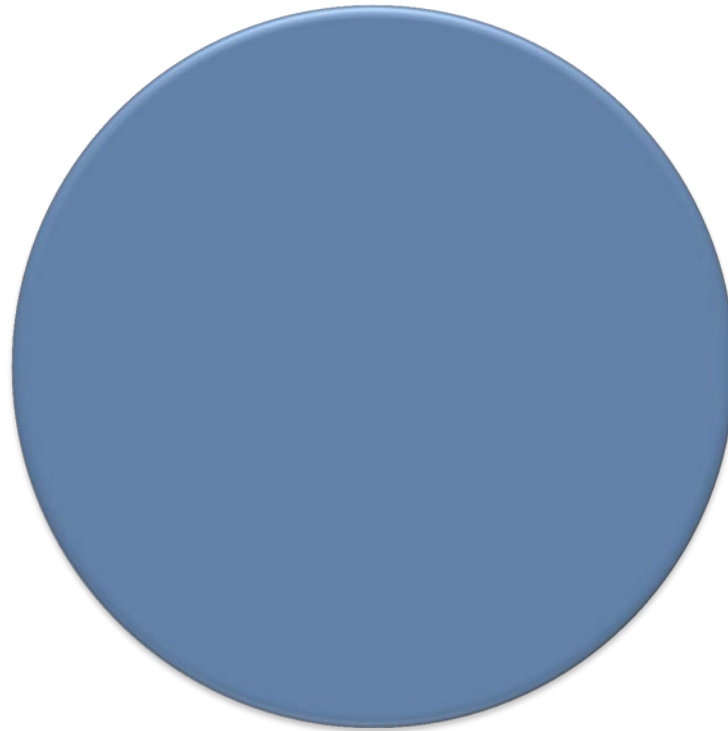
The City Budget determines The size of the pie

Net 2017 Amount raised from

Taxation and PIL's

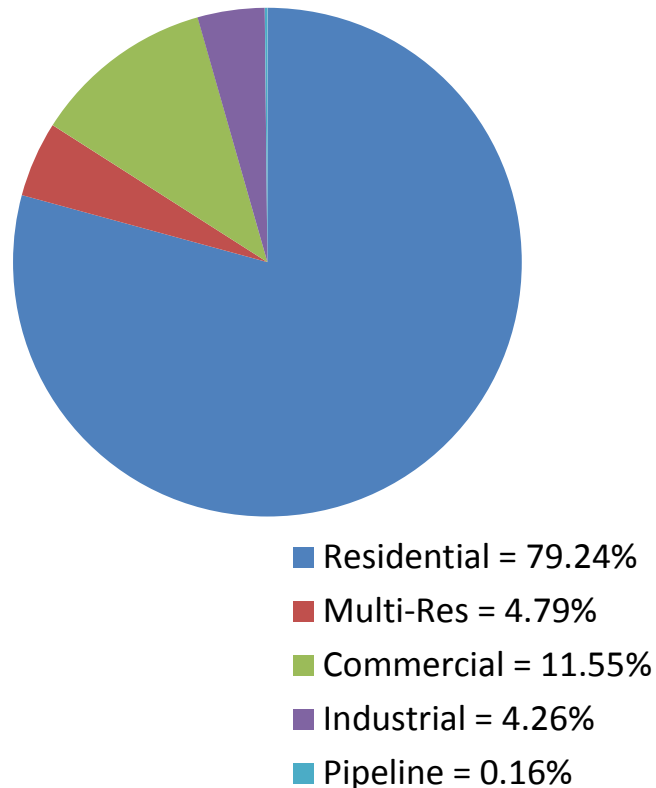
\$222,887,077

plus \$2,228,870 Inf. Levy

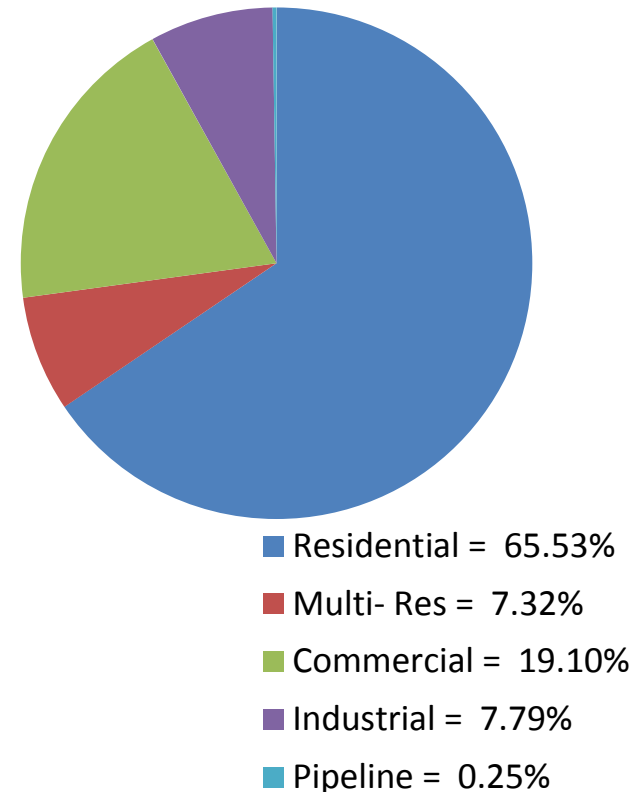


How do we slice it?

**2017 - Assessment Only
if All Tax Ratios =1.00**



**2017 - Weighted Assessment
– Who Paid in 2017**



De-linking the Budget and Tax Policy

- Budget passed in December allows for prudent fiscal management.
- Assessment data not available until mid December
- In the past utilized the previous years tax policy and average assessment to project the impact to the average residential property for the upcoming year.
- Confusing with Council and the public as those impacts change with each annual assessment, uniqueness of the property, and tax policy change.
- Going forward we will report on the annual overall budget change after assessment growth as a consistent and more transparent way of informing the public. Impacts on an average Residential property will be reported through the annual tax policy report.

Capital budget

- One capital budget
- Programs of work
- Operating impacts
- Funding capital
 - Capital funding definition review
- Dedicated Infrastructure Levy

One capital budget

- New in 2018 Budget – there will be one capital budget presentation (tax and non-tax)

WHY?

- Integrated programs of work funded by all sources need to be presented and approved together
- Consistent with the values of Corporate Asset Management

Programs of Work

- Capital will continue to be presented under the inter-departmental Program of Work format
- Modifications to the Programs to align these to Service Delivery instead of Asset types in 2018
 - Ex. Buildings, Vehicles & Equipment will be presented in the related Service
- Consistent with the values of Corporate Asset Management

Operating Impacts

- Council is now receiving the entire cost of a capital project including future operating impacts.
- New in 2018 – the direct operating impacts from the 2018 capital projects will be presented for approval in principle by Council
- These operating impacts will be presented as part of the 2019 base budget and NOT as an expansion in that year

Capital budget approves capital projects.
The capital budget can impact the operating budget.

Capital projects:

Infrastructure renewal

Replacement of existing playground equipment

City Building

Addition of basketball court to older park

Growth

New trail to connect the old park to the new park

Capital asset:
Existing park



Capital asset:
Existing trail

Capital asset:
New park in community



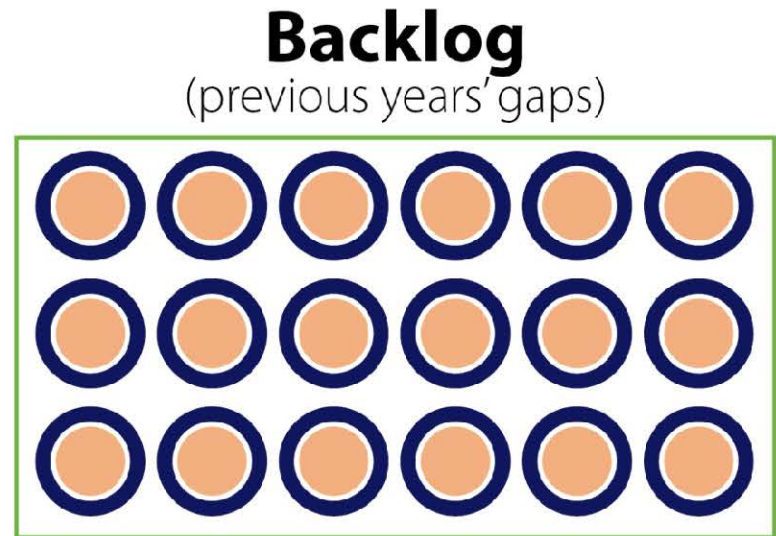
Capital asset:
New trail

Operating budget funds the day-to-day operations and maintenance related to assets. A change in the operating budget can impact future capital budgets.

Funding Capital Projects

Category	Description	Examples
Infrastructure Renewal	<ul style="list-style-type: none"> • Renewal or replacement of existing capital assets (e.g., underground pipes and trails) • The quality/quantity of service does not change due to the work completed or purchase made 	<ul style="list-style-type: none"> • Replacement of playground equipment • Replacement of water, sewer, storm and road networks
Growth	<ul style="list-style-type: none"> • Expansion of capital assets in order to provide an existing City service to additional new residents or businesses • The quantity of service provided increases due to the work completed or purchase made 	<ul style="list-style-type: none"> • Reconstruction of existing road to expand capacity • Addition of new park or trail
City Building	<ul style="list-style-type: none"> • The expansion or purchase of a capital asset to provide a higher level of service to the community, providing the same service to more existing residents or businesses, or adding a new service • The quality and/or quantity of service provided increases due to the work completed or purchase made. 	<ul style="list-style-type: none"> • Addition of a basketball court to an existing park • Upgrading an existing trail from gravel to paved

Infrastructure gap and backlog

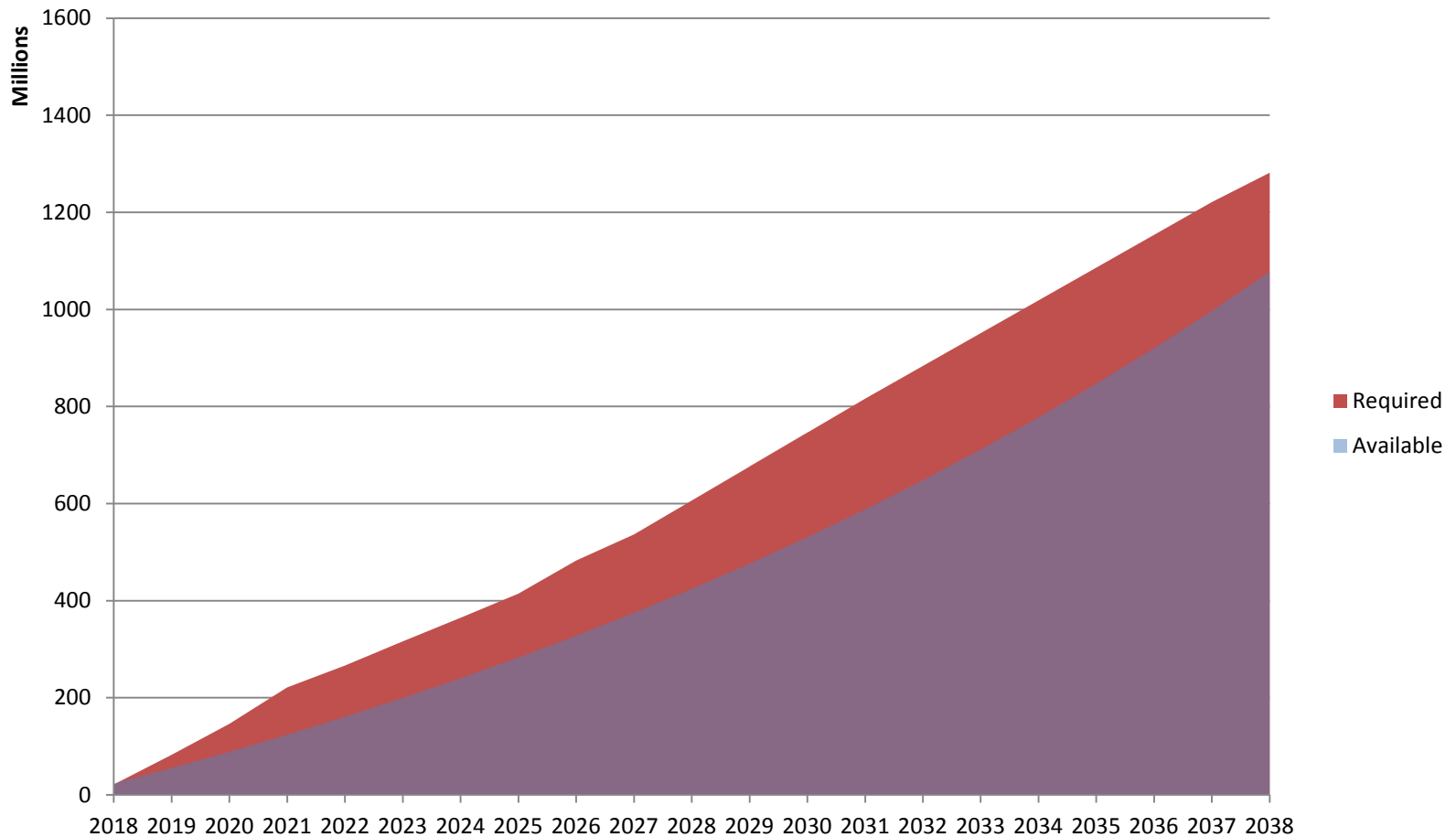


Capital Funding Forecasts

- Three tax funded capital reserves
 - Infrastructure Renewal
 - City Building
 - Growth
- Current 9 year forecast is not funded or sustainable
- Sequence planning of capital projects to align with available funding over an extended forecast period

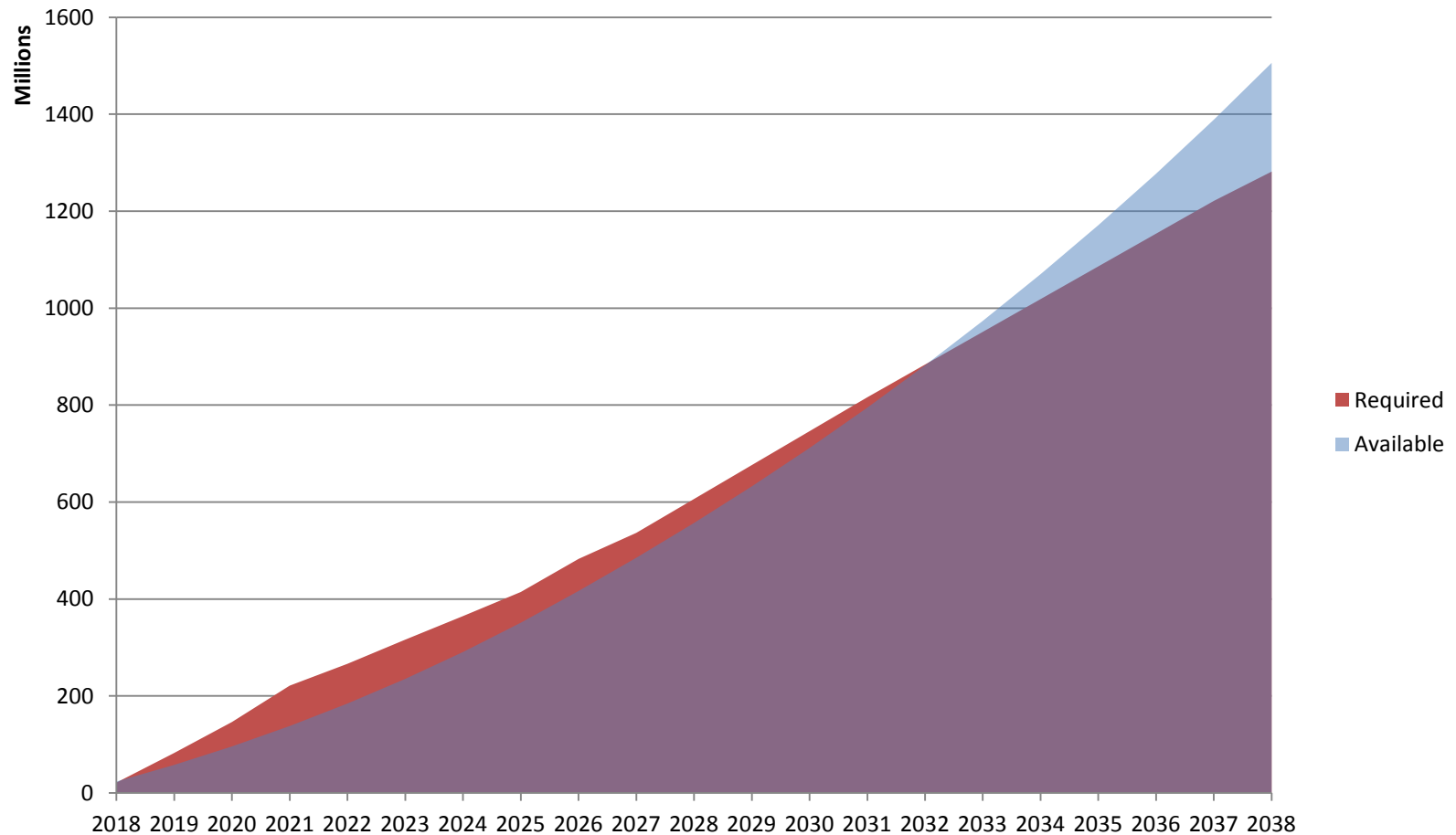
Infrastructure Renewal

Without 1% Dedicated Infrastructure Levy



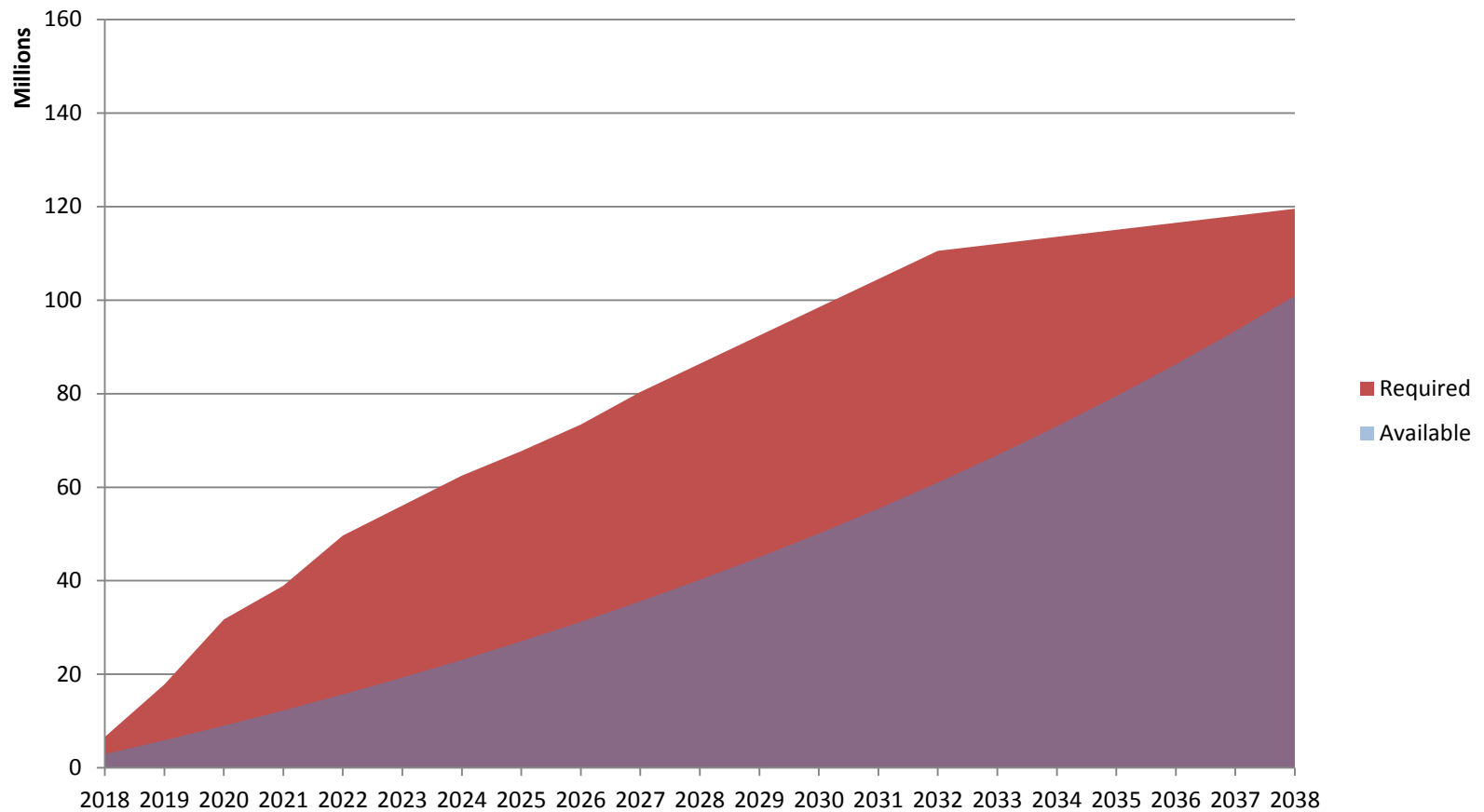
Infrastructure Renewal

With 1% Dedicated Infrastructure Levy



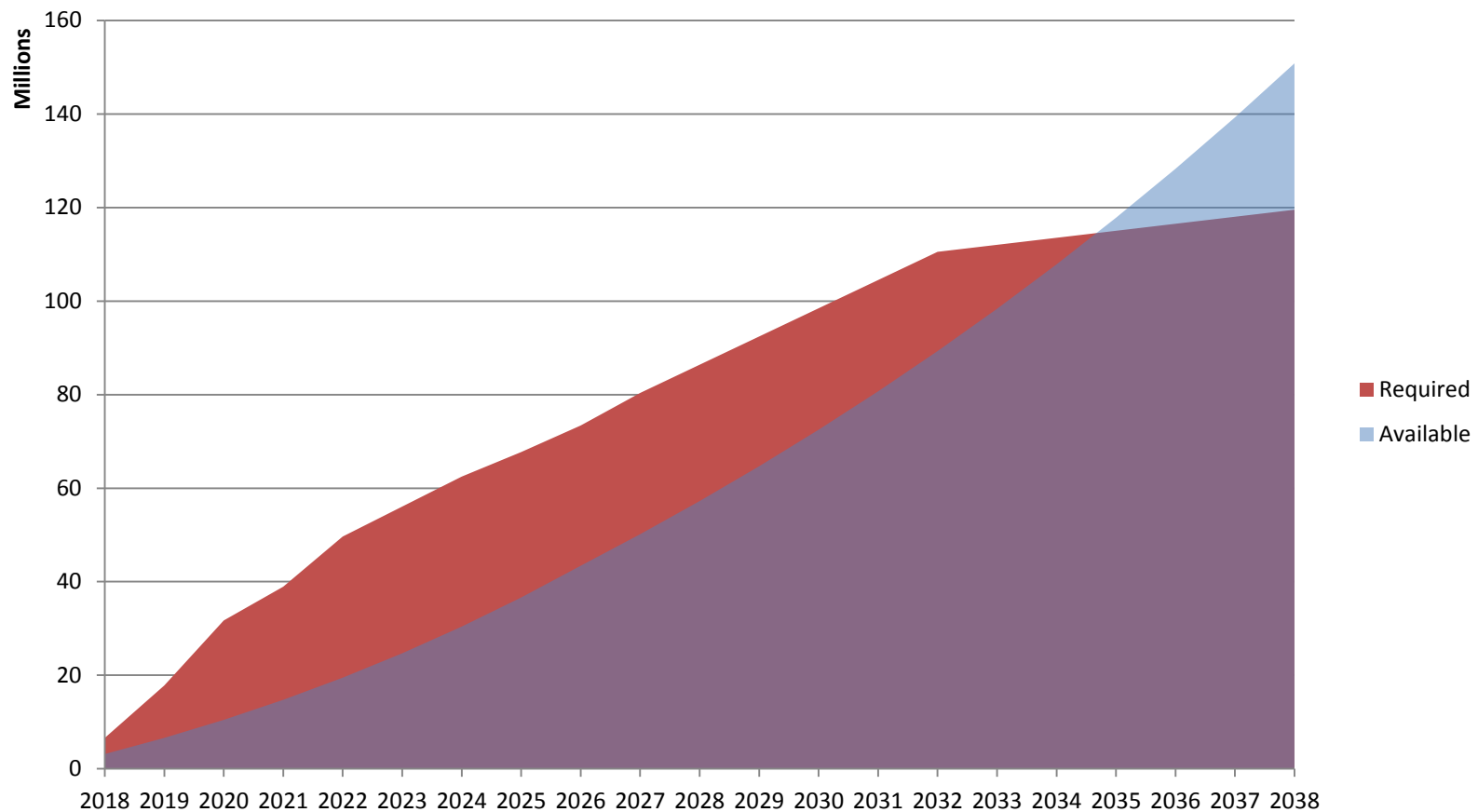
City Building

Without 1% Dedication Infrastructure Levy



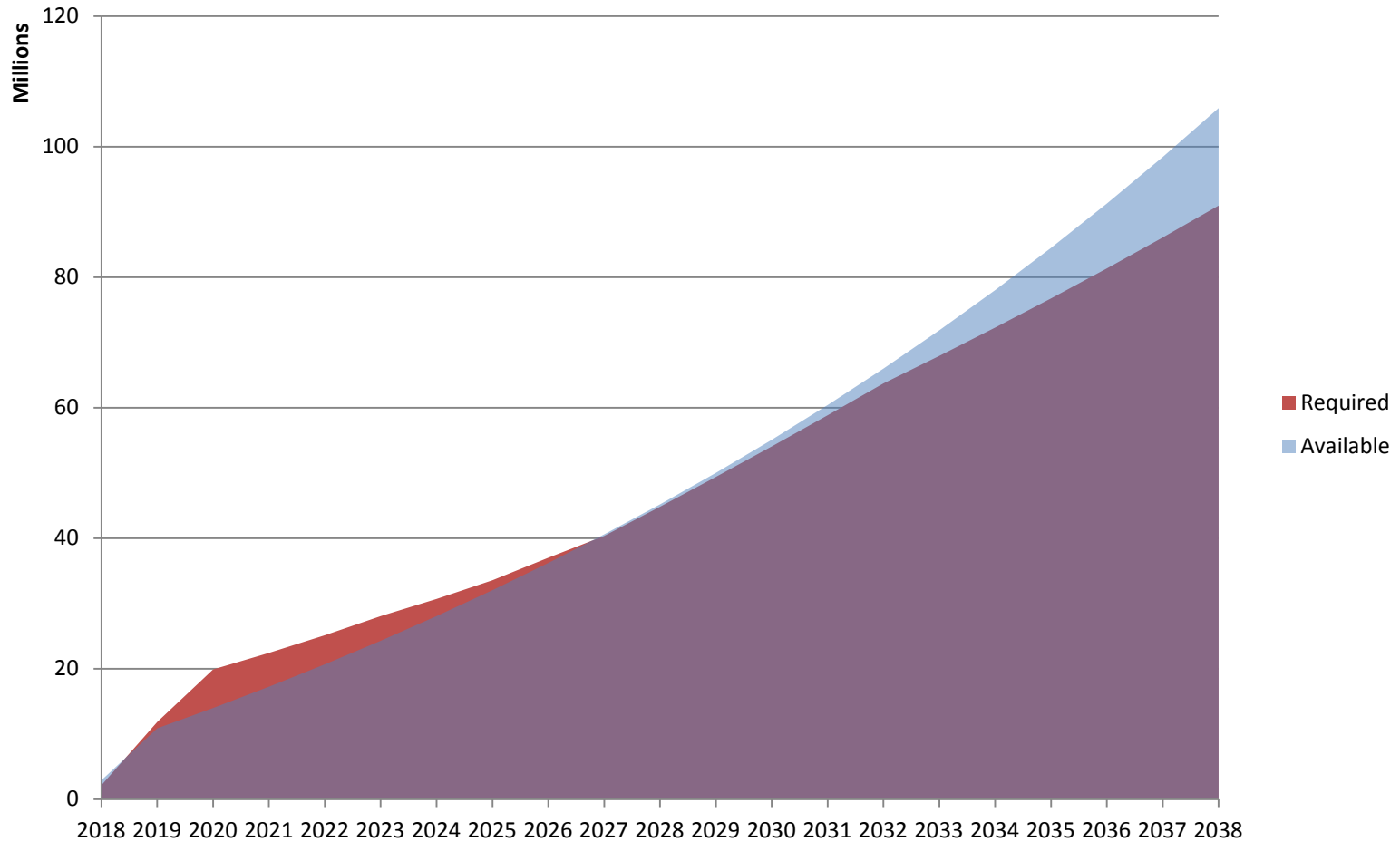
City Building

With 1% Dedicated Infrastructure Levy



Growth

Dedicated Infrastructure Levy not applicable



Get involved

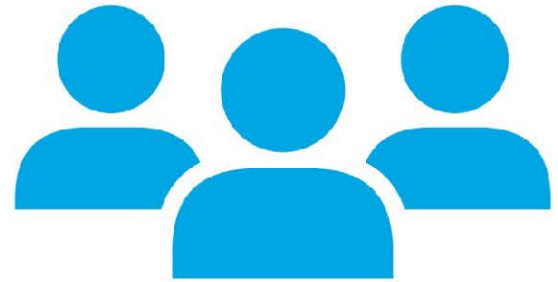


Be informed



visit

guelph.ca/budget



Attend budget
meetings

Budget timeline

Operating: non-tax-supported budget

October 26 Staff presentation and public delegation
November 2 Council meeting:
 deliberations and approval

Capital

October 26 Staff presentation and public delegation
November 2 Council meeting:
 deliberations and approval

Operating: tax-supported budget

November 8 Staff presentation
November 22 Public delegation
December 5/6 Council meeting:
 deliberations and approval

Local boards and shared services: tax-supported budget

November 15 Presentation
November 22 Public delegation
December 5/6 Council meeting:
 deliberations and approval



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