

COMMITTEE AGENDA



TO **Corporate Services Committee**

DATE Monday June 1, 2015

LOCATION Council Chambers, Guelph City Hall, 1 Carden Street

TIME 2:00 p.m.

DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

CONFIRMATION OF MINUTES – May 4, 2015 open and closed meeting
minutes

PRESENTATIONS (Items with no accompanying report)

CONSENT AGENDA

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

ITEM	CITY PRESENTATION	DELEGATIONS	TO BE EXTRACTED
CS-2015.22 2014 Human Resources Annual Report	<ul style="list-style-type: none">David Godwaldt, General Manager Human Resources		√
CS-2015.23 2014 Final Year-End Report on Operating Variance Surplus Allocation and Deficit Funding			
CS-2015.24 Q1 2015 Operating Variance			
CS-2015.25 2015 Q1 Capital Variance Report			
CS-2015.26 Budget Process Debrief			

Resolution to adopt the balance of the Corporate Services Committee Consent Agenda.

ITEMS EXTRACTED FROM CONSENT AGENDA

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

- 1) delegations (may include presentations)
- 2) staff presentations only
- 3) all others.

STAFF UPDATES AND ANNOUNCEMENTS

ADJOURN

NEXT MEETING: July 6, 2015



**The Corporation of the City of Guelph
Corporate Services Committee
Monday May 4, 2015 at 2:00 p.m.**

Attendance

Members: Chair Hofland
Mayor Guthrie
Councillor Allt
Councillor MacKinnon

Absent: Councillor Billings

Councillors: Councillor Bell
Councillor Downer
Councillor Salisbury
Councillor Van Hellemond

Staff: Mr. A. Horsman, Deputy CAO, Infrastructure, Development & Enterprise
Mr. D. Thomson, Deputy CAO, Public Services
Mr. D. Godwaldt, General Manager Human Resources
Ms. J. Sheehy, General Manager Finance/Treasurer
Ms. T. Sprigg, General Manager Communications & Customer Service
Ms. S. Tousignant, Manager Projects and Service MMT
Mr. S. O'Brien, City Clerk
Ms. J. Sweeney, Council Committee Coordinator

Call to Order (2:00 p.m.)

Chair Hofland called the meeting to order.

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

Confirmation of Minutes

1. Moved by Councillor Allt
Seconded by Councillor MacKinnon

That the open meeting minutes of the Corporate Services Committee held on April 7, 2015 be confirmed as recorded.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Allt, Hofland and MacKinnon (4)

VOTING AGAINST: (0)

CARRIED

Consent Agenda

The following items were extracted:

CS-2015.13 Corporate Communications 2014 Annual Performance

CS-2015.14	Information Technology 2014 Annual Report
CS-2015.15	Finance Department's 2014 Annual Report
CS-2015.16	Report of the Returning Officer in the 2014 Municipal Election
CS-2015.19	Budget Impacts per Ontario Regulation 284/09 & 2015 Budget PSAB Reconciliation

Balance of Consent Items

2. Moved by Councillor MacKinnon
Seconded by Councillor Allt

That the balance of the Corporate Services Committee May 4, 2015 Consent Agenda, as identified below, be adopted:

CS-2015.17 2014 Delegation of Authority Report

That the report dated May 4, 2015 entitled "2014 Delegation of Authority Report", with respect to delegated authority under the purview of the Corporate Services Committee, be received.

CS-2015.18 2014 Year End Capital Variance Report

That report CS-2015-30 dated May 4, 2015 and entitled "2014 Year End Capital Variance Report", be received.

CS-2015.20 2014 Development Charge Reserve Fund Statement

That report CS-2015-29 dated May 4, 2015, entitled "2014 Development Charge Reserve Fund Statement", be received for information.

CS-2015.21 Special Motion – Councillor Findlay 2014

That report CS-2015-27 dated May 4, 2015 and entitled "Special Motion – Councillor Findlay 2014", be received and that no further action be taken.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Allt, Hofland and MacKinnon (4)

VOTING AGAINST: (0)

CARRIED

Extracted Items

CS-2015.19 Budget Impacts per Ontario Regulation 284/09 & 2015 Budget PSAB Reconciliation

Ms. Janice Sheehy, General Manager Finance/Treasurer, advised that municipalities are required to place contributions into reserves for post employment benefit, and are experiencing a shortfall. She advised the City is closing the gap somewhat with the 2015 contribution.

3. Moved by Mayor Guthrie
Seconded by Councillor Allt

That Council approve compliance report CS-2015-32, Budget Impacts per Ontario Regulation 284/09 and 2015 Budget PSAB Reconciliation included in Table 1 and Attachment 2 respectively.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Allt, Hofland and MacKinnon (4)

VOTING AGAINST: (0)

CARRIED

Mr. David Godwaldt, General Manager Human Resources introduced the Corporate Services three annual reports included on the agenda.

CS-2015.13 Corporate Communications 2014 Annual Performance

Ms. Tara Sprigg, General Manager Communications & Customer Service, outlined the key initiatives undertaken in 2014 relating to corporate priorities, operational communications and City of Guelph Communications Plan. She highlighted the departmental and organizational scorecards.

4. Moved by Mayor Guthrie
 Seconded by Councillor Allt

That the Corporate Communications 2014 Annual Performance Report be received for information.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Allt, Hofland and MacKinnon (4)

VOTING AGAINST: (0)

CARRIED

CS-2015.14 Information Technology 2014 Annual Report

Ms. Sasha Tousignant, Manager Projects and Service MMT, briefly reviewed the IT current service model, the 2015 future service model and the evolution of IT. She highlighted the 2014 work plan accomplishments, the dashboard and the 2015 strategic priorities.

5. Moved by Councillor MacKinnon
 Seconded by Mayor Guthrie

That the Information Technology 2014 Annual Report be received for information.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Allt, Hofland and MacKinnon (4)

VOTING AGAINST: (0)

CARRIED

CS-2105.15 Finance Department's 2014 Annual Report

Ms. Janice Sheehy, General Manager Finance/Treasurer, reviewed the department's organizational structure and highlighted the key initiatives undertaken in 2014 and the performance dashboard. She briefly provided information on the 2015 and beyond initiatives.

6. Moved by Mayor Guthrie

Seconded by Councillor MacKinnon

That report CS-2015-31 dated May 4, 2015 entitled "Finance Department's 2014 Annual Report", be received for information.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Allt, Hofland and MacKinnon (4)

VOTING AGAINST: (0)

CARRIED

CS-2015.16 Report of the Returning Officer on the 2014 Municipal Election

Mr. Stephen O'Brien, City Clerk, advised that the report summarizes the 2014 municipal election activities undertaken, the challenges and future considerations. In response to questions, he provided clarification on MPAC and their provision of the voters list.

7. Moved by Councillor Allt
 Seconded by Mayor Guthrie

That the report of the Returning Officer for the 2014 Municipal Election be received for information.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Allt, Hofland and MacKinnon (4)

VOTING AGAINST: (0)

CARRIED

Authority to Resolve into a Closed Meeting

8. Moved by Mayor Guthrie
 Seconded by Councillor Allt

That the Corporate Services Committee now hold a meeting that is closed to the public with respect to Sec. 239(2) (a) of the *Municipal Act* with respect to security of the property of the municipality.

CARRIED

Closed Meeting (3:05 p.m.)

The following matter was considered:

CS-C-2015.1 Security of the Property

Rise from Closed Meeting (4:05 p.m.)

9. Moved by Mayor Guthrie
 Seconded by Councillor MacKinnon

That the Corporate Services Committee rise from its closed meeting.

CARRIED

Open Meeting (4:06 p.m.)

Adjournment (4:08 p.m.)

10. Moved by Mayor Guthrie
Seconded by Councillor MacKinnon

That the meeting be adjourned.

CARRIED

Joyce Sweeney
Council Committee Coordinator

**CORPORATE SERVICES COMMITTEE
CONSENT AGENDA**

June 1, 2015

Members of the Corporate Services Committee.

SUMMARY OF REPORTS:

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee 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 Corporate Services Committee Consent Agenda will be approved in one resolution.

Reports from Administrative Staff

REPORT	DIRECTION						
CS-2015.22 2014 HUMAN RESOURCES ANNUAL REPORT That the 2014 Human Resources Annual Report, be received for information.	Receive						
CS-2015.23 2014 FINAL YEAR-END REPORT ON OPERATING VARIANCE SURPLUS ALLOCATION AND DEFICIT FUNDING 1. That the report CS-2015-49 dated June 1, 2015 entitled "2014 Final Year-End Report on Operating Variance Surplus Allocation and Deficit Funding" be received. 2. That the Tax Supported deficit of \$1,085,154 be funded from reserve 198 – Operating Contingency reserve for the total portion of 2014 ice storm costs of \$682,000 and the difference be funded from reserve 180 – Tax Rate Stabilization reserve as follows: <table border="1" data-bbox="298 1577 1164 1690"><tr><td>Operating Contingency Reserve (198)</td><td>\$682,000</td></tr><tr><td>Tax Rate Stabilization Reserve (180)</td><td>\$403,154</td></tr><tr><td>Total allocation</td><td>\$1,085,154</td></tr></table> 3. That the Water deficit of \$307,993 be funded from reserve 181 – Water Stabilization reserve. 4. That the Wastewater surplus be allocated to Wastewater reserves as follows:	Operating Contingency Reserve (198)	\$682,000	Tax Rate Stabilization Reserve (180)	\$403,154	Total allocation	\$1,085,154	Approve
Operating Contingency Reserve (198)	\$682,000						
Tax Rate Stabilization Reserve (180)	\$403,154						
Total allocation	\$1,085,154						

Wastewater Stabilization Reserve (182)	\$279,214
Wastewater Capital Reserve (153)	\$933,243
Total allocation	\$1,212,457

5. That the Court Services surplus of \$21,879 be allocated to reserve 120 – POA Relocation Reserve.

CS-2015.24 Q1 2015 OPERATING VARIANCE REPORT

Receive

That Report CS-2015-47, "Q1 2015 Operating Variance Report", be received for information.

CS-2015.25 2015 Q1 CAPITAL VARIANCE REPORT

Receive

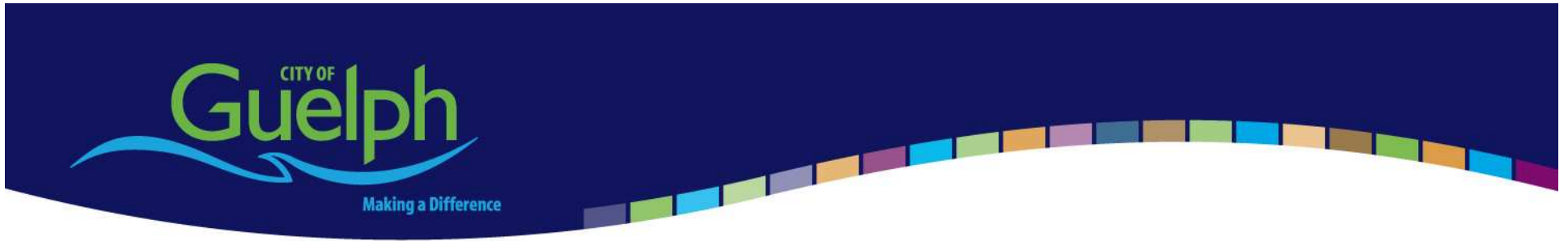
That CS-2015-48, "2015 Q1 Capital Variance Report", be received for information.

CS-2015.26 2015 BUDGET DEBRIEF

Receive

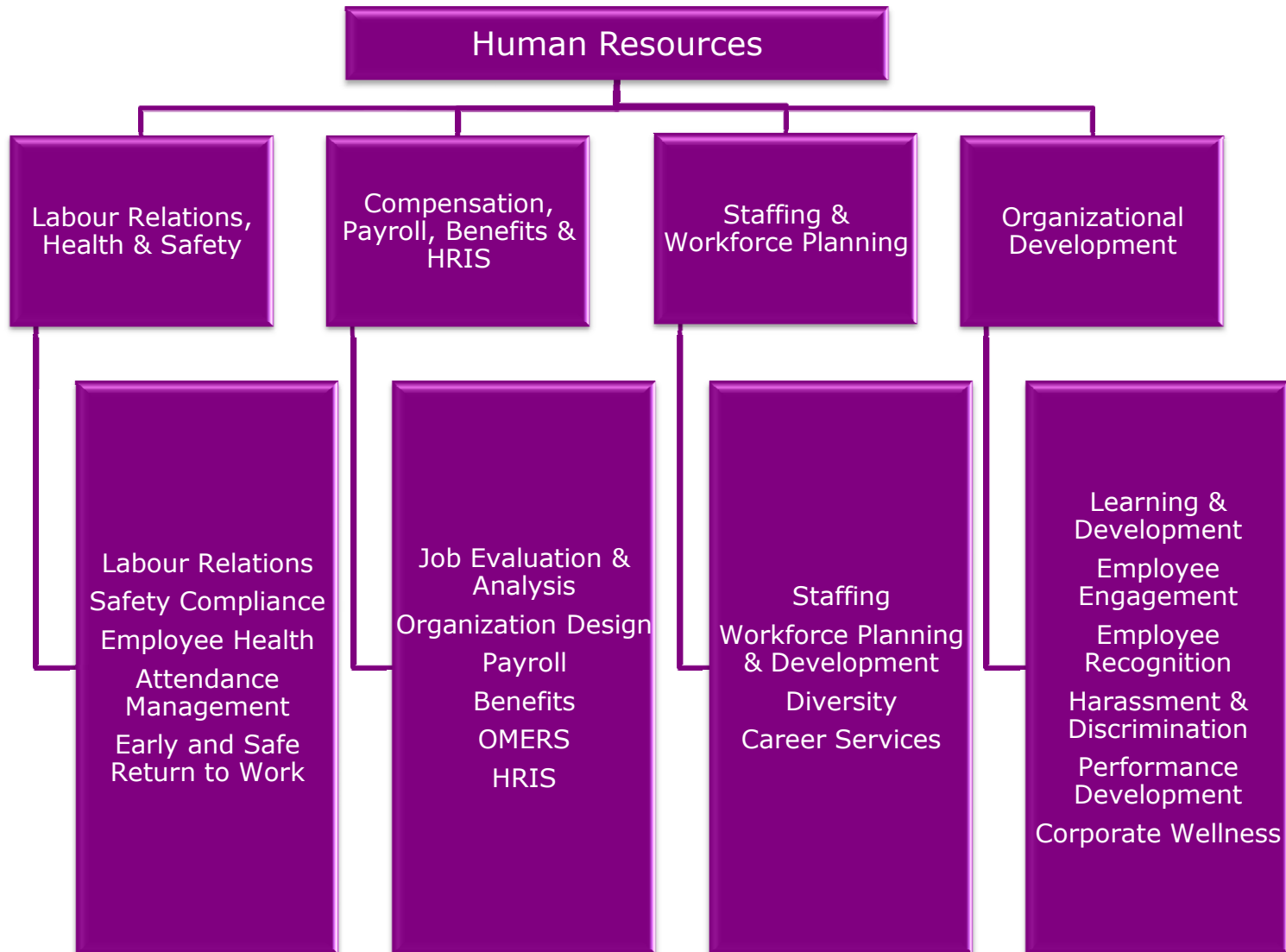
That CS-2015-45 "2015 Budget Debrief", be received for information.

attach.



Human Resources Annual Report 2014

Human Resources



Dashboard



A Well Workplace

Where employees are provided with a challenging, rewarding, enjoyable and fulfilling career; Where employees are assisted in balancing their career, home and personal life through supportive human resource policies and management approaches.

A Learning Organization

That fosters learning as a way of life, encourages creativity, and actively promotes and invests in the skill and knowledge development of every employee.

Leadership

Across all levels of the organization who are aligned and engaged to deliver strategy, build culture and reflect the Corporate Values.

Business & Service Excellence

Offering best in class business and service excellence, effectively using technology ensuring staff are well trained, effectively managing change and objectively measuring performance for continuous improvement.

Human Resources 2014 Dashboard



A Well Workplace

Voluntary Turnover	●	
Sick Days/ Employee	●	
LT Incident Rate	●	
Grievance Rate	●	+

Business & Service Excellence

HR Staff: Employee Count	●	-
HR Expense	●	
Total Comp % Gross Op Exp.	●	
Benefits Expense	●	
External Time to Fill	●	
Cost of Overtime	●	

Leadership

Employee Engagement	●	+
Management to Non- Management Ratio	●	
PDP completion rate	●	

A Learning Organization

Training Cost per Employee	●	
% positions filled Internally	●	

2014 Key Highlights

- ✓ **Employee Engagement**
- ✓ **Leadership Charter and Development Program**
- ✓ **Internal Audit (Learning & Development)**
- ✓ **Workforce Census**

A Well Workplace

Where employees are provided with a challenging, rewarding, enjoyable and fulfilling career; Where employees are assisted in balancing their career, home and personal life through supportive human resource policies and management approaches.

Scorecard Results

- Voluntary Turnover ●
- Sick Days ●
- Lost Time Rate ●
- Grievance Rate ● +

***A Learning
Organization***

**That fosters
learning as a
way of life,
encourages
creativity,
and actively
promotes and
invests in the
skill and
knowledge
development
of every
employee.**

Scorecard Results

➤ Training Costs ●

➤ Position filled internally ●

Leadership

Across all levels of the organization who are aligned and engaged to deliver strategy, build culture and reflect the Corporate Values.

Scorecard Results

- Employee Engagement ● +
- Management to non-Management ratio ●
- PDP Completion ●

Scorecard Results

Business & Service Excellence

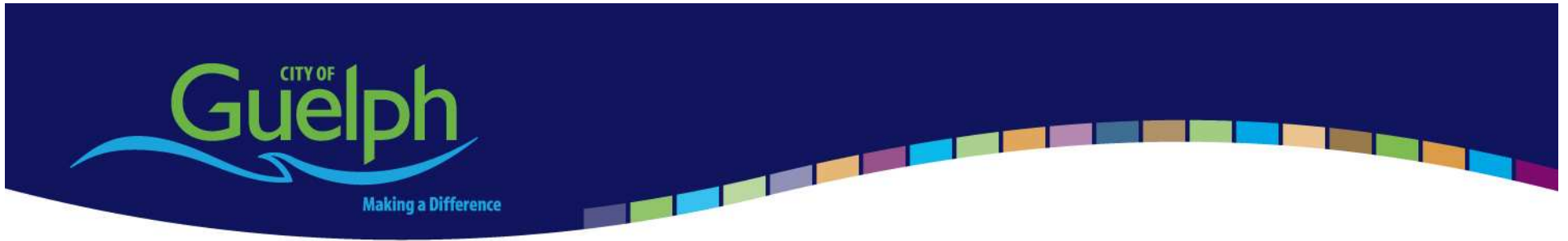
Offering best in class business and service excellence, effectively using technology ensuring staff are well trained, effectively managing change and objectively measuring performance for continuous improvement.

- HR staff: Employee Count ●
- HR Expense ●
- Benefit Expense ●
- Total Comp as a % Operating ●
- External Hire ●
- Cost of OT ● +

2015 Focus

- **Talent Management**
- **Leadership & Engagement**
- **Employee Recognition**
- **Employee Systems Review**
- **HR Technology**
- **Union Contract Negotiations**





Thank you!

STAFF REPORT

TO Corporate Services Committee

SERVICE AREA Corporate Services

DATE June 1, 2015

SUBJECT 2014 Human Resources Annual Report

REPORT NUMBER CS-2015.55

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To present the 2014 Human Resources Annual Report

KEY FINDINGS

- Key performance indicators are presented using a dashboard and scorecard approach.
- Comparisons against prior years and industry benchmarks are provided to illustrate ongoing trends and inform work necessary to improve upon performance.
- Nine out of fifteen indicators compare 'favourably' against benchmarks.
- Two indicators are considered to compare 'negatively' and will require a more active approach to planning, management and review.
- Four indicators have been identified as 'cautionary' and similar to the negative indicators, will require a more active approach to planning, management and review.
- 2014 top stories include the employee engagement survey; the leadership charter and leader development; overtime reduction; the workforce census; the learning & development audit and the ATU labour disruption.
- 2015 action plans include the implementation of a talent management framework, leadership development, employee engagement action planning, implementation of an employee recognition program, labour negotiations and an employment systems review.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

ACTION REQUIRED

To receive the 2014 Human Resources Annual Report for information.

RECOMMENDATION

That the 2014 Human Resources Annual Report be received for information.

BACKGROUND

The 2014 Human Resources Annual Report provides a summary and analysis of the people activity related to employment at the City of Guelph. This is the seventh annual report prepared by Human Resources which consolidates performance measures and information related to workforce demographics and trends in a variety of key human resource areas, making comparisons wherever possible to relevant benchmark data.

The intended use of the Human Resources Annual Report is to provide a snapshot of current progress and initiatives, indicate positive or negative trends within key performance areas and introduce new concepts for future direction on human resources related activity.

REPORT

Annual reports represent accountability to Council for the delegated authority provided to staff for the execution of administrative functions. They provide context for informed management decision making on priorities based on the identification of trends and assist in the development of remedial responses to improve performance areas that are trending negatively against available benchmark information.

Included in this year's Human Resources Annual Report:

2014 Top Stories contain highlights of key initiatives throughout the reporting year. This year's top stories include the employee engagement survey; the leadership charter and leader development; overtime; the workforce census; the learning & development audit and the ATU labour disruption.

2015 and Beyond includes brief overviews of activities within the 2015 Human Resources departmental work plan.

Dashboard and Scorecard contain visual interpretations of the department's data analysis, trends and targets.

Data Tables, Charts, Graphs & Analysis contain further context, detail and analysis of the findings reported in the dashboards and scorecards, comparing performance measures and trends where possible to relevant targets and benchmarks.

For information purposes, performance measurement highlights from the report have been summarized below:

The City of Guelph compares to benchmarks positively in the following areas:

- Voluntary Turnover
- Lost Time Incident Rate
- Management to Non-Management Ratio
- Performance Development Plan Completion Rate
- Training Cost Per Employee
- HR Staff: Employee Count
- HR Expense
- Total Compensation as a % of Gross Operating Expenditures
- External Time to Fill

The following are the areas targeted for a more active management and planning approach in 2015. These areas represent measures where the City does not compare favourably with benchmarks.

1. Cautionary Benchmark Comparisons:

- Employee Engagement
- % of Positions Filled Internally
- Benefits Expense
- Overtime Costs

2. Negative Benchmark Comparisons

- Paid Sick Days per Employee
- Grievance Rate

Work plans for 2015 indicate the commitment for continued improvement and success. The following projects are scheduled for 2015:

- Implementation of the Talent Management Framework
- Continued Leadership Development
- Employee Engagement Action Planning
- Employee Recognition Program
- Employment Systems Review
- Labour Relations Negotiations

CORPORATE STRATEGIC PLAN

Innovation in Local Government

- Ensure accountability, transparency and engagement.

DEPARTMENTAL CONSULTATION

N/A

STAFF REPORT



FINANCIAL IMPLICATIONS

N/A

COMMUNICATIONS

N/A

ATTACHMENTS

Human Resources Annual Report

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Human Resources

Annual Report 2014

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Section 1: Introduction & Overview

The Human Resources Annual Report provides an overview and analysis of the people activity related to employment at the City of Guelph. This report consolidates performance measures and information related to workforce demographics and five-year-trends in a variety of key human resources areas, making comparisons wherever possible to relevant benchmark data. Commentary is provided alongside most of the data to provide context and build awareness and understanding around the story behind the data.

This year's report has been composed under the following sections:

Section 1: Introduction & Overview

Section 2: The Human Resources Dashboard and Scorecard

Section 3: 2014 Top Stories

Section 4: 2015 and Beyond

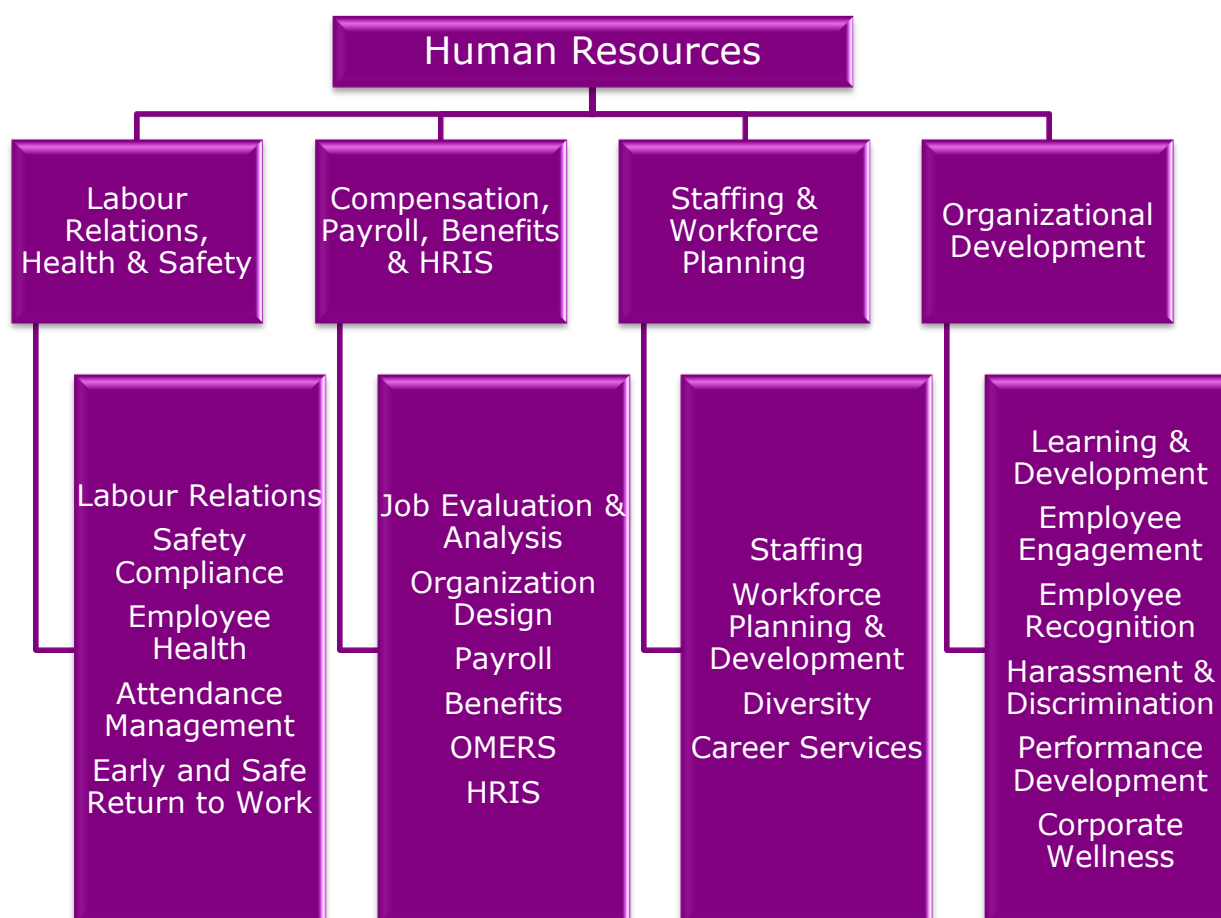
Section 5: Data Tables, Charts, Graphs and Analysis

The Human Resources Department

The City of Guelph Human Resources Department provides human resource management programs and services, aligned with the City's values of integrity, excellence and wellness, and consistent with Council and regulatory requirements to enable the City to meet its business and service goals by:

- Promoting excellence in human resource management,
- Providing a proactive human resource advisory, information and service function to the departments of the City of Guelph,
- Providing information to Council and the organization to support human resource decision making, and
- Supporting employment related legislative compliance.

The following represents the organization structure of the Human Resources department:



Symbols and Acronyms

The following is a descriptive list of symbols and acronyms that will be found throughout this report:

Symbols:

- “●” or “G” Represents the colour ‘**Green**’ indicating a positive result and/or a positive comparison to a benchmark
- “●” or “R” Represents the colour ‘**Red**’ indicating a negative result and/or a negative comparison to a benchmark
- “●” or “Y” Represents the colour ‘**Yellow**’ indicating a result that is ‘cautionary’

- “+” Indicates a positive trend or a trend in the ‘right’ direction
“-” Indicates a negative trend or a trend in the ‘wrong’ direction

Acronyms:

AD&D – Accidental Death and Dismemberment
AODA – Accessibility for Ontarians with Disabilities Act
ASP – Attendance Support Program
ATU – Amalgamated Transit Union
CAO – Chief Administrative Officer
CBOC – Conference Board of Canada
CHR – Corporate & Human Resources
CSS – Community & Social Services
CUPE – Canadian Union of Public Employees
EE - Employee
F&E – Finance & Enterprise
GPFFA – Guelph Professional Firefighters Association
HR – Human Resources
HRBN – Human Resources Benchmarking Network
HRIS – Human Resources Information System
IATSE – International Alliance of Theatrical Stage Employees
LEAP – Licencing, Education & Accreditation Program
LTD – Long Term Disability
N/A – Not Applicable
NUME – Non Union Management Employees
OPSEU – Ontario Public Service Employees Union
OTES – Operations, Transit, & Emergency Services
PBEE – Planning, Building, Engineering & Environmental Services
PDP – Performance Development Plan
STD – Short Term Disability
WSIB – Workplace Safety and Insurance Board

Section 2: The Human Resources Dashboard and Scorecard

The Human Resources Dashboard and Scorecard provide a summary level of detail regarding the City's progress against fifteen performance measures broken down into four categories. These categories, defined below, are from the 2008 People Practices Strategy and are still relevant today:

A Well Workplace where employees are provided with a challenging, rewarding, enjoyable and fulfilling career; Where employees are assisted in balancing their career, home and personal life through supportive human resource policies and management approaches.

A Learning Organization that fosters learning as a way of life, encourages creativity, and actively promotes and invests in the skill and knowledge development of every employee.

Leadership across all levels of the organization who are aligned and engaged to deliver strategy, build culture and reflect the Corporate Values.

Business & Service Excellence offering best in class business and service excellence, effectively using technology, ensuring staff are well trained, effectively managing change and objectively measuring performance for continuous improvement.

The Dashboard, found on page 8 uses colour to provide a quick visual summary of the City's progress toward these measures over the past four years. The colour **Green** is used to represent metrics that compare positively to benchmarks and where the City is performing well. **Yellow** and **Red** indicate items that are not currently in line with benchmarks or where the City feels that performance needs to be improved. This year, the letters "G", "Y" and "R" are also used to assist those who cannot decipher colour when interpreting this report. PLUS and MINUS signs are used to indicate the direction that certain measures may be trending. For example "+" indicates that the measure is trending in a positive direction and "-" indicates that the measure is trending in a negative direction.

The Scorecard, found on page 9 provides an overview of the current year only. Although still a summary, the scorecard provides more data on each of the fifteen measures including the target for the year, the outcome or result realized the benchmark and a new target for 2015.

Human Resources Dashboard

The following group of four tables, when viewed together, represent the Human Resources Dashboard. Using colour (as described on page 5), these tables are meant to quickly illustrate how the City has measured against each indicator over a five year period.

A Well Workplace	2010	2011	2012	2013	2014
Voluntary Turnover	● Y -	● G	● G -	● G	● G
Sick Days per Employee	● Y	● R	● R	● Y +	● R
Lost Time Incident Rate	● G	● G	● G -	● G	● G
Grievance Rate	● G	● Y -	● R	● R	● R+

Leadership	2010	2011	2012	2013	2014
Employee Engagement	N/A	N/A	● R	● R	● Y +
Management: Non-Management Ratio	● G	● G	● G	● G	● G
PDP Completion Rate	● Y +	● Y +	● R	● G	● G

A Learning Organization	2010	2011	2012	2013	2014
Training Cost per Employee	● R	● Y +	● Y +	● Y	● G
% of Positions filled Internally	● Y +	● Y +	● G	● G	● Y

Business & Service Excellence	2010	2011	2012	2013	2014
HR Staff: Employee Count	● G	● G	● G	● G	● G -
HR Expense	● G	● G	● G	● Y	● G
Total Compensation as a % of Gross Operating Expenditures	● G	● G	● G	● G	● G
Benefits Expense	● G	● Y	● Y -	● Y-	● Y
External Time to Fill	● Y +	● G	● G	● G	● G
Cost of Overtime	N/A	N/A	N/A	● R	● Y





The Human Resources Dashboard shows that the City continues to trend positively in a number of areas including "Voluntary Turnover", the "Management to Non-

Management Ratio", "Lost Time Incident Rate", "PDP Completion Rate" and "External Time to Fill" rate. The Dashboard shows there were positive changes in the "Training Cost per Employee" and "Cost of Overtime". "Employee Engagement" survey results from 2014 indicate that, while engagement numbers are statistically flat (up 1%); we are experiencing a decrease in disengagement (down 4%). Areas that continue to warrant focus and attention are "Paid Sick Days per Employee", the "Grievance Rate", "Benefits Expense" and the "Cost of Overtime". More data and detail on each of these measures can be found in Section 5 of this report.



Human Resources Scorecard

The following group of four tables, when viewed together, represent the Human Resources Scorecard. Like the Dashboard these tables use colour to quickly highlight results. These tables also provide the target, the 2014 result, the benchmark and the 2015 target for each measure. More data and detail on each of these measures can be found in Section 5 of this report.

A Well Workplace

Measure	Target	2014 Result	Benchmark	Colour	2015 Target
Voluntary Turnover	Not to exceed 5%	3%	4.9%	 G	<5%
Paid Sick Days per Employee	9.5 days	10.5 days	9.2 days	 R	9.2 days
Lost Time Incident Rate	<2%	1.9%	3.02%	 G	<2%
Grievance Rate	14%	14.9%	4.02%	 R+	12%

A Learning Organization

Measure	Target	2014 Result	Benchmark	Colour	2015 Target
Training Cost per Employee	\$705	\$721	\$705	 G	\$705
% of Positions Filled Internally	60%-70%	47%	51%	 Y	55%-65%

Leadership

Measure	Target	2014 Result	Benchmark	Colour	2015 Target
Employee Engagement Score	46%	42%	57%	● Y+	N/A
Management: Non-Management Ratio	1:14	1:14	1:9.1	● G	1:14
Performance Development Plan Completion Rate	100% by due date	99.8%	N/A	● G	100%

Business & Service Excellence

Measure	Target	2014 Result	Benchmark	Colour	2015 Target
HR Staff: Employee Count	1:127	1:115	1:96	● G	1:96
HR Expense	0.6%	0.61%	0.6%	● G	0.7%
Total Compensation as a % of Gross Operating Expenditures	=<46%	46% (estimate)	N/A	● G	=<46%
Benefits Expense	Target the benchmark	\$3,752	\$3,349	● Y	Target the benchmark
External Time to Fill	50 days	37 days	76 days	● G	50 days
Cost of Overtime	2.5% of base salary	3.21% of base salary	N/A	● Y	2.5% of base salary

Section 3: 2014 Top Stories

- Employee Engagement
- Leadership Charter/Leader Development
- Overtime
- Workforce Census
- Learning & Development Audit
- Labour Disruption

Employee Engagement

Highlights

- 77% participation rate for all full-time and part-time employees
- 1% increase in overall employee engagement
- 4% decrease in overall employee disengagement
- 9 departments increased employee engagement by an average of 14%
- 11 departments decreased employee engagement by an average of 9%

Background:

The City conducted its second Employee Engagement Survey in 2014. The engagement score measures three elements – say, stay, and strive. Do our employees say good things about the City, plan on staying at the City for years to come, and strive to do a great job? Committed or engaged employees do. Engaged employees do their best work and want to help the City succeed. This means delivering better service to the public—an important focus of the Corporate Strategic Plan.

In 2012 the City reported an employee engagement score of 41%. This figure rose to 42% in 2014. Although slight, the increase does represent an improvement. Also notable is the decrease in employee disengagement which means more employees are moving along the spectrum towards engagement. In addition we see that there are specific areas where we have moved. Our engagement survey measures 21 engagement drivers. In 2014 City scores improved on 19 of those 21 drivers – notably **Recognition** improved by 7% and **Learning & Development** improved by 6%.

Next steps:

We need to look deeper at our engagement scores and develop departmental and corporate action plans. Where the 2012 corporate action plan focused on establishing leader expectations and leader development, our 2014 action plans will focus more on front line employee engagement.

Leadership Charter & Leadership Development

Highlights

- 150 leaders, including Union Presidents, developed a Leadership Charter
- 250 leaders & aspiring leaders were provided with access to online learning modules
- 28 leaders participated in 3.0 days of in-class leadership training
- The Leadership Charter has been integrated into the recruitment process for leaders

Background:

A root cause analysis of our 2012 Employee Engagement survey results identified the need for establishing clear leader expectations and to provide training to support leaders in meeting those expectations. Throughout 2014, the City's leaders including Union Presidents and a stakeholder group of employees, together with Knightsbridge Human Capital Solutions developed leadership expectations - our Leadership Charter.

Our Leadership Charter outlines these expectations:

- I will lead with a shared community mindset
- I will communicate with clarity
- I will foster innovation
- I will be accountable to our stakeholders

Leaders throughout the organization signed the Charter to symbolically commit to it and recognize its importance.

In addition to the Leadership Charter, a leadership development program was designed and implemented to provide leaders with learning opportunities to increase their knowledge and skills relating to the Leadership Charter commitments. The programs goal is to equip leaders with the knowledge, tools, techniques and experiences to effectively lead themselves and others. The expected outcome to

participation in the program is enhanced leadership skills that will foster an engaged and productive workforce that delivers excellent service.

Key elements of the Leadership Development program:

The rollout of a three streamed leadership development program focusing on the following:

Foundational Leadership Development – Robust, core management and leadership training that provides a foundation for working at the City as a leader including mandatory leader training (health & safety topics, respectful workplace and online Leadership Orientation Program).

Focused Leadership Development - for those “managing from the middle” - Enhances leadership skills and abilities of the city’s mid-level leaders to better enable them to translate strategy into action.

Strategic Leadership Development – for those who are already or aspiring to “lead strategically” – development is focused on building the ability to lead while balancing strategic goals and effectively gaining organizational commitment, alignment and results.

Online development modules support each stream of leadership development using 24 business topics through Harvard ManageMentor®.

Classroom-based leadership development opportunities are offered through the three streams of learning. In late 2014, 3.0 days of training for Foundational Leadership Development was piloted with 28 leaders attending (including aspiring leaders). Results from this pilot session are favourable. Participants report:

- 81% have a high/very high degree of skills and knowledge after the training
- 85% have a high/very high degree of confidence in their capability to effectively apply the knowledge or skills on the job
- 96% have a high/very high perception of the value of the program
- 93% have high/very high personal motivation to apply the learning to their job

Learning integration plans are made during the program to ensure learning is applied to the workplace and one on one coaching is provided to assist with integrating learning into the workplace while overcoming barriers.

Next Steps:

Classroom-based programs are under development and will be offered in 2015 in the areas of Focused Leadership Development and Strategic Leadership Development. The

Leadership Charter will be integrated into the Performance Development Process for all leaders.

Overtime

Highlights

- Process changes were implemented in 2014 with tighter controls on pre-approval of all overtime
- Introduction of monthly overtime report which categorized all overtime into one of eight categories
- Significant events requiring overtime included the cleanup of the 2013 winter storm and the management of the ATU labour disruption
- Overall reduction in overtime costs from 2014 over 2013 was \$810,670

Background:

In 2013, the City's Internal Auditor performed an extensive audit on the City's overtime costs and associated processes. The Chief Administrative Officer informed Council of the audit findings and the steps that staff would take to address the auditor's recommendations.

One of the recommendations directed the Executive Team to provide greater oversight with respect to overtime approval and reporting within the organization. With increased oversight and better reporting of overtime in 2014 total overtime costs were reduced by \$810,670 over 2013.

Starting in March 2014, staff developed a series of category codes that would allow overtime to be tracked and reported based on the reason the overtime was needed. In addition to improved reporting, tighter approval processes for overtime were also implemented. The following table illustrates the cost of overtime for each category code between March and December 2014.

Overtime Category	Overtime Cost
Legislated or Regulatory Compliance	
Due to legislation, collective agreements or other regulatory compliance overtime must be worked to meet requirements and not put the City of Guelph at risk.	\$1,150,679

Overtime Category	Overtime Cost
Management Directed Management has directed the employee to work overtime.	\$999,724
Other Vacancy Another employee is away at a conference, training, meeting, etc. overtime must be worked to meet required deadlines.	\$35,039
Public Safety There is a public safety issue if employees do not complete the work on overtime. Example, fire or the Mayor has declared an emergency (not weather related).	\$140,057
Revenue Generation Employee must work overtime to ensure the City maximizes opportunities to generate revenue for the City. Example, shows at the River Run or Storm games at the Sleeman Centre.	\$167,653
Sick Absence Another employee is away due to illness or injury (Sick, STD, LTD or WSIB) and employee is required to do additional work normally done by the other employee.	\$120,830
Vacancy There is a vacancy due to a termination, resignation or retirement within the division.	\$50,563
Weather Response Employees must work overtime to respond to a weather event. Example, significant snow fall, summer storm.	\$128,798
Labour Disruption This is not an official code in the system however overtime related to managing the labour disruption with ATU was tracked in 2014 for reporting purposes.	\$68,702
Total	\$2,862,045

The next table shows the "Overtime Hours Paid Ratio" by comparing the total number of hours worked by employees with the number of overtime hours paid. This was 3.2% in 2014 which is higher than that reported by the HRBN for municipalities. This

table also looks at the cost of overtime as a % of base salary. This figure was 3.71% in 2014.

Year	Total Hours Worked	Overtime Hours Paid	Overtime Hours Paid Ratio	Cost of Overtime	Overtime as a % of Base Salary
2010	2,264,817	70,209	3.10%	\$2,908,236	3.50%
2011	2,485,071	88,487	3.56%	\$3,755,755	4.08%
2012	2,623,021	94,069	3.59%	\$3,944,681	3.98%
2013	2,629,279	112,275	4.27%	\$4,804,598	4.72%
2014	2,878,496	92,398	3.21%	\$3,993,929	3.71%

The City's overtime costs were budgeted at 2.1 million for 2014. The cost of overtime reported in the table above includes a total 15,980 hours of banked overtime (worth \$723,500) across the Corporation.

Overtime costs must be considered in the context of other compensation items. For example, the difference between the overtime budget and actual expenditures was offset by "gapping" savings worth \$2.65 million which exceeded the 2014 budget target of \$1.8 million dollars.

The table below shows how the City of Guelph compares to the benchmark on Overtime Hours Paid.

Overtime Hours Paid Ratio (Y)	
City of Guelph	3.21%
HRBN	2.7%

Going Forward:

In 2015, Human Resources will continue to provide overtime reports, monitor compliance with established overtime approval process and work with departments on opportunities to work more effectively minimizing the need for overtime when possible.

Workforce Census

Highlights

- An initial 60% response rate was achieved and due to the nature of the survey, the response rate can be built upon over time
- The City is underrepresented in each of the four designated groups for employment specifically women, aboriginal persons, persons with disabilities, visible minorities
- The workforce census and subsequent workforce analysis form a compelling case to move forward with the Employment Systems Review



Background:

In December 2014 the City conducted a Workforce Census to develop a better understanding of the demographics of our workforce population. This project supports the goals of the City's Diversity Strategy which was passed by Council in 2011. The Diversity Strategy recognizes that our employment practices play a role in our ability to design and deliver services that are valued by our changing community. Through this strategy the City has expressed a commitment to attract, recruit, develop and retain a workforce that is reflective of our community, where being 'reflective' speaks to our ability to recognize and respect differences in the expectations and needs of others.

The data from the workforce census compares the representation of 'designated group' members in our workforce to the availability of those members in the labour market. The designated groups as recognized by employment equity include women, aboriginal persons, persons with disabilities and visible minorities. Although the City of Guelph is not bound by Employee Equity legislation, the workforce analysis was conducted using the same methodology as would be used for organizations that are bound by the legislation.

Data Summary:

The following table illustrates the City's overall representation in the four designated groups compared to the availability of those groups in the labour market. The "Difference" column indicates the number of employees in each group where our

representation is short of labour market availability. For example, out of the 1,336 employees included in this analysis, the City of Guelph employs 35 fewer women than would be expected given the availability of women in the labour market.

Designated Group	Representation		Availability*		Difference
	#	%	#	%	
Women	438	32.8%	473	35.4%	-35
Aboriginal Peoples	11	0.8%	25	1.9%	-14
Persons with Disabilities	53	4.0%	63	4.7%	-10
Visible Minorities	66	4.9%	149	11.1%	-83
Total Workforce: 1,336					
*Source: 2011 Census and 2012 Canadian Survey on Disability (CSD)					

The workforce analysis also compared our representation in several different occupational groups. Availability comparisons for each group considered census data of the qualified labour pool from which the City would reasonably be expected to draw candidates; either at the national, provincial or local level. The following table illustrates the gaps for each designated group by occupation. Gaps highlighted in red have been recommended for further study as part of a formal Employment Systems Review.

Occupational Group	Census Data Comparison Level	Total # Ees	Women	AP ¹	PwD ²	VM ³
Senior Managers	National	22	1	-1	-1	-2
Middle and Other Managers	National	51	0	-1		-5
Professionals	Provincial	125	17	-1	4	-14
Semi-Professionals & Technicians	Provincial	408	7	-8	-15	-31
Supervisors Clerical	Local	18	0	0	0	0
Supervisors Crafts & Trades	Local	53	4	0	0	-4
Administrative/Sr. Clerical	Local	52	0	-1	-1	-1
Skilled Sales & Service Personnel	Local	1	1	0	0	0
Skilled Crafts & Trades Workers	Local	91	-3	-3	2	-8
Clerical Personnel	Local	66	8	-1	2	-4
Intermediate Sales & Service	Local	48	-9	-1	-1	-4

Occupational Group	Census Data Comparison Level	Total # Ees	Women	AP ¹	PwD ²	VM ³
Semi-skilled Manual Workers	Local	237	-27	-3	-1	9
Other Sales & Service Personnel	Local	44	-17	-1	0	-4
Other Manual Workers	Local	120	-16	-1	1	-16
Total Workforce		1,336	-35	-35	-10	-83

¹ Aboriginal Persons, ² Persons with Disabilities, ³ Visible Minorities

Recommendations & Next Steps:

Pending budget, the data gathered from the Workforce Census will be used to thoroughly review our employment processes such as hiring, training, performance reviews, accommodation and promotion. This review will identify any systemic or attitudinal barriers to access and opportunity within these employment systems and form recommendations for improvement. These recommendations will form the basis on an employment systems action plan as well as inform the next iteration of the City's Diversity Strategy.

Learning Audit

Highlights

- The Internal Auditor conducted a Value for Money Audit on learning & development
- 7 recommendations addressed opportunities for improvement

Learning and Development (L&D) encompassing all forms of training, is an essential component of today's "Learning Organization". In order to keep pace with the rapidly changing environment of technology, legislative requirements and best practices in business performance and customer service delivery, it is imperative that staff are equipped with the knowledge and tools to achieve optimum results for the organization.

The primary objective of this operational audit was to identify what the City is currently spending on L&D and to benchmark our existing programs and structure with other organizations in terms of best practices, effectiveness, accessibility and selection of L&D opportunities for City staff.

The L&D Audit resulted in 7 recommendations from the Auditor and corresponding action items identified in the Management Response. These actions items will be phased in through 2015 and include:

- A review of the Learning Policy to incorporate recommendations from the Audit; approval of the Learning Policy by senior management and implementation by HR
- Review of L&D budgets for consideration on centralizing
- Review of systems training to determine ownership over the training, frequency by which to provide etc. includes training related to corporate systems such as RAC, JDE, CLASS, Microsoft Office and other training items such as customer service and the budget process
- Develop annual L&D plan aligned to the PDP process
- Improve the evaluation of training effectiveness including the development of KPIs

Labour Disruption

Highlights

- 23 days of bargaining did not result in an agreement despite the use of a conciliator in the later stages
- ATU members were locked out in a labour disruption lasting 16 days
- Relationship building work has begun to nurture more positive, collaborative relationships based on common interests and goals

Background:

The employees of Guelph Transit, represented by ATU Local 1189, expired in June of 2013. After 23 days of bargaining, several of which occurred with the assistance of a provincially appointed conciliator, the City of Guelph locked out all unionized transit employees. The duration of the lockout was 16 days.

Post Labour Disruption:

Labour Disruptions are not ideal however it would appear that better communications between Union Executive and Management have resulted in a number of improvements and cost reductions for the City of Guelph, such as:

Absenteeism reduced by 19% in 2014

Overtime reduced by 43% in 2014

Grievances reduced by 69% in 2014

Both ATU and Management have worked diligently to address a number of issues. Ongoing communications, employee engagement opportunities, labour/management meetings and continued efforts to better understand the pressures and working conditions for transit employees will result in further successes for employees and ultimately transit customers.

Going Forward:

We need to continue to nurture and work on a collaborative relationship based on interests and common goals, with an eye to the long term vision and strategy. The key principles for success are respect, role clarity, meeting and reporting objectives, and open and honest communication.

Section 4: 2015 and Beyond

This section summarizes some of the initiatives that the Human Resources department will be undertaking in 2015.

Talent Management Framework

Human Resources will continue the development of the Talent Framework; an integrated approach to our talent attraction, development, and retention initiatives. This approach will build on the current workforce planning consultations that were completed in 2014 throughout all of our departments, and will look at all phases of talent management to include a review of where we need to bring in new and/or align existing programs or processes to ensure the most effective approach to managing the organization's talent.

Leadership Development

Embedding the City's Leadership Charter into our organizational culture and how our leaders work together with each other, their employees and the community will take

continued and ongoing development. The Leadership Charter was embedded into the Performance Development Planning system to ensure that individual development plans are created to build skills using a variety of methods. Online leadership development continues to be available through Harvard ManageMentor and the City's customized Leadership Orientation Program. Classroom-based development, delivered through Knightsbridge Human Solutions, will focus on middle-manager and senior leaders in 2015. Individual development opportunities also include executive coaching.

Employee Engagement

Underway this year is alignment and implementation of departmental employee engagement action plans based on our 2014 survey data. Leaders and teams were able to assess 2012 action plans and the effectiveness of these plans using the 2014 survey data. The Performance Development Planning process and new Progression Pay program for leaders will factor increases/decreases into employee engagement into the two step calibration process.

At the corporate level, a participative and engaging process is designed to involve employees in the round table process. Multiple ways to provide input and ideas are available to all employees on 11 round table topics including face-to-face facilitated events and an online website. Employee and organizational learning will happen at each stage of the round table process. This new way of working together to come up with solutions for organizational issues is already generating much employee interest. The next employee engagement survey will take place in June 2016.

Employee Recognition Program

A re-designed *Say Thanks* program is being launched in 2015. Its focus will be on building a culture of recognition through the availability of basic tools to help people appreciate others within the organization. Leaders will be equipped with additional tools to help them recognize the efforts of their staff. Employees will be encouraged to recognize each other.



Employment Systems Review (ESR)

In support of the City's Diversity Strategy and informed by the results of the Workforce Census, the ESR project will include an in depth review of the City's formal and informal employment processes to identify any adverse impacts or barriers faced by diversity groups throughout all stages of employment.

Pending funding, this review will result in a report outlining recommendations and reasonable solutions should systemic or attitudinal barriers be identified. These recommendations will result in the creation of an Employment Systems Action Plan and the next iteration of the City's Diversity Strategy as we continue to deliver on our commitment to providing a workplace that allows everyone to participate fully and with respect for their diversity.

Labour Relations

Human Resources staff will be negotiating new collective agreements this year with:

GPFFA – Guelph Professional Firefighters Association

OPSEU - Ontario Public Service Employees Union

IATSE – International Alliance of Theatrical Stage Employees

Staff will also start preparations for bargaining with the City's three CUPE locals which expire in 2016. For all groups, the City will endeavour to negotiate agreements that are fair, reasonable and affordable for our citizens.

We will continue to work on our corporate union/management relationship through a principled based approach, Executive Team roundtables and our leadership development activities.

Section 5: Data Tables, Charts, Graphs & Analysis

HR Efficiency Indicators

As illustrated in the following table, The City of Guelph provides HR services to 115 employees per HR staff member. This is down from 2013 due to the addition of a permanent Health & Safety Advisor and a temporary administrative support person. HR expects this number to be further reduced in 2015 after changes from the recent reorganization bring three additional health and safety staff into the human resources department.

HR Expense as a percentage of organizational operating expenses declined slightly in 2014 to .61%. Both indicators continue to compare favourably with benchmark data provided by HRBN.

HR Efficiency Indicators	2010	2011	2012	2013	2014
HR Staff: Employee Count	1:120	2:127	1:128	1:127	1:115
HR Expense as a % of Organization Operating Expense	.66%	.69%	.59%	.63%	.61%
Cost of HR per Full Time Equivalent	\$1,261	\$1,291	\$1,228	\$1,368	\$1,437

HR Efficiency Benchmark Comparisons

The following two tables show how the City's HR efficiency indicators compare to municipal benchmarks.

HR Staff: Employee Count (G)	
City of Guelph	1:115
HRBN	1:96

HR Expense as a % of Organization Operating Expense (G)	
City of Guelph	.61%
HRBN	.60%

City of Guelph Workforce Distribution

The headcount table below illustrates the number of full-time and regular-part-time employees in each Service Area as of the end of the reporting year. This table is meant to illustrate the relative size of each service area and can be used to provide context for other data reported throughout this report.

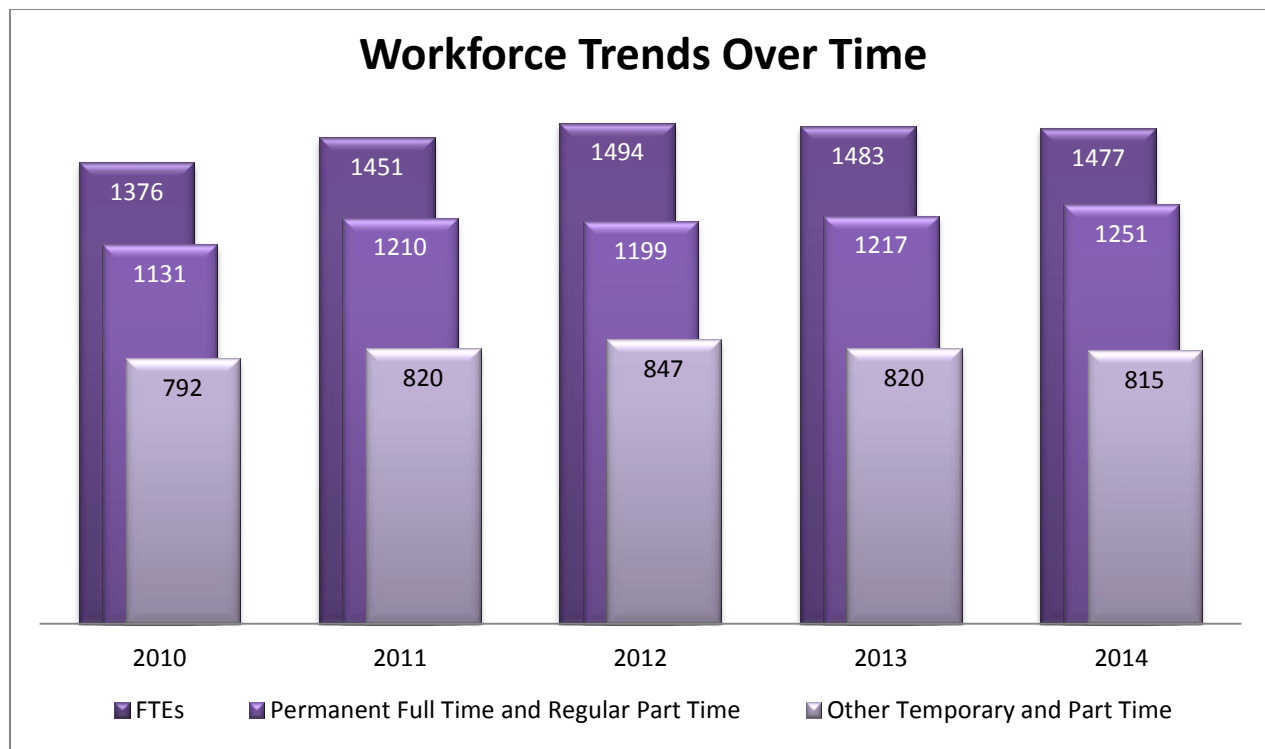
Service Area	Total Full Time Staff	Vacancies at Dec 31	Total Other (Annual Average)	Total Staff	Total % of Staff
Office of the CAO	10	0	3	13	0.63%
CSS	146	6.6	602	754.6	36.52%
CHR	92	3	10	105	5.08%
F&E	39	1.6	3	43.6	2.11%
OTES	595	5	150	750	36.30%
PBEE	335	18	34	387	18.73%
Council	0	0	13	13	0.63%
Total Workforce	1,217	34	815	2,066	100.00%

Workforce Trends over Time

For some calculations in this report and for the purpose of benchmarking, a figure of 1,477 has been established to represent full time equivalents or FTEs. This figure is only used for the purpose of analysis and comparison and is not to be confused with numbers used for budget purposes.

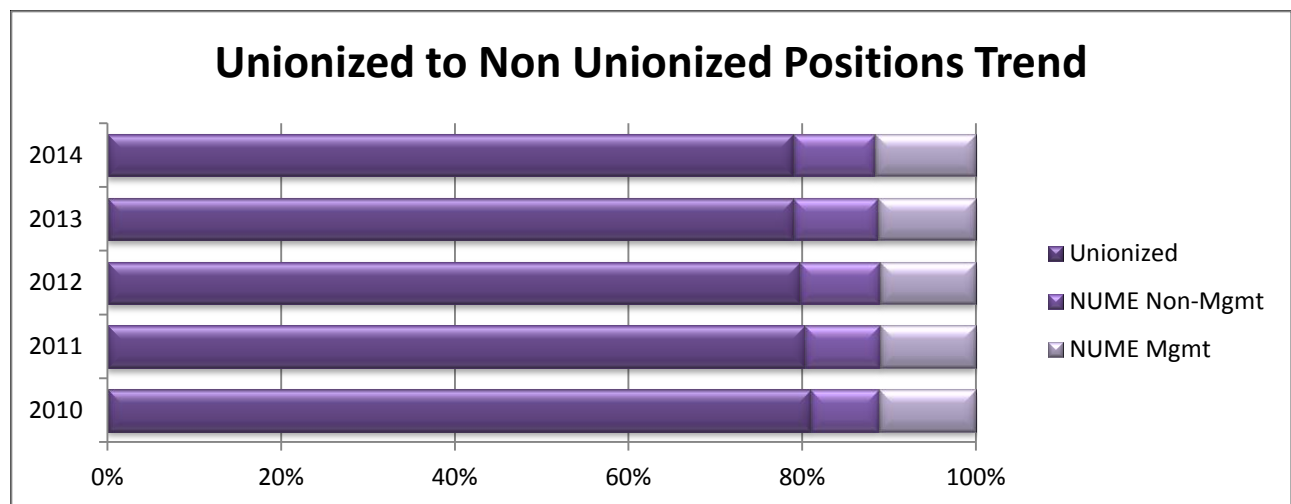
FTEs in this report include an additional equation of all time worked by temporary and seasonal staff to determine their full time equivalent. FTEs for budget purposes include only regular full and part time employees or 'heads'.

The following chart illustrates the trend between permanent staff, temporary staff and FTEs over the past five years.



Other Workforce Trends

The next chart illustrates the relationship between unionized positions, non-unionized positions and management/supervisory positions annually since 2010.



Workforce Benchmark Comparisons

The following table shows how the City's rate of unionization compares to that reported by Statistics Canada.

Rate of Unionization (G)	
City of Guelph	79%
Statistics Canada (For Public Sector, 2012)	71.4%

The table below illustrates that on average, City managers and supervisors oversee more staff than our municipal comparators. This measure has remained fairly stable over the last 5 years. Traditionally this has been viewed positively however the size of teams, if too large, may have a corresponding indirect negative impact on other measures. For example, larger teams may impact management capacity for people management which may have a corresponding negative impact on employee engagement.

Management: Non-Management Ratio (G)	2010	2011	2012	2013	2014
City of Guelph	1:14.3	1:14.5	1:16	1:14	1:14
HRBN	1:10	1:10	1:9.7	1:9.5	1:9.1

Employee Demographics

The table below illustrates the stability in our employee demographics over the past five years. As a whole, gender distribution at the City of Guelph continues to differ from the benchmark with the greatest disparity between male and female employees seen in GPFFA and CUPE 241.

	2010	2011	2012	2013	2014	HRBN
Male	67%	67%	68%	68%	69%	48%
Female	33%	33%	32%	32%	31%	52%
Average Age	45	44	44	45	45	44
Average Years of Service	10.5	10	10	10	9	11

For the first time this year we are able to report demographic data for designated group members as recognized by employment equity. These numbers are explained in greater detail on page 18. The percentage of women differs slightly from that reported in the previous chart as the workforce census analysis included some part time and contract employees not included above.

	2010	2011	2012	2013	2014	Census
Women					32.8%	35.4%
Visible Minority	-	-	-	-	4.9%	11.1%
Aboriginal Person	-	-	-	-	0.8%	1.9%
Person with a Disability	-	-	-	-	4%	4.7%

Demographics by Association

The following table illustrates the gender split within each of the City's union groups as well as average age and average years of service.

Association	Total Full Time Staff	Male	Female	Average Age	Average Years of Service
Transit ATU 1189	182	74%	26%	49	10
Outside CUPE 241	323	89%	11%	45	11
Inside CUPE 973	217	41%	59%	43	10
Fire GPFFA 467	164	90%	10%	43	13
EMS OPSEU 231	75	57%	43%	39	6
NUME Management	141	64%	36%	49	9
NUME Non-Management	115	43%	57%	44	6
City of Guelph Full Time Staff	1,217	69%	31%	45	9

Attendance & Absenteeism

After an improvement in 2013 absenteeism rose once again in 2014 to an average of 10.5 paid sick days per employee.

Average # Paid Sick Days per Eligible Employee

Year	2010	2011	2012	2013	2014
Average # Paid Sick Days	9.9	10.2	10.7	10.1	10.5

Absenteeism Benchmark Comparison

The following table shows how the City's paid sick days per eligible employee indicator compares to the municipal benchmark.

Paid Sick Days Per Eligible Employee (R)	
City of Guelph	10.5 days
HRBN	9.2 days

Annual Absenteeism Comparison

The following tables summarize all types of absenteeism first by year and then by association.

Days off due to:	2010	2011	2012	2013	2014
Paid Sick Leave	7,440	8,677	8,409	6,970	7,403
Unpaid Sick Leave	1,020	833	1,300	1,099	545
Short Term Disability	2,725	2,608	4,373	4,841	5,393
Long Term Disability	4,628	6,272	6,435	6,943	6,944
WSIB	490	555	723	589	443
Total Days Off due to Sickness/Injury	16,303	18,945	21,241	20,422	20,728

Absenteeism by Association

The table below illustrates the different types of absenteeism by employee group.

2014	Transit ATU	CUPE 241	CUPE 973	Fire GPFFA	EMS OPSEU	NUME	Total
Sick Days – Paid	1,076	1,750	1,048	2,199	489	841	7,403
Sick Days – Unpaid	127	286	18	94	2	18	545
STD	1,329	2,225	554	0	735	550	5,393
LTD	3,467	1,475	463	809	413	317	6,944
WSIB	84	130	6	68	155	0	443

2014	Transit ATU	CUPE 241	CUPE 973	Fire GPFFA	EMS OPSEU	NUME	Total
Total	6,084	5,865	2,089	3,170	1,794	1,726	20,728
Total Sick Days Per EE	14	13	7	14	16	6	10.96
Paid Sick Days per EE	13	12	7	13	16	5	10.51

Observations

- Although paid sick leave increased 6% in 2014 unpaid sick leave was down by 50%
- CUPE 241 saw the largest increase in Paid Sick Days at 21% followed by CUPE 973 at 12%
- The greatest increases in **Paid Sick Days per Employee** are from CUPE 241 (20% increase) and OPSEU (30% increase). These large increases are offset by lower rates experienced by Transit (19% improvement) and NUME (12% improvement).
- The increase in **Paid Sick Days per Employee** is primarily driven by an 11% increase in STD from 2013. CUPE 241 and OPSEU experienced significant increases in STD at 55% and 93% respectively. All other employee groups experienced less STD in 2014.
- Although CUPE 973, Transit and NUME are all reporting increases in Paid Sick Days, these groups are showing improvement in all other forms of absenteeism.

Turnover Trends

The City experienced less voluntary turnover in 2014 reaching a five year low and representing a 3% voluntary turnover rate. This compares favourably with the benchmark of 4.9%. Turnover and benchmark data are represented in the two tables below.

Number of Separations	2010	2011	2012	2013	2014
Voluntary	63	48	61	46	36
Involuntary	20	19	20	19	25

Number of Separations	2010	2011	2012	2013	2014
Total Separations	83	67	81	65	61
Voluntary Turnover Rate	5.6%	4.0%	5.0%	3.9%	3%

The City continues to experience high levels of turnover within the first two years of service. Over 50% of resignations and terminations in 2014 were of employees with less than two years of service.

Turnover Benchmark Comparison

The following table shows how the City's voluntary turnover rate compares to the municipal benchmark.

Voluntary Turnover Rate (G)	
City of Guelph	3%
HRBN	4.9%

Cost of Severance

The City issued severance packages to 6 employees in 2014 at a cost of \$348,657 in the 2014 budget. The ongoing cost to the end of these severance packages is \$570,965. Severance packages are issued when an employee's employment is terminated without cause for various reasons which may include: a position has been eliminated and a non-union re-assignment is not available; the employee's terms and/or conditions of employment have been altered significantly; or the employee can no longer fulfill the expectations of the position. Severance packages at the City of Guelph are designed in accordance with the City's Non-Union Termination Policy to meet the statutory notice and statutory severance obligations under the Employment Standards Act as well as common law requirements.

Legal Costs

In 2014 the City spent \$140,329 in legal costs attributable to the consultation or intervention on issues relating to human resources. This figure is lower than the municipal benchmark as can be seen in the table below.

HR Legal Costs per Employee (G)	
City of Guelph	\$67.92
HRBN	\$102.14

Retirement Summary

In total, 21 employees retired from the City of Guelph in 2014 representing 1.73% of full time staff. The average retirement age of those who retired was 63. The five year trend of this data is summarized by employee group in the table below.

Association	2010	2011	2012	2013	2014
Transit ATU 1189	-	1	1	2	1
Outside CUPE 241	3	6	12	6	3
Inside CUPE 973	3	5	3	0	7
Fire GPPFA 467	1	2	3	2	1
EMS OPSEU 231	1	1	0	2	0
NUME	12	5	3	6	9
Total Employees Retired	20	20	22	18	21
% of Full Time Staff	1.8%	1.9%	1.9%	1.5%	1.73%
Average Retirement Age	60	61	61	60	63

Projected Retirement in the next 5 years

Over the next 5 years 23% of our workforce will be eligible to retire with unreduced pensions. The areas expecting the largest impact from retirement are Fire GPPFA, Transit, CUPE 241 and NUME.

Number of Employees eligible to retire with unreduced pensions in the next 5 years:								
Association	2014 ¹	2014	2015	2016	2017	2018	Total	% ²
Transit ATU 1189	7	9	5	12	4	5	4	46
Outside CUPE 241	11	18	7	5	10	14	12	77

Number of Employees eligible to retire with unreduced pensions in the next 5 years:								
Association	2014 ¹	2014	2015	2016	2017	2018	Total	% ²
Inside CUPE 973	6	9	1	2	5	3	6	32
Fire GPFFA 467	11	14	6	11	7	4	5	58
EMS OPSEU 231	4	4	0	0	0	2	2	12
NUME Management	6	11	4	3	5	7	4	40
NUME Non- Management	3	6	3	0	1	0	1	14
Total	48	71	26	33	32	35	34	279

¹ The number of employees who became eligible to retire in (and prior to) 2014 but who did not retire. ² The % of current full time employees in each Employee Group who are eligible to retire with unreduced pensions in the next 5 years.

Grievance Summary

Although lower than 2013 the City continues to experience a high volume of grievances. The majority of grievances in 2014 were for matters related to 'discipline', 'contract interpretation' and 'pay issues'. New collective agreement language in ATU has contributed to some of this volume as has the enforcement of corporate policies, procedures and expectations (such as the Commercial Vehicle Operators Registration requirements and the Attendance Support Policy). For example, the Attendance Support Program may, in the very late stages, result in discipline where there is a lack of improvement in an employee's attendance and absenteeism. Managers, Supervisors and Labour relations staff continue to work with union leadership to resolve these issues.

Human Resources staff continued to pursue mediation this year on final stage grievances resulting in significant cost avoidance by resolving 29 grievances at mediation versus proceeding with costly arbitration processes.

The following table illustrates the five year trend in grievances by union group as well as the distribution of grievances as they are resolved at various stages. The majority of grievances continue to be resolved at the early stages of the grievance process.

Grievance Summary	2010	2011	2012	2013	2014
Transit ATU 1189	27	44	43	93	65
Outside CUPE 241	12	12	14	47	45
Inside CUPE 973	-	2	4	4	11
Fire GPFFA 467	5	4	4	11	2
EMS OPSEU 231	6	10	15	15	21
Total	50	72	80	170	144
Resolved Step 1	-	-	26	59	47
Resolved Step 2	-	-	27	40	78
Resolved Step 3	-	-	5	20	13
Resolved Mediation	-	-	3	11	29
Resolved Arbitration	-	-	3	1	3
Awaiting Mediation/ Arbitration	-	-	7	10	8
Grievance Rate	6.5%	7.5%	8%	18.3%	14.9%
Final Step Greivance Rate	-	-	-	2.4%	4.2%

Grievance Rate Benchmark Comparison

The following two tables show how the grievance activity at the City of Guelph compares to the benchmarks. Although the number of overall grievances received is much higher than the benchmark, the number of grievances that are making it to the final stage of mediation/arbitration is much closer to the benchmark.

Grievance Rate (R+)	
City of Guelph	14.9%
HRBN	4.02%

Final Step Grievance Rate (G)	
City of Guelph	4.2%
HRBN	3.88%

Grievance Activity by Issue/Association

The following table shows the summary of grievances by issue and by union group.

Grievance Issue	Transit ATU	CUPE 241	CUPE 973	Fire GPFFA	EMS OPSEU	Total
Alleged Harassment	2	1	-	2	3	8
Benefit Issue	4	3	1	-	6	14
Contract Interpretation	11	3	3	-	2	19
Discipline	25	11	2	-	3	41
Overtime	5	6	-	-	-	11
Pay Issue	8	8	-	-	3	19
Position Posting	1	7	4	-	1	13
Scheduling	5	4	-	-	3	12
Termination	4	2	1	-	-	7
TOTAL	65	45	11	2	21	144

Accidents & Incidents

Accidents and Incidents are monitored and recorded each year as part of our health & safety management system and in accordance with legislated requirements under the Ontario Occupational Health and Safety Act, Construction and Industrial Regulations and the Workplace Safety and Insurance Act. The following pages summarize accidents and incidents in the following categories:

Near Miss – An event which had the potential for injury or illness but did not result in injury or illness

First Aid – An Injury/illness that is treated at the workplace where no further medical attention is required

Medical Aid – An injury/illness where the employee seeks medical attention away from the workplace from a healthcare professional

Lost Time – An absence from the workplace following a work related injury or illness beyond the date of occurrence

Denied WSIB – An injury/illness claim that has been denied by WSIB.
(Workplace Safety & Insurance Board)

The following table shows the five year trend of incidents by incident type.

Incident Type	2010	2011	2012	2013	2014
Near Miss	17	71	40	127	113
First Aid	160	142	157	99	121
Medical Aid	55	48	61	48	48
Lost Time	37	35	43	42	39
Denied WSIB	25	20	28	24	11
Withdrawn	-	-	-	4	1
Total	294	316	329	344	333
Incidents as a % of Headcount	16%	15%	16%	17%	16%
Lost Time Incident Rate	1.92%	1.7%	2.08%	2.07%	1.9%

Accident/Incident Comparisons

The next two tables show how the City of Guelph compares to HRBN Benchmarks with respect to lost time incidents as a percentage of total staff and WSIB lost work days per employee. The City compares very favourably to these indicators due in part to our strong commitment to the return to work process and increased opportunities in the departments for providing modified work.

Lost Time Incident Rate (G)	
City of Guelph	1.9%
HRBN	3.02%

WSIB Lost Work Days per Employee (G)	
City of Guelph	.21
HRBN	.56

Return to Work Accommodation

The City of Guelph provides accommodation to employees who are unable to perform their regular duties due to illness, disability or injury. These accommodations can be temporary or permanent. The following table summarizes the number of accommodations provided to employees over each of the past five years. In some cases accommodations can be made to an employee's job allowing that employee to continue on in that position. In other cases where accommodations cannot be made to the job, the employee is placed in another position that takes into account the nature of the accommodation required.

Accommodation Type	2010	2011	2012	2013	2014
Permanent Accommodation to Other Job	-	1	1	1	1
Permanent Accommodation to Own Job	1	-	-	-	-
Temporary Accommodation to Other Job	18	-	-	2	1
Temporary Accommodation to Own Job	12	34	42	40	40
Total	31	47	43	43	42

2014 Claims Summary

The following table summarizes the number and cost of claims by type over the past five years. The total number and cost of claims have decreased slightly this year compared to last. The number of LTD claims is up 21% however the cost of these claims is down 12% over 2013 as a result of renegotiated benefit plans in 2013. The number of STD claims is down 4% although as reported on page 30 the absenteeism associated with these claims is up 11% as is the cost. It is important to note that the cost and duration of claims is more dependent on the nature, not the number, of illnesses and injuries.

	2010	2011	2012	2013	2014	↑(↓)
STD Claims	74	108	173	219	210	(4%)
STD Cost	\$353,322	\$437,742	\$775,587	\$906,774*	\$1,006,742	11%
LTD Claims	17	20	27	29	35	21%
LTD	\$841,316	\$1,062,461	\$1,148,027	\$1,273,737	\$1,116,501	(12%)

	2010	2011	2012	2013	2014	↑(↓)
Cost						
WSIB Claims	-	110	132	112	110	(2%)
WSIB Cost	\$402,733	\$352,564	\$424,340	\$465,131	\$481,181	3%
Total Claims	91	238	332	360	355	(1%)
Total Cost	\$1,597,371	\$1,852,767	\$2,347,954	\$2,645,642	\$2,604,423	(2%)

* CUPE 241 changed from a sick leave accumulation program to the STD program in July of 2012.

Compensation, Benefits & OMERS

The following table shows salary expense as a percentage of the City's operating expense. This measure has been fairly stable over the past five years. The "Total Compensation as a % of Operating Expense" is derived from the City's Financial Information Return (FIR).

Year	Salary Expense	Operating Expense (OE)	Salary Expense as a % of OE	Total Compensation as a % of OE
2010	\$83,147,852	\$264,242,743	31.5%	44.95%
2011	\$92,133,991	\$273,229,355	33.7%	47.82%
2012	\$99,212,855	\$312,056,998	31.8%	46%
2013	\$101,705,068	\$319,822,949	31.8%	46%
2014	\$107,548,758	\$347,281,766	31%	46%

The following table summarizes the "overall" and the "per employee" costs for various components of the City's benefit plans. The City's benefit plans were renegotiated in 2013 to realize savings. The total cost of providing benefits in 2014 was down 5% from 2012, prior to the changes that were made.

Benefit Costs

Benefit	2010	2011	2012	2013	2014
Dental Cost	1,514,487	1,395,378	1,614,910	1,768,333	1,841,989
... Per EE	1,189	1,049	1,198	1,300	1,276
Extended Health Cost	2,878,056	2,513,732	3,035,520	3,280,154	3,572,154
... Per EE	2,295	1,890	2,252	2,412	2,476
AD&D Cost	58,206	64,760	68,693	59,310	49,774
... Per EE	46	52	55	47	39
Life Insurance Cost	312,558	369,722	379,219	292,156	269,352
... Per EE	245	278	281	215	187
LTD Cost	841,316	1,062,461	1,148,027	1,273,737	1,116,501
... Per EE	722	891	941	1045	865
STD Cost	353,322	437,742	775,587	906,774	1,006,742
... Per EE	505	585	636	744	780
Total	\$6,154,190	\$6,827,423	\$7,021,956	\$7,580,464	\$7,856,512
Average Cost Per Employee	\$4,834	\$5,483	\$5,363	\$5,762	\$5,623

Compensation Benchmark Comparisons

The following three tables show how the City's salary expense and benefit plans compare to municipal benchmarks. For the first time since we started benchmarking in 2008 the City's cost per employee for providing extended health benefits is below the benchmark.

Salary Expense as a % of Operating Expense (G)	
City of Guelph	31%
HRBN	31%

Dental Cost per Eligible Employee (G)	
City of Guelph	\$1,276
HRBN	\$1,090

Extended Health Cost per Eligible Employee (Y)	
City of Guelph	\$2,476
HRBN	\$2,259

Employee Assistance Plan

The Employee Assistance Plan is a service that is available to employees and their dependents. The EAP is promoted to employees at orientation and at various stages of employment. Notices about the program are also posted throughout City facilities. The following table summarizes the EAP activity at the City of Guelph.

EAP Activity	2010	2011	2012	2013	2014
# New Cases	294	257	268	265	251
EAP Utilization Rate	24.45%	21.24%	25.31%	22.55%	21.7%
Hours of Service Provided	1,310	1,097	1,130	1,022	994
EAP Expense	\$138,163	\$116,585	\$119,629	\$126,813	\$100,212
EAP Expense per Eligible Employee	\$121	\$96	\$96	\$95	\$87

EAP Benchmark Comparisons

The following two tables show how the City's EAP experience compares with municipal benchmarks. Although down slightly from 2013 the City continues to see a high rate of utilization in the program. This may be due in part to marketing of the program to employees at all locations and through various stages of employment. In addition, leaders at the City are trained on the Employee Assistance Program including how to recognize that an employee may benefit from the program and how to recommend the programs services.

EAP Utilization Rate	
City of Guelph	21.7%
HRBN	17.6%

EAP Expense Per Eligible Employee	
City of Guelph	\$87
HRBN	\$50

Staffing & Workforce Planning

Staffing Activity Summary

In 2014 Staffing Specialists processed 15,919 applications and conducted 1,064 interviews to fill 198 positions. The following three tables summarize overall hiring activity, internal hiring activity, and external hiring activity.

It is important to note that the addition of a second shift at the Waste Resource Innovation Centre impacted both the '% of positions filled internally' and the 'external time to fill' rate in 2014. Between the months of May and June, 38 people were hired at the WRIC including 17 sorters (positions traditionally filled externally). Also, the hiring for this additional shift happened fairly quickly. The effect of a large number of hires and a shorter time to fill has somewhat skewed the overall external time to fill rate for 2014. We expect this number to normalize again in 2015 closer to levels reported in previous years.

Overall Hiring Activity	2010	2011	2012	2013	2014
Total Hires	102	197	150	174	198
Total Applications Received	7,682	9,575	10,757	10,237	15,919
Total Interviews Conducted	510	980	729	1,108	1,064
Average Time to Fill ¹ (weighted)	44 days	44 days	45 days	37 days	34 days

Internal Hiring Activity	2010	2011	2012	2013	2014
Internal Hires	41	62	71	96	84
Applications Received	312	276	473	535	572

Internal Hiring Activity	2010	2011	2012	2013	2014
Interviews Conducted	119	165	171	218	236
Time to Fill	31 days	33 days	31 days	26 days	32 days
% of Positions filled Internally*	40%	46%	59%	68%	47%

*adjusted by the number of positions that are not typically filled internally. This includes Firefighters, Paramedics and Transit Operators.

External Hiring Activity	2010	2011	2012	2013	2014
External Hires	61	135	79	78	114
Applications Received	7,370	9,299	10,284	9,702	15,347
Interviews Conducted	454	815	558	890	828
Time to Fill	52 days	50 days	58 days	51 days	37 days
% of Positions filled Externally	60%	69%	53%	45%	58%

Advertising Costs

The following table summarizes the cost of advertising per external hire.

Type of Advertising	2010	2011	2012	2013	2014
Print	\$5,517	\$15,660	\$2,945	\$3,595	\$3,688
Associations & Online	\$28,463	\$38,177	\$59,361	\$55,467	\$46,286
Workopolis	\$17,588	\$29,827	\$20,125	\$23,000	\$13,900
Total Cost of Advertising	\$51,568	\$83,663	\$82,431	\$82,063	\$63,873
External hires including seasonal/temporary	625	774	812	717	781
Cost to Advertise Per External Hire	\$83	\$108	\$102	\$114	\$81.78

Staffing Benchmark Comparisons

The following three tables show how the City of Guelph recruitment and hiring activity compares to municipal benchmarks.

% of Positions Filled Internally (Y)	
City of Guelph	47%
HRBN	51%

External Time to Fill (G)	
City of Guelph	51 days
HRBN	76 days

Cost to Advertise per External Hire (G)	
City of Guelph	\$82
HRBN	\$158.24

Workforce Planning

In 2014, the staffing and workforce planning specialists met with leaders to develop a shared understanding of the projected changes in our workforce during the strategic plan time period (2014-2017). The review integrated performance metrics with the influence that the external environment has on talent availability and mobility. A priority list of positions was created based on an understanding of potential turnover risk as well as the potential of risk to the organization should certain positions become vacant. The review also looked at the perception of talent availability both internally and externally.

Findings:

- It is expected based on this analysis that the City will need to fill approximately 300 vacancies from 2014 – 2017. This value is based on consultations with leaders and a review of historical turnover trends, retirement expectations and an estimated 40% internal movement rate for NUME and CUPE positions.
- Voluntary turnover remains high in the first two years of service. On average the City experiences 20% voluntary and 5% involuntary turnover within this timeframe. The impact of this high degree of turnover or “repetitive vacancies”
 - puts greater demands on our human resources staff
 - adds pressure to the teams experiencing the repetitive vacancies
 - has a negative impact on employee engagement
 - can lead to lower levels of productivity
 - can cause increased turnover among our more experienced staff due to increased pressures

- 50 positions were identified as “mission critical” meaning a vacancy in these positions for a period of 3 months could put the organization at risk.
 - 1/3 of these positions have internal “bench strength”; employees who may be ready to move into the role with or without some development
 - 1/3 of these positions are projected to become vacant with the 2014-2017 timeframe; of those approximately half have bench strength
 - 13 positions that expect turnover are considered to have low bench strength as well as a challenging external labour market

Going Forward:

The results of this analysis will inform the implementation of the Talent Management Framework by providing guidance on certain key projects such as Succession Planning. The results of the analysis will also inform specialized projects in the following areas:

- Talent Generation & Development
- Retention & Turnover Analysis
- Knowledge Management

Organizational Development

Human Rights & Harassment

The following table summarizes the human rights and harassment complaint activity in 2014.

Complaint Activity	2010	2011	2012	2013	2014
Inquiries	0	3	5	8	7
Informal Resolution	19	15	18	13	16
Formal Investigation	2	0	1	7	1
Total	21	18	24	28	24

With every allegation that is brought forward under the Workplace Harassment & Discrimination policy, a specific plan is put in place to support the employees involved. Often these recommendations include policy reviews, training, and/or mediation. A new vendor was sourced in 2013 to provide Respectful Workplace training. Sessions were offered for employees and leaders in the spring and fall of 2014.

Performance Development Plans (PDPs)

The following table summarizes the PDP completion rates for CUPE 973 and NUME. High completion rates nearing 100% were realized again in 2014.

Group	2010	2011	2012	2013	2014
Inside CUPE 973	86%	92%	68%	94%	99.5%
NUME	77%	88%	81%	99%	100%
Overall Percentage Complete	82%	90%	76%	97%	99.8%

Learning & Development

The following table illustrates the organizational investment in formal Learning and Development activities in 2014. Apart from "Internal Trainer's Salaries", the City of Guelph utilized 106% of their training budgets in 2014, up from 84% in 2013. This is due to a significant increase and commitment to leadership development as explained on page 12 of this report.

Type of Learning	2010	2011	2012	2013	2014
Departmental Training	\$246,172	\$343,165	\$414,523	\$423,394	405,388
Corporate Training	37,909	38,457	39,921	16,981	24,745
Corporate Training Health & Safety, Mandatory	13,558	23,272	16,676	14,916	11,194
Executive/ Management Development	26,065	30,987	10,238	28,536	162,745
LEAP Program (Tuition Assistance Pre 2013)	25,388	16,574	25,932	34,204	39,770
Training Expenditures from Budget	\$349,092	\$452,455	\$507,290	\$518,031	\$643,842
Internal Trainer's Salaries	190,000	196,820	198,502	203,768	234,430

Type of Learning	2010	2011	2012	2013	2014
Total Cost of Training	\$539,092	\$649,275	\$705,792	\$721,799	\$878,272

The following is a summary of the types of training that are included in the categories listed in the table above.

Departmental Training is training that is paid for by departments for their staff and can include both group or individual training on a variety of technical and soft skill development programs.

Corporate Training is training that is coordinated for the corporation by Human Resources, and includes mostly soft skill development.

Corporate Training: Health & Safety includes mandatory training that is coordinated through the HR department such as first aid training, safety essentials for leaders and joint health & safety committee training.

Executive, Management Development includes costs for leadership development including programs delivered both internally and offsite.

Licensing, Education and Accreditation Program (LEAP) covers program costs (up to a specified maximum) for employees pursuing post secondary education, licences, skills upgrading, prior learning assessments, international education accreditation and exam fees for professional designations.

Learning & Development Benchmark Comparison

The following table illustrates the cost of training per full time employee over the past five years as compared to the benchmark. The City has been slowly improving its investment in learning and development over time and in 2014 for the first time, the City is in line with and slightly exceeds the benchmark.

Cost of Training per Full Time Employee (G)					
Year	2010	2011	2012	2013	2014
Cost of Training per Full Time Employee	\$476	\$536	\$579	\$593	\$721
Conference Board of Canada	\$986	\$688	\$688	\$705	\$705

*Prior to 2011 the City of Guelph compared training data against others in what the CBOC defined then as the 'government sector'. In 2011 the CBOC changed their reporting structure and broke this sector into two sections: "Federal/provincial/Crown" and "Municipal/ University/Hospital/School Board". In 2011 there was no data

reported in the latter category. Since the City of Guelph is competing for talent across all sectors it was decided then to use the 'total average' of all responding organizations as a comparator. There were only 53 responding organizations in 2011. This increased to 115 organizations in the CBOC's 2012-2013 report.

Restatements

The following items have been restated from the 2013 Annual Report:

HR Expense

The 2013 Human Resources Annual Report reported an HR Expense of 0.6%. This number was restated to be 0.63% in the preparation of the 2014 annual report. An error was noted in calculating the 2013 figure. The 0.63% for 2013 is higher than 2012 and 2014, possibly due to vacation payouts to staff as part of the vacation year realignment that took place in 2013.

Overtime

Total hours worked and overtime hours paid had to be restated for all years reported in 2013's report. "Total Hours Worked" is not supposed to include hours paid but NOT worked i.e., vacation hours. These hours have now been removed from the table. "Overtime Hours Paid" was restated to include banked overtime, not just paid overtime.

Benefits

In a review of the reported numbers from past years it was determined that not all years were calculated in the same manner and not as per the HRBN definition. To make a valid comparison year over year, from 2010 forward, all expenses were reviewed and calculated using the current HRBN definition.

STAFF REPORT



TO Corporate Services Committee

SERVICE AREA Corporate Services, Finance

DATE June 1, 2015

**SUBJECT 2014 Final Year-End Report on Operating Variance
Surplus Allocation and Deficit Funding**

REPORT NUMBER CS-2015-49

EXECUTIVE SUMMARY

PURPOSE OF REPORT

The purpose of this report is to:

- a) Confirm the December 31, 2014 year-end position for Tax Supported and Non-Tax Supported funded programs for the 2014 fiscal year following the completion of the year-end external audit.
- b) To recommend the allocation of the realized 2014 year-end surpluses and funding of deficits.

KEY FINDINGS

- a) Overall, the City of Guelph realized a net unfavourable variance of approximately \$1.085 million in the Tax Supported programs and a net favourable variance of \$926k on the Non-Tax Supported budgets. Details are included in **Appendix 1**.
- b) It is being recommended that:
 - The Tax Supported deficit be funded from the tax rate stabilization reserve and operating contingency reserve.
 - The Court Services and Wastewater Services surplus be allocated to their respective reserves through a top up of their stabilization reserves and capital reserve funds.
 - The Water Services deficit be funded from the Water stabilization reserve.
- c) In summary, revenue was favourable in the Tax Supported and unfavourable in Non-Tax Supported areas. Revenues are discussed in more detail in **Appendix 2**.

FINANCIAL IMPLICATIONS

Any realized surplus or deficits will be transferred to or from the City's reserves and reserve funds. Reserve and reserve fund balances are considered in determining the City's credit rating. A significant change in reserve or reserve fund balances may have an effect on this rating.

STAFF REPORT

ACTION REQUIRED

1. That Corporate Services Committee receive report CS-2015-49 for information.
2. That Corporate Services Committee approve the staff recommended 2014 surplus allocations for the Court Services and Wastewater Services and funding of the 2014 deficit for the Tax Supported Budget and Water Services.

RECOMMENDATION

(a) That the report CS-2015-49 dated June 1, 2015 entitled "2014 Final Year-End Report on Operating Variance Surplus Allocation and Deficit Funding" be received; and,

(b) That the Tax Supported deficit of \$1,085,154 be funded from reserve 198 - Operating Contingency reserve for the total portion of 2014 ice storm costs of \$682,000 and the difference be funded from reserve 180 - Tax Rate Stabilization reserve as follows:

Operating Contingency Reserve (198)	\$682,000
Tax Rate Stabilization Reserve (180)	\$403,154
Total allocation	\$1,085,154

(c) That the Water deficit of \$307,993 be funded from reserve 181 - Water Stabilization reserve

(d) That the Wastewater surplus be allocated to Wastewater reserves as follows:

Wastewater Stabilization reserve (182)	\$279,214
Wastewater Capital reserve (153)	\$933,243
Total allocation	\$1,212,457

(e) That the Court Services surplus of \$21,879 be allocated to reserve 120 - POA Relocation Reserve.

BACKGROUND

A preliminary 2014 year-end variance report was presented at the April 7, 2015 Corporate Services Committee meeting which provided a detailed breakdown of the realized year-end variances. Since that report, the year-end deficit for tax supported departments changed slightly from \$1,095,027 unfavourable to \$1,085,154 unfavourable. This is due to on-going year-end accruals and balance sheet reconciliations. The non-tax supported numbers have not changed from what was reported in April. Full details of the tax supported and non-tax supported service area results are provided in **Appendix 1**.

STAFF REPORT

The June committee report represents the final year-end report that is provided to Council for 2014. It reflects the City's final year-end position inclusive of any adjustments that were required during the external audit. One of the key elements of this report is staff's recommendation of the allocation of any year-end operating surpluses or funding of any deficits. In accordance with City Council's approved Year-End Operating Surplus Allocation Policy, a primary consideration for the allocation of any year-end surplus is to transfer funds to operating reserves to smooth future volatility in operating costs and tax increases. This is provided as a general guideline and may be superseded in order to address more immediate financial needs as identified by the City Treasurer. Also required under this policy is for Local Boards to request any year-end operating surplus experienced by those Boards be allocated back to their operations via a letter. This letter should be addressed to the City Treasurer and will be evaluated against all other competing priorities. For 2014, no letters were received from the City's Local Boards.

In addition, any year-end operating surplus for Non-Tax Supported departments will only be allocated within those operations and their respective reserves and reserve funds.

REPORT

A. 2014 FINAL YEAR-END OPERATING POSITION

The chart that follows below provides a high level summary of the year-end position for the City's tax supported and non-tax supported programs:

Summary of Year-End Operating Position for 2014

	Total Annual Budget for Year 2014 (\$)	Variance at Dec 31, 2014 (\$)	Variance for Dec 31, 2014 (%)
Tax Supported			
City Departments	103,373,863	5,333,995	5.2%
General Revenues and Expenses	(175,552,574)	(1,399,035)	0.8%
Sub-Total City Departments and Financing	(72,178,711)	3,934,960	5.5%
Local Boards	43,492,820	(563,556)	(1.3%)
Grants, Outside Boards and Agencies	28,685,891	(2,286,251)	(8.0%)
Total Local and Outside Boards	72,178,711	(2,849,806)	(3.9%)
Total Tax Supported	-	1,085,154	0.6%
Non Tax Supported Budgets			
Water	\$ -	307,993	1.3%
Wastewater	\$ -	(1,212,457)	(4.3%)
OBC	\$ -	-	0.0%
Court Services	\$ -	(21,879)	1.0%
Total Non Tax Supported	\$ -	(926,343)	(1.6%)

(Brackets indicate a favourable variance)

STAFF REPORT

Tax Supported Budget

Tax supported areas show a net unfavourable variance of \$1,085,154. Of this, City Departments and Financing have an unfavourable variance of \$3,934,960. Local Boards which include Police and Library, and Shared Services have returned a favourable variance of \$563,556 and \$2,286,251 respectively. Full details of the City's operating variances are contained in Corporate Services Committee report CS-2015-22 - 2014 Preliminary Year-end Operating Variance Report dated April 7, 2015.

Outside Boards and Shared Services Surplus

The City is governed by legislative and regulatory requirements governing the amount of control Council has over the Local Boards and Shared Services, however they are funded from the City's operating budget and their variance is included in the Tax Supported Budget. For this report, additional information was made available specifically related to Shared Services provided by the County of Wellington. Details of their favourable variance are as follows:

- Lower than anticipated discretionary benefits payments and income assistance of \$2.0m;
- Lower subsidy payments to non-profit and co-operative housing providers and savings from the Community Homelessness Prevention Initiative of \$1.4m;
- Higher than anticipated Child Care Assistance costs of \$1.1m.

Non-Tax Supported Budgets

The non-tax supported budgets have a combined net favourable variance of \$926,343. This is unchanged from the April report, and key drivers of the results are highlighted in Corporate Services Committee report CS-2015-22 - 2014 Preliminary Year-end Operating Variance Report dated April 7, 2015.

B. ALLOCATION OF 2014 YEAR-END OPERATING SURPLUS

For 2014, the City has returned an operating surplus in the Courts and Wastewater budgets. In accordance with the Council approved Year-End Surplus Allocation Policy, the following recommendations are being made:

- 2014 Court Services Year-End Operating Surplus: \$21,879 **(A)**
- 2014 Wastewater Services Operating Surplus: \$1,212,457 **(B)**

(A) Court Services Budget Surplus Allocation - \$21,879

The Court Services operating surplus for 2014 is \$21,879. It is recommended that the surplus be allocated to the 120 – POA Relocation Reserve. The balance of the reserve will be \$985,252 after the recommended allocation.

(B) Wastewater Budget Surplus Allocation - \$1,212,457

The 2014 year-end surplus for wastewater services is \$1,212,457.

STAFF REPORT

It is recommended that the wastewater surplus be allocated as follows:

Wastewater Stabilization reserve (182)	\$279,214
Wastewater Capital reserve (153)	\$933,243
Total allocation	\$1,212,457

Best practices recommend that a balance of 10% of annual operating expenses be maintained in the stabilization reserves for Wastewater. The recommended contributions to the wastewater stabilization reserves will maintain the target based on 2014 expenditures.

It is recommended that the remaining surplus be transferred to the Wastewater capital reserve fund and be utilized to finance upcoming capital projects.

The balance of the Wastewater stabilization and Capital reserves will be \$2,828,309 and \$33,093,762 respectively after the recommended allocation.

C. FUNDING OF 2014 YEAR-END OPERATING DEFICIT

For 2014, the City returned an operating deficit in the Tax Supported and Water Services budgets. To fund the deficit, the following recommendations are being made:

- 2014 Tax Supported Year-End Operating Deficit: \$1,085,154 **(A)**
- 2014 Water Services Operating Deficit: \$307,993 **(B)**

(A) Tax Supported Budget Deficit Funding - \$1,085,154

The year-end deficit for the Tax Supported budget is \$1,085,154. It is recommended that the deficit be funded as follows.

Operating Contingency Reserve (198)	\$682,000
Tax Rate Stabilization Reserve (180)	\$403,154
Total allocation	\$1,085,154

In 2014, the City received \$321,080 from the Province of Ontario for ice storm funding and the funds were added to reserve 198 – Operating Contingency Reserve. The balance of the reserve will be \$541,080 after the recommended transfer. It is recommended that the remaining deficit be funded from reserve 180 – Tax Rate Stabilization Reserve. The balance of the reserve will be \$1,590,972 after the recommended transfer.

(B) Water Services Budget Deficit Funding - \$307,993

The 2014 year-end deficit for Water Services is \$307,993. It is recommended that this shortfall be funded from the reserve 181- Water Stabilization reserve. The balance of the reserve will be \$2,002,507 after the recommended transfer.

STAFF REPORT



The reserves recommended to fund the Tax Supported and Water Services deficit are maintained for these purposes.

D. 2014 REVENUE ANALYSIS

Council has requested increased disclosure regarding external revenue collection for the City with comments on significant deviations from budget. This is provided to Council twice a year with the June and December Operating Variance Reports. The details for the revenue variance as of December 31, 2014 are in **Appendix 2**.

CORPORATE STRATEGIC PLAN

Innovation in Local Government

2.3 - Ensure accountability, transparency and engagement

DEPARTMENTAL CONSULTATION

Departments are responsible for managing their programs according to municipal standards and within their approved budget. The responsibility of monitoring the operating budget is shared by Finance and the Departments managing their programs. Department managers were provided financial information based on expenditures to December 31, 2014 and provided comments based on available information in consultation with Finance.

COMMUNICATIONS

Operating variance reports are produced on schedule for Council to compare actual results against budget. Finance and Executive Team have committed to producing five operating variance reports for the year. This is the final operating variance report for 2014.

ATTACHMENTS

Appendix 1: Operating Budget Variance based on December 31, 2014 – Department Summary

Appendix 2: Operating Revenue Variance based on December 31, 2014

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Appendix 1
Operating Budget Variance based on December 31, 2014
City of Guelph: Departmental Summary

	Total Annual Budget for Year 2014 (\$)	Actual Expenditures Dec 31, 2014 (\$)	Actual Variance at Dec 31, 2014 (\$)	Actual Variance for Dec 31, 2014 (%)	Comments
TAX SUPPORTED					
City Departments					
CAO - ADMINISTRATION AND COUNCIL	\$ 2,166,634	2,145,122	-\$ 21,512	(1.0%)	- CAO- \$25k unfavourable due to lower recoveries for Internal Audit. - Mayor & Council - \$46k favourable due to lower consulting, promotional, travel and training expenses.
INFRASTRUCTURE, DEVELOPMENT AND ENTERPRISE	\$ 16,530,824	17,780,714	\$ 1,249,890	7.6%	- Engineering - \$17k favourable due to more administration fees collected from utilities \$104k, increased staff recoveries from asphalt work \$102k partially offset by lower subdivision recoveries \$189k. - Building - \$72k unfavourable due to lower payroll recoveries for work provided to other departments. - Planning - \$101k favourable due to lower consulting costs \$62k and compensation savings \$35k. - IDE Administration - \$29k favourable due to lower than planned office and promotion expenses. - Solid Waste - \$1.3m unfavourable due to lower commodity price for fibre and plastic recyclables \$1.14m than forecasted, lower tonnage than anticipated from the Rizzo contract, lower household hazardous waste provincial subsidy \$200k, higher fleet repairs and maintenance costs \$380k higher waste haulage tonnage than planned \$494k partially offset by higher than planned sale of carbon credits \$511k, acid disposal \$163k and lower consulting fees \$253k. - Enterprise - \$16k unfavourable due to unbudgeted consulting expenses for Downtown Renewal.
PUBLIC SERVICES	\$ 72,260,834	76,376,733	\$ 4,115,899	5.7%	- Public Service Administration - \$26K favourable due to lower than planned compensation costs. - Community Engagement - \$46k favourable due to Youth Shelter surplus \$72k partially offset by room rental revenue shortfall at Evergreen \$26k . - Culture and Tourism - \$25k unfavourable mainly due to River Run technical services and revenue shortfall \$157k, Cultural Development \$17k partially offset by Sleeman Centre \$136k and Tourism \$15k due to success of Guelph Storm Hockey Club. - Corporate Building Maintenance - \$39k unfavourable due to facility maintenance at Delhi Operations and increased repairs and maintenance at City Hall . - Parks - \$25k unfavourable due to higher equipment rental chargebacks than planned. - Business Services - \$29k favourable due to late hiring of casual staff and some cancelled projects partially offset by bank charges overage and unbudgeted insurance costs. - Recreation Programs and Facilities - \$34k unfavourable due to compensation overspent proportionate to program demand partially offset by higher than planned user fee revenue.
CORPORATE SERVICES	\$ 12,415,571	12,405,289	-\$ 10,282	(0.1%)	Information Technology - \$34k unfavourable due to increase in over time for backfill and urgent unanticipated issues \$60k; vacation payout \$23k; unfunded open government expenses \$24k; urgent repair for Police and Fire radios \$13k offset by savings from software services \$56k and recovery from Hydro VOIP \$30k. - Finance - \$59k favourable due to higher than planned user fees \$59k; compensation savings \$25k due to re-organization within the department partially offset by lower interest on overdue accounts \$16k.
TOTAL CITY DEPARTMENTS (excl Financing)	\$ 103,373,863	108,707,858	\$ 5,333,995	5.2%	
GENERAL EXPENSES AND CAPITAL FINANCING	-\$ 175,552,574	(176,951,609)	-\$ 1,399,035	0.8%	#####
TOTAL CITY DEPARTMENTS (incl Financing)	-\$ 72,178,711	(68,243,751)	3,934,960	5.5%	
Local and Outside Boards					
LOCAL BOARDS	\$ 43,492,820	42,929,264	-\$ 563,556	(1.3%)	#####

	Total Annual Budget for Year 2014 (\$)	Actual Expenditures Dec 31, 2014 (\$)	Actual Variance at Dec 31, 2014 (\$)	Actual Variance for Dec 31, 2014 (%)	Comments
GRANTS, OUTSIDE BOARDS & AGENCIES	\$ 28,685,891	26,399,640	-\$ 2,286,251	(8.0%)	Favourable due to reduced amount owing on the City's share of the capital facilities for Public Health \$222k; savings from Social Housing and Ontario Works \$2.0m partially offset by \$46k unfavourable variance for Guelph Municipal Holdings Inc due to lower recoveries.
Subtotal Grants, Local and Outside Boards & Agencies	\$ 72,178,711	69,328,905	-\$ 2,849,806	(3.9%)	
TOTAL TAX SUPPORTED (incl Outside Boards, Grants and Financing)	\$ -	1,085,154	\$ 1,085,154	0.6%	
Non Tax Supported					
WATER REVENUE	-\$ 24,594,580	(24,607,587)	-\$ 13,007	0.1%	Favourable due to higher basic revenue than forecasted partially offset by lower consumption revenue.
WATER OPERATIONS	\$ 24,594,580	24,915,579	\$ 320,999	1.3%	Unfavourable due to increase in operating and maintenance costs during the winter months and locate demand services \$517k, and computer equipment \$19k partially offset by lower meter accessories costs \$220k.
SUB-TOTAL WATER WORKS	\$ -	307,993	\$ 307,993	1.3%	
WASTEWATER REVENUE	-\$ 28,269,390	(28,038,479)	\$ 230,911	(0.8%)	Unfavourable due to lower consumption revenue than forecasted.
WASTEWATER OPERATIONS	\$ 28,269,390	26,826,022	-\$ 1,443,368	(5.1%)	Favourable due to less chemical usage because of reduced lystek production \$536K; less parts, operating supplies and small tools due to lower process maintenance \$574k; lower utility usage \$175; and consulting \$165k
SUB-TOTAL WASTEWATER	\$ -	(1,212,457)	-\$ 1,212,457	(4.3%)	
ONTARIO BUILDING CODE REVENUE	-\$ 2,900,000	(2,808,583)	\$ 91,417	(3.2%)	Unfavourable revenue due to lower building permit revenue.
ONTARIO BUILDING CODE COSTS	\$ 2,900,000	2,808,583	-\$ 91,417	(3.2%)	Favourable due to lower labour charge reallocations.
SUB-TOTAL OBC	\$ -	-	\$ -	0.0%	
COURT SERVICES REVENUE	-\$ 2,131,710	(2,067,495)	\$ 64,215	(3.0%)	Unfavourable revenue due to lower fine revenue.
COURT SERVICES EXPENSES	\$ 2,131,710	2,045,616	-\$ 86,094	(4.0%)	Favourable due to lower compensation costs; extended short term sick leave and a position that changed from full-time to part-time.
SUB-TOTAL COURTS	\$ -	(21,879)	-\$ 21,879	1.0%	
TOTAL Non Tax Supported	\$ -	(926,343)	-\$ 926,343	(1.6%)	
(Brackets indicate a favourable variance)					

Appendix 2

Operating Revenue Variance based on December 31, 2014

DEPARTMENT	VARIANCE		COMMENT
TAX SUPPORTED			
CAO- ADMINISTRATION	\$ -		-No variance
INFRASTRUCTURE DEVELOPMENT AND ENTERPRISE	-\$ 963,032	Favourable	-Higher than anticipated revenues in Solid Waste due to the unbudgeted sale of recyclable goods from the Rizzo contract \$2.16m, and sale of carbon credits \$511k. Partially offset by lower revenues from the sale of recyclables \$1.14m due to lower commodity prices and lower Provincial recoveries for household hazardous waste. -Lower than planned external recoveries for Engineering subdivision services and asphalt work \$309k.
PUBLIC SERVICES	-\$ 73,130	Favourable	-Higher than anticipated revenues from Culture and Tourism \$601k largely due to the Sleeman Centre revenues exceeding expectations due to the success of the Guelph Storm hockey club. - Higher than anticipated revenues from Recreation programming \$153k. - Higher than planned contributions from the Federal government for the Local Immigration Partnership \$131k. - Higher licencing fees and fine revenue in By-Law \$27k. - Higher than planned licencing and permit fees in Business Services \$37k. - Higher than anticipated Parks revenue for facilities and sport fields \$65k. - Higher than budgeted Land Ambulance Provincial grant \$369K; and - Lower revenue than planned for Transit \$1.3m due to lower student enrollment and ridership than anticipated.
CORPORATE SERVICES	-\$ 58,221	Favourable	-Higher than budgeted revenue from new owner set up fees and tax arrears in Taxation & Revenue \$81k; and -Lower external recoveries in Financial Services \$47k and lower Committee of Adjustment revenues in the Clerk's department \$26k.
TOTAL TAX SUPPORTED	-\$ 1,094,383		
NON-TAX SUPPORTED			
WATER	-\$ 13,007	Favourable	Higher basic revenue and service agreements partially offset by lower consumption revenue.
WASTEWATER	\$ 230,911	Unfavourable	Higher basic revenue and service agreements offset by lower overstrength and consumption revenue.
ONTARIO BUILDING CODE	\$ 91,417	Unfavourable	Lower building permit revenue due to lower construction activity.
COURT SERVICES	\$ 64,215	Unfavourable	Lower fine revenue due to lower charge volume than anticipated.
TOTAL NON TAX SUPPORTED	\$ 373,537		
*** (Brackets indicate a favourable variance)			

STAFF REPORT

TO Corporate Services Committee

SERVICE AREA Corporate Services, Finance

DATE June 1, 2015

SUBJECT Q1 2015 Operating Variance Report

REPORT NUMBER CS-2015-47

EXECUTIVE SUMMARY

SUMMARY OF REPORT

The purpose of this report is to provide an in year projection of the 2015 year-end position for the Tax Supported and Non Tax Supported programs; based on financial information provided as of March 31, 2015.

KEY FINDINGS

- Overall, a \$736,800 net unfavourable variance is being projected for the City's tax supported budget.
 - Unfavourable variances are projected for Transit, Culture and Tourism, Finance and Public Works.
- The City's non-tax supported programs are projecting a \$323,000 net unfavourable variance.
 - Water and Court Services are projecting unfavourable variances while Wastewater is projecting a favourable variance.

FINANCIAL IMPLICATIONS

Any realized surplus or deficit will be transferred to or from the City's reserves at year-end. Reserve balances are considered in determining the City's credit rating. A significant change in reserve balances may have an effect on this rating.

ACTION REQUIRED

That Report CS-15-47 Q1 2015 Operating Variance Report be received for information.

RECOMMENDATION

That Report CS-15-47 Q1 2015 Operating Variance Report be received for information.

STAFF REPORT

BACKGROUND

Once the annual budget is approved, actual expenditures and revenues are monitored and compared against budget. While some differences are expected, net variances should not be considerably above or below budget.

Staff have examined revenues and expenditures as of March 31, 2015 and compared them to the Council approved operating budget for the period. Departments reviewed the financial information, identified trends and, with consultation from Finance, were asked to make projections and comment on any significant deviations from budget that are expected to have an impact on the year-end financial position. It should be noted that this report is based on information as of March 31, 2015 and is subject to change as further data becomes available.

REPORT

2015 YEAR END PROJECTED OPERATING VARIANCE

Departments were provided with financial data as of March 31, 2015 and, with input from Finance, analyzed current and projected expenditures and revenues and provided related commentary. The chart that follows gives a high level indication of the current, projected 2015 year-end position.

Summary of Projected Operating Variance for Dec 31, 2015

	Total Annual Budget for Year 2015 (\$)	Projected Variance for Dec 31,2015	Variance for Dec 31, 2015 (%)
Tax Supported			
City Departments	\$ 111,017,673	\$ 736,800	1.1%
General Revenues and Expenses	\$ (186,631,226)	\$ -	0.0%
Sub-Total City Departments and Financing	\$ (75,613,553)	\$ 736,800	0.4%
Local Boards	\$ 44,816,935	\$ -	0.0%
Grants, Outside Boards and Agencies	\$ 30,796,618	\$ -	0.0%
Total Local and Outside Boards	\$ 75,613,553	\$ -	0.0%
Total Tax Supported	\$ -	\$ 736,800	0.4%
Non Tax Supported Budgets			
Water	\$ -	\$ 247,000	1.0%
Wastewater	\$ -	\$ (74,000)	(0.3%)
OBC	\$ -	\$ -	0.0%
Court Services	\$ -	\$ 150,000	6.9%
Total Non Tax Supported	\$ -	\$ 323,000	0.5%

***[Brackets indicate a favourable variance)

Note: Non Tax Supported programs (Water, Wastewater, OBC, Courts) show a net zero budget due to revenue fully offsetting anticipated expenditures. The % shown is based on total expenditures.

STAFF REPORT

Overall, the Tax Supported Service Area managers are projecting an unfavourable variance of \$736,800 which is less than 1% of the overall net tax levy. The Non-Tax Supported Service Area managers are expecting a net unfavourable variance of \$323,000.

VARIANCE DRIVERS OVERVIEW

The following key areas have been identified corporately as potentially impacting the 2015 operating results.

Tax Supported

Unfavourable

- Public Works is projecting an unfavourable variance of \$361k for Winter Control due to bad weather, resulting in overtime and the need for additional part time workers.
- Transit is projecting an unfavourable variance of \$316k due to:
 - Additional overtime required for seasonal operations, which will be closely monitored going forward;
 - Unbudgeted facility repair for the garage door and water tank; and
 - Higher engine rebuild repair costs.
- Culture and Tourism are projecting an unfavourable variance of \$35k due to higher than planned artist fees at River Run.
- Finance is projecting an unfavourable variance of \$21k mainly due to purchasing promotion expenditures fully offset by revenue recoveries in another department. Note that in 2016 expenditures and revenues will be realigned into the appropriate business unit.

Non Tax Supported

Favourable

- Water and Wastewater services revenue variances are projected to be \$93k and \$74k respectively due to higher than forecasted basic charge revenues.

Unfavourable

- Water services expenditures are projected to be \$340k unfavourable due to costs associated with frozen water pipes emergency response during the winter period. To date, the estimated cost of the emergency response is \$650k and on May 11, 2015 staff prepared a report to Council re: CON-2015.18 '**Request for Frozen Water Infrastructure Disaster Declaration under the Ontario Disaster Relief Assistance Program (ODRAP)**' to seek Council direction and begin the process of seeking financial aid from the Province under ODRAP.

STAFF REPORT



- Court services revenue is projected to be \$150,000 unfavourable due to lower than planned charge volume.

Refer to **Appendix 1** – Operating Budget Variance for full Service Area details.

OTHER CONSIDERATIONS/RISKS

- Fuel
 - While gasoline and diesel prices have been trending close to the forecasted rates in the first quarter, there is a risk of an unfavourable variance if the price of fuel goes up in the coming months.
- Collective bargaining
 - The Guelph Professional Firefighters' Association and Ontario Public Service Employee Union (OPSEU) local 231 paramedics' collective agreements expired on December 31, 2014 and March 31, 2015 respectively.

CORPORATE STRATEGIC PLAN

Innovation in Local Government

2.3 - Ensure accountability, transparency and engagement.

DEPARTMENTAL CONSULTATION

Departments are responsible for managing their programs according to municipal standards and within the approved budget. Department managers were provided financial information based on revenue and expenditures to March 31, 2015 and provided a year end projected position and commentary in consultation with the Finance department.

COMMUNICATIONS

Operating variance reports are produced on schedule for Council to compare actual results against budget. Finance and Executive Team have committed to producing quarterly variance reports for the year. This is the first operating variance report for 2015.

ATTACHMENTS

Appendix 1 – Operating Budget Variance March 31, 2015– Department Summary

STAFF REPORT



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Appendix 1
Operating Budget Variance based on March 31, 2015
City of Guelph: Departmental Summary

	Total Annual Budget for Year 2015 (\$)	Projected Variance for Dec 31,2015 (\$)	Variance for Dec 31, 2015 (%)	Comments
TAX SUPPORTED				
City Departments				
CAO - ADMINISTRATION AND COUNCIL	\$ 2,327,679	\$ -	0.0%	No variance anticipated
INFRASTRUCTURE, DEVELOPMENT AND ENTERPRISE	\$ 17,323,661	\$ -	0.0%	No variance anticipated
PUBLIC SERVICES	\$ 78,893,384	\$ 715,400	0.9%	- Culture and Tourism - \$35k unfavourable mainly due to higher artist fees at River Run \$97k, partially offset by Sleeman Centre \$52k due to the success of the Guelph Storm Hockey Club and Market Square programming \$10k due to fewer winter events. -Transit -\$316k unfavourable due to overtime required for operations in Q1 that may be seasonal and will be closely monitored going forward, fleet maintenance \$60k due to engine failure and unbudgeted facility repair for the garage door and water tank \$56k; partially offset by less part-time hired \$100k. -Police Works -\$364k unfavourable due to Police Works Council \$370k increase in Police Services \$61k
CORPORATE SERVICES	\$ 12,472,949	\$ 21,400	0.2%	-Finance - unfavourable due to Purchasing promotions \$27k not recoverable from within the department partially offset by lower compensation in Accounting Services \$5k.
BENEFIT SAVINGS	\$ -	\$ -	0.0%	
TOTAL CITY DEPARTMENTS (excl Financing)	\$ 111,017,673	\$ 736,800	1.1%	
GENERAL EXPENSES AND CAPITAL FINANCING	-\$ 186,631,226	\$ -	0.0%	No variance anticipated.
TOTAL CITY DEPARTMENTS (incl Financing)	-\$ 75,613,553	\$ 736,800	0.4%	
Local and Outside Boards				
LOCAL BOARDS	\$ 44,816,935	\$ -	0.0%	No variance anticipated.
GRANTS, OUTSIDE BOARDS & AGENCIES	\$ 30,796,618	\$ -	0.0%	No variance anticipated.
Subtotal Grants, Local and Outside Boards & Agencies	\$ 75,613,553	\$ -	0.0%	
TOTAL TAX SUPPORTED (incl Outside Boards, Grants and Financing)	\$ -	\$ 736,800	0.4%	
Non Tax Supported				
WATER REVENUE	-\$ 25,275,130	-\$ 93,000	0.4%	Favourable due to higher basic revenue than forecasted.
WATER OPERATIONS	\$ 25,275,130	\$ 340,000	1.3%	Unfavourable \$340K due to costs associated with frozen water pipes during the winter period.
SUB-TOTAL WATER WORKS	\$ -	\$ 247,000	1.0%	
WASTEWATER REVENUE	-\$ 28,788,080	-\$ 74,000	0.3%	Favourable due to higher basic revenue than forecasted.
WASTEWATER OPERATIONS	\$ 28,788,080	\$ -	0.0%	No variance anticipated.
SUB-TOTAL WASTEWATER	\$ -	-\$ 74,000	(0.3%)	
ONTARIO BUILDING CODE REVENUE	-\$ 2,950,000	\$ -	0.0%	No variance anticipated.
ONTARIO BUILDING CODE COSTS	\$ 2,950,000	\$ -	0.0%	No variance anticipated.
SUB-TOTAL OBC	\$ -	\$ -	0.0%	
COURT SERVICES REVENUE	-\$ 2,175,320	\$ 150,000	(6.9%)	Unfavourable \$150k due to lower charge volumes than forecasted.
COURT SERVICES EXPENSES	\$ 2,175,320	\$ -	0.0%	No variance anticipated.
SUB-TOTAL COURTS	\$ -	\$ 150,000	6.9%	
TOTAL Non Tax Supported / USER PAY	\$ -	\$ 323,000	0.5%	
(Brackets indicate a favourable variance)				

STAFF REPORT

TO Corporate Services Committee

SERVICE AREA Corporate Services

DATE June 1, 2015

SUBJECT 2015 Q1 Capital Variance Report

REPORT NUMBER CS-2015-48

EXECUTIVE SUMMARY

PURPOSE OF REPORT

The purpose of this report is to provide the following: an update on capital project spending compared to actual; a summary of projects approved prior to 2015 but not yet started; a summary of projects where spending is over budget, and details regarding funding adjustments during the year.

KEY FINDINGS

The 2015 tax supported capital budget was approved at \$51.7 million. When 2014 carry-over of \$78.1 million was added in, the total available capital funding for the year is \$129.8 million. The cumulative unspent budget as of March 31, 2015 was \$125.4 million. Significant unspent projects include Guelph Police Head Quarters \$33.5 million, Victoria Road Recreation Centre renovation and expansion \$12.4 million, Road and Storm Reconstruction \$11.6 million, Baker Street purchases \$8.9 million, Hanlon Creek Business Park \$2.8 million and road network expansions \$3.9 million. These six projects or groups of projects total \$73.1 million or 58% of the cumulative unspent budget.

The 2015 non-tax supported capital budget was approved at \$36.0 million. When 2014 carryover of \$69.8 million is added in, the total available capital funding for the year was \$105.8 million. The cumulative unspent budget as of March 31, 2015 is \$103.9 million. Significant unspent projects include Water and Wastewater underground network expansion \$28.4 million, Wastewater treatment bio-solids expansion \$12.8 million, Water and Sewer replacement \$13.7 million, Facilities and Equipment renewal \$26.1 million, Wastewater Phase 2 expansion \$5.2 million, Water Services Burke treatment \$5 million total \$91.2 million or 88% of the cumulative unspent budget.

Capital expenses through Q1 of 2015 totalled \$7.8 million, compared to \$4.9 million for Q1 2014. The majority of projects are constrained by the outside construction season (April to October), therefore it is expected that activity will pick up in Q2 and overall spending throughout the year should be \$60-75 million.

STAFF REPORT

FINANCIAL IMPLICATIONS

Proactive monitoring of capital projects to identify both issues and opportunities is critical to ensuring the City is able to use the available funds appropriately. Unspent capital projects represent an underutilization of funding which impacts the City's ability to take on other initiatives. Council approved a more limited 2015 capital budget in recognition of the unspent funds; and to allow departments' sufficient time to "catch up" on outstanding projects.

ACTION REQUIRED

THAT CS-2015-48 2015 Q1 Capital Variance Report be received for information.

RECOMMENDATION

THAT CS-2015-48 2015 Q1 Capital Variance Report be received for information.

BACKGROUND

This report provides a summary of the detailed reporting process that is completed on a monthly basis. Each month capital reports are circulated to all Project Managers (PMs); responses are received and compiled by Finance. Quarterly a summary of this process is provided to Council. At year end, discussions are held with the majority of the PMs to enable a thorough analysis and in depth understanding of the status of each project.

Through the monthly and year end process, PMs and Finance work together to:

- Provide a status update and expected completion date for each capital project,
- Identify risks, such as delays, potential overspending, etc.
- Identify an alternative source of funds for projects that will be overspent,
- Close any completed capital projects in a timely manner.

There are two main types of capital projects: lifecycle and growth. Lifecycle projects are focused on repairing or replacing existing assets to ensure they are able to function as intended to meet the needs of the City. Growth projects are focused on adding to the City's assets either due to population growth or service enhancement.

The timing of projects can be annual, single year or multi-year phased. Annual projects focus on continuous replacement or expansion of assets; ensuring that lifecycle and growth needs are met on an ongoing basis. Single year projects are expected to replace or add an asset within a short period of time; these are typically smaller in both scope and budget. Multi-year projects allow for significant renewal or expansion of assets, generally related to the City's built infrastructure.

STAFF REPORT

REPORT

Current Year Spending

Schedule "A" provides a high level summary as of March 31, 2015 of all open capital projects organized by department.

The unspent budget as of March 31, 2015 is of concern due to the impact it has on the City's ability to deal with competing capital needs.

In order to provide additional analysis of the current year activity there are two tables included in this report:

Table A.1 provides further detail on the tax supported projects.

Tax Supported

Project Type	Project Timing	Budget Carried over from 2014	2015 Budget	2015 Expenditures	Net Funding Adjustment	Ending Unspent Budget
Growth						
	Annual	1,400,578	600,000	12,144	-	1,988,434
	Multi-Year	44,098,032	18,511,900	457,233	55,036	62,207,735
	Single-year	5,001,131	320,000	186,809	299,300	5,433,622
Growth Total		50,499,742	19,431,900	656,187	354,336	69,629,791
Lifecycle						
	Annual	17,189,269	16,011,151	3,671,203	(131,377)	29,397,840
	Multi-Year	9,784,212	15,197,500	239,972	- 41,015	24,700,725
	Single-year	586,619	1,087,400	16,032	-	1,657,986
Lifecycle Total		27,560,100	32,296,051	3,927,207	- 172,392	55,756,552
Tax Supported Total		78,059,842	51,727,951	4,583,394	181,944	125,386,343

Note: "Net Funding Adjustment" relates to amount shown on Schedule A, related to projects identified on Schedule D.

Table A.1

The tax-supported growth projects are mainly focused on multi-year projects such as linear infrastructure expansion or new park/facility development. Significant projects within this group are:

- Guelph Police Head Quarters –the preferred option is now in architectural design with construction to begin in Q3 2015 (\$33.5 million unspent)
- Baker Street purchases – ongoing negotiations with existing owners as work continues to redevelop this key downtown area (\$8.9 million unspent)
- Hanlon Creek Business Park – continued development of Phase 1 (\$2.8 million unspent)
- Road network expansion – new projects to expand existing roads (\$3.9 million unspent)

STAFF REPORT

Tax-supported lifecycle projects are focused on annual replacement and renewal of existing assets. Highlights of the spending in Q1 2015 for major projects are listed below, with remaining budget noted in brackets:

- Fleet replacement - \$343,000 (\$3.6 million)
- Transit replacement - \$1.8 million (\$2.1 million –2015 buses to be delivered late 2015)
- IT replacement - \$250,000 (\$2.0 million)
- Police Vehicle & Equipment replacement - \$540,000 (\$1.9 million)
- Road & Storm Reconstruction – Construction season just beginning (\$11.6 million)

Table A.2 provides further detail on the non-tax supported projects.

Non-Tax Supported

Project Type	Project Timing	Budget Carried over from 2014	2015 Budget	2015 Expenditures	Net Funding Adjustment	Ending Unspent Budget
Growth						
	Annual	3,769,194	1,911,000	63,847	-	5,616,347
	Multi-Year	31,926,029	8,577,000	1,528,719	1,295,000	40,269,310
	Single-year	9,926,325	8,910,000	686,454	-	18,149,871
Growth Total		45,621,547	19,398,000	2,279,019	1,295,000	64,035,528
Lifecycle						
	Annual	10,927,683	10,397,700	650,434	-	20,674,950
	Multi-Year	10,822,447	5,851,600	254,336	-	16,419,711
	Single-year	2,455,799	363,800	15,139	-	2,804,460
Lifecycle Total		24,205,929	16,613,100	919,908	-	39,899,121
Non-Tax Supported Total		69,827,476	36,011,100	3,198,927	1,295,000	103,934,649

Note: "Net Funding Adjustment" relates to amount shown on Schedule A, related to projects identified on Schedule D.

Table A.2

Due to the critical and highly regulated nature of the systems involved in both Water Services and Wastewater, the value of projects related to these areas is significant.

The most material carry over in the growth projects relates to expansions of both treatment systems as well as a number of projects that are awaiting final approval from regulatory bodies:

- Wastewater treatment bio-solids expansion - \$12.8 million (MOE approval received; contracting began in Q4 2014 with construction in 2015)
- Wastewater Phase 2 expansion - \$5.2 million (construction began in Q4 2014 and will continue into 2015)
- Water services new supply - \$4.4 million (on hold pending Master Plan update)
- Water services Burke treatment - \$5+ million (Equipment pre-selection complete, design ongoing and general construction tendering in 2015)

STAFF REPORT

- Water and Wastewater underground network expansion - \$28.4 million

With regards to lifecycle there are two key components: the critical nature of repair/upgrade work and the sensitivity of this work. In many cases the need for lifecycle work is immediate; not allowing time to obtain Council approval on large expenditures. A number of projects are approved as a risk mitigation strategy to ensure that the respective operations are able to respond as necessary to critical issues as they arise. An example of this is the water services Volatile Organic Compound (VOC) Treatment – which will require \$1 million to mitigate if the levels exceed acceptable threshold.

Lifecycle projects are focused on annual replacement and renewal of existing infrastructure. This work must occur during the outdoor construction season (April – October); there has been minimal spending year to date. The following amounts have been budgeted for 2015:

- Water efficiency and conservation – \$2.5 million
- Water & Sewer replacement – \$13.7 million
- Facilities & Equipment renewal – \$26.1 million

Delayed Projects

Schedule “B” provides a summary of the projects that were approved in 2014 or prior and have had no activity as of March 31, 2015.

There are 16 projects in this group with an approved budget of \$8.5 million. This represents 3.7% of the total unspent capital budget. The approved budgets for the Baker Street Land Assembly (\$5.1 million) and VOC Treatment (\$1 million) projects represent \$6.1 million or 72% of the amount approved but not yet spent. Both the Baker Street Land Assembly and Water Treatment (VOC) projects are not spent due to on-going negotiations with property owners or regulatory agencies.

Table B below provides a complete list of these projects, including the most recent comments from the Project Manager.

STAFF REPORT

Department	Project Name	PM Comments	Total Approved Funding
Corporate Building	GUELPH LAKE ACCESSIBILITY	Contractor hired in Q1 2015	50,000
Engineering	RAIL SAFETY IMPROVEMENTS	Risk mitigation strategy	100,000
Engineering	SERVICING STUDIES	Consultant finalising report	125,000
Enterprise	BAKER ST REDEVELOPMENT	Ongoing purchase negotiations with land owners	5,100,000
Police	RADIO RISK STUDY	Tender awarded, PO issued and work underway in Q1 2015.	25,000
Public Works	PARKSMART AGREEMENT-REPL	As part of Parking planning, decision to come in 2015	175,000
Public Works	UPGRADE PERMIT SYSTEM	Work to be undertaken in 2015	175,000
Public Works	PARKING CONTROL HARDWARE	Work to be undertaken in 2015	250,000
Public Works	SIGNALIZED CONTROL SYSTEM	Once study is complete, system will be updated.	225,000
Public Works	SIGNALIZED CONTROL SYSTEM/STUDY	RFP to be issued by end of Q2 2015	100,000
Wastewater	WW16 NEW FORCEMAINS	Development related for oversizing	150,000
Wastewater	SEWER INVESTIGATION VARIOUS	Development related to subdivision approval and design for Hart Farm	250,000
Water Services	DOWNTOWN CIP	Tied to Wyndham St. renewal, which is in design phase.	500,000
Water Services	VOC TREATMENT	Developing plan for Council and Public in 2015-16	1,000,000
Water Services	CLAIR TOWER BOOSTER COMMISSION	Work continues to be paused due to reduced demand.	120,000
Water Services	FORESTELL -DOWNEY TO NEW INDUS	This project is dependent on future development.	120,000
Total			8,465,000

Over Budget Projects

Over spending on capital projects can have an impact on both the capital reserves and operating budgets. It is anticipated that a small number of projects will be over budget due to issues that arise after budget approval. Early identification of these issues is imperative in managing risk and allows for analysis of alternatives such as reduction in the scope of the project, reallocation of funding from another project or use of surpluses from recently completed projects.

Schedule "C" provides a high level summary of overspent capital budgets by department. Finance actively works with the Project Managers and their departments to identify funding solutions for these projects. Overall, the number of over-budget projects represents approximately 3.5% of all projects.

The two most significant projects currently over budget are:

- GO Transit Rail Expansion Capital Contribution – (\$2.8 million) this amount represents the contractually obligated amount Council has approved to contribute as the City's share of the expansion of GO rail service to Kitchener. In 2014 \$150k was approved towards this with another \$150k approved in the 2015 Operating Budget. The balance of funds has not been budgeted at this time due to ongoing negotiations with Metrolinx.

The balance of over expenditures (9 projects) total \$436,000, less than 0.5% of the 2015 Capital Budget. These projects will be funded from reallocations from other projects due to under spending or a change in prioritization.

Capital Projects Closed or Budget Reduced

As of March 31, 2015 no projects have been closed and 11 projects have had their approved funding adjusted; seven to account for prior year sales of assets proceeds, one due to receiving additional grant funding, one received approval (2014) to use additional donations and two to realign funding in the correct project. Schedule "D" provides a summary by department.

Conclusion

The review and accurate monitoring of financial reporting and asset management is critical to the effective utilization of funding, and contributes to better cash flow modeling that can lead to improved investment opportunities.

In order to improve the City's ability to prioritize limited funding, finance has continued to lead training sessions on operating and capital variance reporting. Unlike in other years, the sessions held in Q2, 2015 were targeted to General Managers and focused on enhanced accountability.

Through the Capital Budget process in 2015 there will be a continued focus on capacity constraints and ensuring that departments have sufficient resources to complete approved projects in a timely manner. Managing ongoing projects against requests for new approved projects will once again be a major focus of this budget cycle. It is fiscally prudent that the appropriate levels of contributions are made to capital reserves to ensure the City has the necessary resources to handle future projects.

CORPORATE STRATEGIC PLAN

Innovation in Local Government

2.3 – Ensure accountability, transparency and engagement

DEPARTMENTAL CONSULTATION

The role of monitoring the capital budget work-in-progress is shared by the departments responsible for the management of the project and the Finance department. Departments must manage the project to completion according to municipal standards, on time and within the approved budget.

COMMUNICATIONS

Finance staff has worked closely with all City departments in obtaining the status of projects, expected completion times and impact on budget.

ATTACHMENTS

Schedule "A" Summary of all open Capital Projects as at March 31, 2015

STAFF REPORT



Schedule "B" Summary of projects not Started as at March 31, 2015
Schedule "C" Summary of Overspent Capital Projects as at March 31, 2015
Schedule "D" Summary of Projects Closed or Budget Adjusted during 2015

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Schedule A: CS-2015-48

Summary of All Open Capital Projects as at March 31, 2015

	# of Open Projects Note 1	Budget Carried over from 2014	2015 Budget	2015 Expenditures	Net Funding Adjustment Note 2	Unspent
TAX SUPPORTED						
Infrastructure, Development & Enterprise Services						
Engineering	54	8,647,563	17,045,000	376,362	(225,015)	25,091,185
Enterprise	8	12,797,518	759,800	19,669	(28,800)	13,508,848
Planning	15	1,565,819	428,200	15,178	-	1,978,841
Solid Waste	9	4,565,448	850,000	136,847	-	5,278,601
IDE Total	86	27,576,348	19,083,000	548,058	(253,815)	45,857,475
Public Services						
Business Services	1	-	50,000	-	-	50,000
By-Law, Compliance, Security	1	17,143	136,000	13,039	-	140,104
Community Engagement	2	-	55,000	-	-	55,000
Corporate Building	17	1,563,885	3,720,500	350,970	-	4,933,414
Culture & Tourism	9	393,377	260,000	21,433	159,000	790,943
Emergency Services	5	496,308	1,102,900	11,979	-	1,587,229
Parks	29	2,321,833	6,704,700	72,937	33,136	8,986,732
Public Works	27	3,443,330	4,555,300	509,218	(123,531)	7,365,880
Recreation	2	2,851,059	9,934,300	2,290	-	12,783,070
Transit	10	5,686,929	2,242,000	1,880,814	-	6,048,115
PS Total	103	16,773,862	28,760,700	2,862,679	68,605	42,740,488
Corporate Services						
Finance	2	(2,795,269)	-	-	300,000 -	2,495,269
Information Technology	11	1,319,797	2,611,751	325,205	-	3,606,343
CS Total	13	(1,475,472)	2,611,751	325,204	300,000	1,111,074
Local Boards						
Library	6	255,738	210,000	217,465	-	248,272
Police	15	34,929,367	1,062,500	629,987	67,154	35,429,034
Local Boards Total	21	35,185,104	1,272,500	847,453	67,154	35,677,308
TAX SUPPORTED TOTAL	223	78,059,842	51,727,951	4,583,394	181,944	125,386,345
NON-TAX SUPPORTED						
Building	1	15,955	34,200	665	-	49,490
POA	5	53,087	302,400	5,220	-	350,267
Wastewater	38	41,885,963	19,759,400	2,240,676	-	59,404,687
Water Services	39	27,872,471	15,915,100	952,367	1,295,000	44,130,204
NON-TAX SUPPORTED TOTAL	83	69,827,476	36,011,100	3,198,928	1,295,000	103,934,649
CITY TOTAL	306	147,887,318	87,739,051	7,782,322	1,476,944	229,320,994

Note:

1 Projects open as of March 31, 2015

2 "Net Funding Adjustment" details provided in Schedule D

STAFF REPORT

Schedule B: CS-2015-48

Summary of Projects not Started as at March 31, 2015

	Total # of Open Projects	# of Projects not Started	Prior Approved Funding	2014 Budget	Total Approved Funding (Note 1)	% of Total Department Capital Budget
TAX SUPPORTED						
Infrastructure, Development & Enterprise Services						
Engineering	54	2	225,000	-	225,000	0.9%
Enterprise	8	1	3,700,000	1,400,000	5,100,000	37.8%
IDE Total	62	3	3,925,000	1,400,000	5,325,000	11.6%
Public Services						
Corporate Building	17	1	-	50,000	50,000	1.0%
Public Works	27	5	500,000	425,000	925,000	12.6%
PS Total	44	6	500,000	475,000	975,000	2.3%
Local Boards						
Police	15	1	-	25,000	25,000	0.1%
Local Boards Total	15	1	-	25,000	25,000	0.1%
TAX SUPPORTED TOTAL	121	10	4,425,000	1,900,000	6,325,000	5.0%
NON-TAX SUPPORTED						
Wastewater	38	2	400,000	-	400,000	0.7%
Water Services	39	4	1,120,000	620,000	1,740,000	3.9%
NON-TAX SUPPORTED TOTAL	77	6	1,520,000	620,000	2,140,000	2.1%
CITY TOTAL	198	16	5,945,000	2,520,000	8,465,000	3.7%

Note:

1 No additional funding was approved for the above projects in 2015

STAFF REPORT

Schedule C: CS-2015-48 Summary of Overspent Capital Projects as at March 31, 2015

	# of Overspent Projects	Total Approved Funding	Total Expenditure to Date	Over Budget Amounts (Note 1)	Unspent Budget in Other Projects (Note 2)
TAX SUPPORTED					
Infrastructure, Development & Enterprise Services					
Engineering	2	1,319,000	1,512,135	(193,135)	25,091,185
Solid Waste	1	150,000	151,890	(1,890)	5,278,601
IDE Total	3	1,469,000	1,664,025	(195,025)	30,369,786
Public Services					
Corporate Building	2	1,244,800	1,386,748	(141,948)	4,933,414
Parks	1	290,000	327,185	(37,185)	8,986,732
Transit	2	7,123,838	7,185,615	(61,777)	6,048,115
PS Total	5	8,658,638	8,899,550	(240,912)	19,968,262
Corporate Services					
Finance	1	300,000	3,150,000	(2,850,000)	(2,495,269)
CS Total	1	300,000	3,150,000	(2,850,000)	(2,495,269)
TAX SUPPORTED TOTAL	9	10,427,638	13,713,574	(3,285,936)	47,842,779
CITY TOTAL					
CITY TOTAL	9	10,427,638	13,713,574	(3,285,936)	47,842,779

Note:

1 Included in Finance spending - obligation to fund Metrolinx Capital Contribution - \$3,150,000

2 The unspent budget in other projects may not have the same funding sources as the overspent projects.

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Schedule D: CS-2015-48 Summary of Capital Projects Closed or Budget Adjusted during 2015

	# of Adjusted Projects	Approved Funding January 1, 2015	Net Funding Adjustment	Prior Year Correction	Grants & Subsidies	Current Revenue	Other Capital
(Note 1)							
TAX SUPPORTED							
Infrastructure, Development & Enterprise Services							
Engineering	1	2,314,185	(225,015)	(225,015)	-	-	-
Enterprise	1	23,822,279	(28,800)	(28,800)	-	-	-
Planning	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	-
IDE Total	2	26,136,464	(253,815)	(253,815)	-	-	-
Public Services							
Business Services	-	-	-	-	-	-	-
By-Law, Compliance, Security	-	-	-	-	-	-	-
Corporate Building	-	-	-	-	-	-	-
Culture & Tourism	1	30,000	159,000	-	-	-	159,000
Emergency Services	-	-	-	-	-	-	-
Parks	3	1,393,286	33,136	33,136	-	-	-
Public Works	3	10,743,896	(123,531)	(173,531)	50,000	-	-
Recreation	-	-	-	-	-	-	-
Transit	-	-	-	-	-	-	-
PS Total	7	12,167,182	68,605	(140,395)	50,000	-	159,000
Corporate Services							
Finance	1	-	300,000	150,000	-	150,000	-
Information Technology	-	-	-	-	-	-	-
CS Total	1	-	300,000	150,000	-	150,000	-
Local Boards							
Library	-	-	-	-	-	-	-
Police	4	4,617,179	67,154	67,154	-	-	-
Local Boards Total	4	4,617,179	67,154	67,154	-	-	-
TAX SUPPORTED TOTAL	14	42,920,825	181,944	(177,056)	50,000	150,000	159,000
NON-TAX SUPPORTED							
Building	-	-	-	-	-	-	-
POA	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-
Water Services	2	1,495,000	1,295,000	1,295,000	-	-	-
NON-TAX SUPPORTED TOTAL	2	1,495,000	1,295,000	1,295,000	-	-	-
CITY TOTAL	16	44,415,825	1,476,944	1,117,944	50,000	150,000	159,000

Note

1 Prior Year Corrections relate to proceeds of sale of assets that were recorded incorrectly to Capital projects and projects that were treated as closed in error.

STAFF REPORT

TO Corporate Services Committee

SERVICE AREA Corporate Services, Finance

DATE June 1, 2015

SUBJECT 2015 Budget Debrief

REPORT NUMBER CS-2015-45

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide the Corporate Services Committee with the results of the 2015 Budget – Council Feedback survey that was made available to members of Council in order to gain input on the 2015 budget process.

KEY FINDINGS

Key results from the 2015 Budget – Council Feedback survey undertaken include:

- Of the thirteen individuals the survey was made available to, ten people responded
- Eight out of the ten respondents indicated that the budget formula used during the 2015 budget process was either helpful or had no impact on the deliberation process
- Eight out of the ten respondents indicated that they felt that budget review should continue to be undertaken by Council as a whole as opposed to a Budget Review Committee
- Seven out of the ten respondents indicated that presenting the City's budgets in four individual sections helped to improve their understanding of the entire budget. However, comments received indicate that there is room for improvement in this area specifically related to connecting how decisions on the capital budget impact the operating budget
- There is work currently being considered for the 2016 budget process that may assist in addressing some of the concerns addressed through the survey

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

ACTION REQUIRED

That CS-2015-45 2015 Budget Debrief be received for information.

STAFF REPORT

RECOMMENDATION

1. That CS-2015-45 2015 Budget Debrief be received for information.

BACKGROUND

Following the approval of the 2015 Tax Supported operating and capital budgets, staff was directed by Council to undertake a budget debrief in order to obtain Council's input on the budget process. On April 29, 2015, Council was notified that the 2015 Budget – Council Feedback survey had been developed and would be available for completion until May 10, 2015. The survey was divided into the following sections:

- Budget Formula
- Timelines and Process
- Budget Materials
- Public Input
- Final Thoughts

REPORT

The 2015 Budget-Council Feedback survey was responded to by members of Council. It should be noted that there were 18 responses to the survey. Given the survey was only available to 13 individuals and noting the pattern of skipped responses, it is inferred that 10 of the 13 individuals provided comment. The remaining eight submissions could be attributed to individuals wanting it known they reviewed the document but had no comment and/or individuals reviewing the survey, hitting submit (unknowingly) and then filling it out a second time with comments.

For purposes of summarizing the results, the balance of this report will discuss areas where there appears to be support for the current process, opportunities to improve the process and planned activities for the 2016 budget cycle.

Support for the Current Process

- Budget Formula
 - Eight out of the 10 respondents selected that the budget formula was either useful or had no impact on the budget deliberation process.
 - While staff will be addressing the budget formula in more detail in Corporate Services Report CS-2015-46 2015 Budget Formula, the overall response appears to recognize that the formula is ultimately a staff development tool that does not influence Council's approval of the final budget.
"budget formula is a good tool for staff but not especially useful for councillors"
- Budget Timelines & Process
 - The majority of respondents (9 out of 10; or 90%) indicated that they were given adequate time to review the budget prior to the staff presentation and prior to making a final decision on March 25, 2015.

- In addition, the majority of respondents (8 out of 10; or 80%) were in favour of Council as whole continuing to review the City's budget as opposed to a Budget Review Committee.
- All respondents indicated that they liked the City's budget being divided into four sections and that this format improved their understanding of the individual sections and ability to ask questions.
- Respondents indicated that there was opportunity to improve how the four individual sections come together in order to support their understanding of the City's entire budget. This was reflected in the comments provided by participating members of Council, particularly related to better linking how decisions related to capital budgets impact the operating budget.
- Public Input
 - The majority of respondents (7 out of 10; or 70%) felt that the current process offered sufficient opportunity to hear community input around the City's budgets. Currently there are three opportunities for members of the public to delegate to Council; although these opportunities occur after the draft budget is released.
 - Several respondents indicated via the comment section that the City could improve or establish additional ways to get public input earlier in the budget process to inform the development of the draft budget rather than accepting input on the recommended budget during delegation.
 - Members of Council indicated they would be interested in staff exploring and rolling out online tools for public education purposes.

Opportunities for Improvement

- Budget Process
 - The majority of respondents felt that they did not have adequate opportunity to provide input into the development of the City's recommended budget. This may be partially due to Council's term beginning halfway through the 2015 budget process. However, there remains an opportunity to solicit Council input earlier in the process through the budget debrief, budget workshops, Council's shared agenda and the development of Council priorities.
- Budget Materials
 - Six out of ten respondents indicated that they thought that the staff budget presentations provided adequate information and context to support their decision making. However, survey comments provided significant insight into what material could be included to help further support decisions. These comments (summarized by staff) include:
 - Less contextual or extraneous information and more focus on providing relevant detailed information that supports the budget request such as trending and prior year actuals,
 - More information on how staff prioritized budget recommendations, specifically expansions. In addition, more

STAFF REPORT

context has to be provided with respect to how an expansion might be categorized.

- Specifically, a respondent indicated interest in knowing if the position is legislated, required for health and safety or supports the City's vision but is not required. This can be accommodated within the expansion templates current made available.

Full results of the survey, including comments, are included as **Attachment 1**.

In reviewing the results of the survey, it should be noted that staff feel that there were certain comments and suggestions that are not within staff's control, rather that members of Council themselves could lead with staff support if directed by management. These include such suggestions such as hosting ward town hall meetings, and understanding constituent concerns and needs in an effort to avoid multiple public delegation nights.

Planned Activities for the 2016 Budget Process:

As staff begins to plan for the 2016 budget process, there are some improvements, which were identified in the survey, that are already being considered.

- Introducing an on-line budget simulator in order to help educate the public on the budget process. This is planned for mid-2015 and in future budget cycles may be used to solicit public input and inform budget development.
- Making the ERNIE message board available for members of the public to view. This will occur in conjunction with the message board being opened to members of Council for their questions related to the staff recommended budget.
- Reviewing materials to look for opportunities to remove information that does not support decision making and incorporate trends, prior year actuals and additional information around staff's prioritization of expansions.
- Providing a capital budget workshop for members of Council.

CORPORATE STRATEGIC PLAN

Organizational Excellence

- 1.2 Develop collaborative work teams 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 services better.
- 2.3 Ensure accountability, transparency and engagement.

DEPARTMENTAL CONSULTATION

Communications was involved in the development of the debrief survey and has been consulted on this report.

STAFF REPORT

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

COMMUNICATIONS

A robust communications plan is developed for each budget cycle. The input provided for the debrief survey will be considered in the development of the plan for the 2016 budget process.

ATTACHMENTS

ATT-1 2015 Budget – Council Feedback survey – Summarized Results

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Survey Results

Question 01 Did you find the budget formula useful during budget deliberations?

Answers **10** Skips **8**
56% 44%

	0%	20.5%	41%	COUNT	PERCENT
Yes - it was useful to the deliberation process	<div></div>	<div></div>	<div></div>	4	40%
Neither - it had no impact, either way, on the deliberation process	<div></div>	<div></div>	<div></div>	4	40%
No - it hindered the deliberation process	<div></div>	<div></div>	<div></div>	2	20%

PAGE 2

Question 02 Do you feel that you had adequate opportunity to provide input into the development of the City's budget?

Answers **10** Skips **8**
56% 44%

	YES	NO
Non-tax-supported Budget	5	5
Local Boards and Shared Services Budget	4	6
Tax-supported Capital Budget	4	6
Tax-supported Operating Budget	5	5

Question 03 Do you feel that you were given adequate time to review the City's budget prior to the staff presentations?

Answers **10** Skips **8**
56% 44%

	YES	NO
Non-tax-supported Budget	9	1
Local Boards and Shared Services Budget	10	0
Tax-supported Capital Budget	9	1
Tax-supported Operating Budget	9	1

Question 04 Do you feel that you were given adequate time to review the City's budget prior to making your final decision on March 25?

Answers **10** Skips **8**
56% 44%

	YES	NO
Non-tax-supported Budget	9	1
Local Boards and Shared Services Budget	9	1
Tax-supported Capital Budget	9	1
Tax-supported Operating Budget	9	1

Question

05

Should the budget be reviewed with Council as a whole or with a Budget Review Committee?

Answers

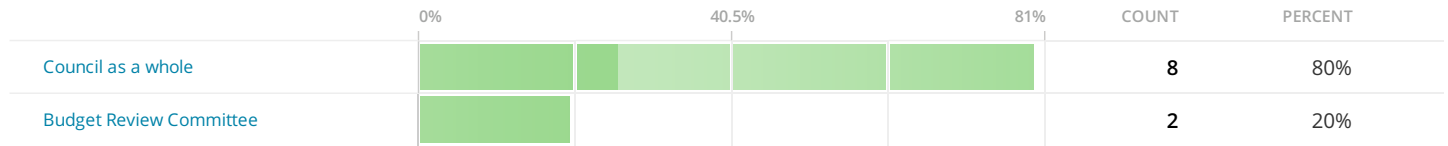
10

56%

Skips

8

44%



PAGE 3

Question

06

Would you be available for daytime committee meetings?

Answers

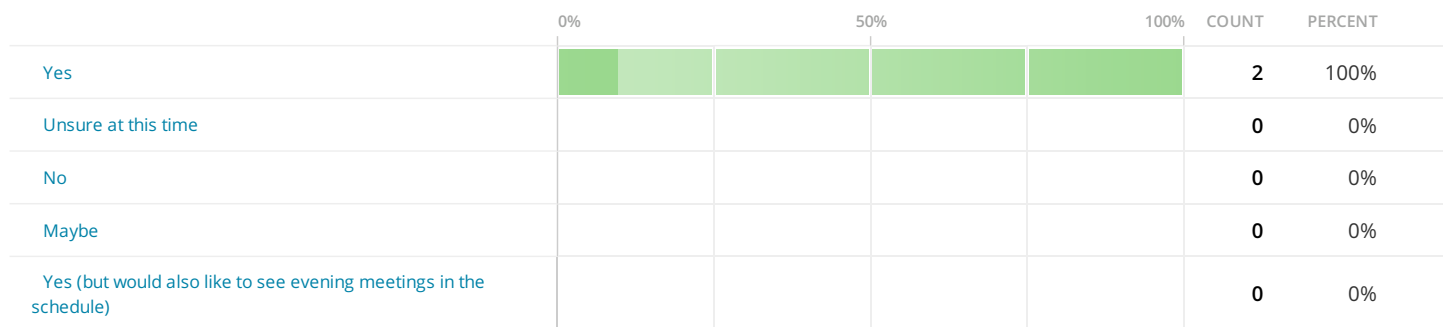
2

11%

Skips

16

89%



PAGE 4

Question

07

Do you like that the City's budget is divided into four separate sections/documents?

Answers

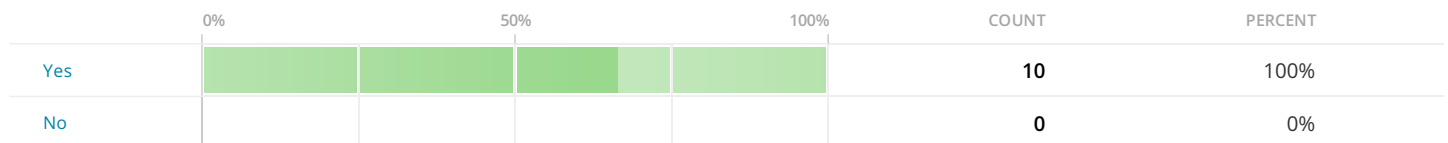
10

56%

Skips

8

44%



Question

08

Does the division of the budget in four sections improve your understanding of the individual sections?

Answers

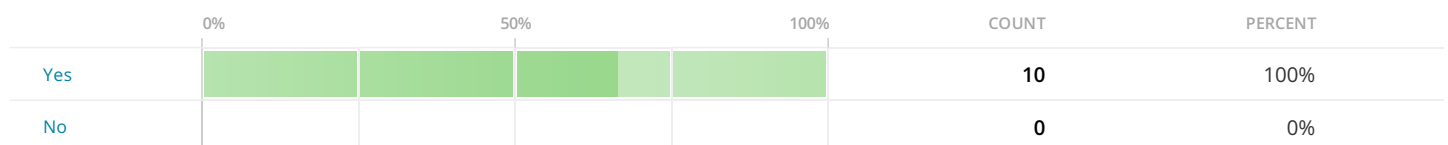
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Skips

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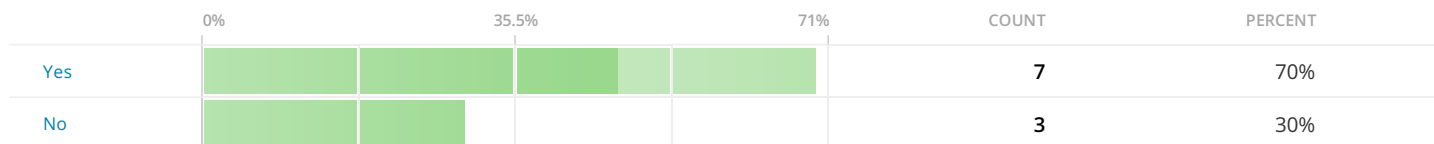


Question
09

Does the division of the budget in four sections improve your understanding of the entire budget?

Answers
10
56%

Skips
8
44%

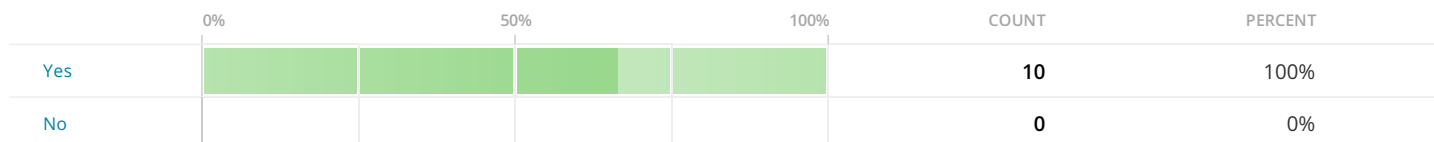


Question
10

Does the division of the budget in four sections improve your ability to ask questions?

Answers
10
56%

Skips
8
44%

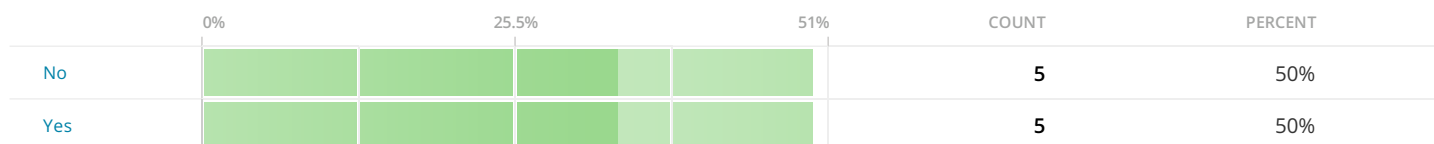


Question
11

Did you utilize the budget message board to ask staff questions prior to the budget presentations and/or budget approval meeting?

Answers
10
56%

Skips
8
44%



Question
12

Did the content of the staff budget presentations provide you with adequate information/context to support your decision making process?

Answers
10
56%

Skips
8
44%

	YES	NO
Non-tax-supported Budget	7	3
Local Boards and Shared Services Budget	6	4
Tax-supported Capital Budget	6	4
Tax-supported Operating Budget	5	5

Question
13

What additional information would you like to receive in a presentation to support your decision making process?

Answers
8
44%

Skips
10
56%

Less blah, blah (irrelevant stuff) and more relevant info and detail.

Dive deeper into details of where funding comes, especially from using reserves. More detail would be good.

More info on how staff have decided on priorities and expansions. Council should perhaps do Notices of Motions on all changes so that the public has time to respond.

I'd like to see a presentation on how the tax (%) budget increase will be rolled out to the residence. I.E how tax increases are tied to property value and growth (simialr to the region of Nlagara video). I'm not sure all councilors understand this and who the tax increase will impact the most.

Public input will always be most important to me. I would like far more public input in the form of letters, emails, direct input prior to receiving what are actually staff priorities and staff's understanding of Council's priorities.

I would request that the procedure used to develop the budget preclude council inserting budget demands and priorities at the last moment such that public input cannot be obtained.

I could use more public input EARLIER, BEFORE we see the staff-driven agenda.... public needed more opportunity to respond.....

When staff gives a list of additions or deletions, we need to know the cost associated with each change. Rather than saying "here's a reduction from 3.05% to 2.6%" I'd like to see a list of items with cost breakdowns for each (like a spreadsheet). What staff did for 2015 was good but not as clear as we would have liked. There were also not that many options presented -- I was hoping for more.

na

Question

14

What additional materials would you like to receive to support your decision making process (i.e., summaries, FAQs)?

Answers

8

44%

Skips

10

56%

Actual/projected actuals and more detail. ie.drill down

Budget actuals used to form next budget. Not budget over budget.

There is enough material

I'd like more trend data. That being staffing increases year over year, consulting fees year over year, capital spening year over year etc.

Far more direct input on the wants and needs (concrete rational wants and needs) and deficiencies that pubic perceives prior to the binders and staff presentations being made available. Note that these should not just be from vested interest groups.

I think there is LOTS of material.... Maybe we need to find a balance with when the materials are distributed

We kept hearing how changing X on the capital budget would impact the operating budget, but were never told by exactly how much. I think that is vital information that needs to be clearly associated: \$Y from operating is needed to support \$X in capital for project Z. Also, for staff expansions we need to have much more forceful/detailed information on which positions are really, really necessary or important because of legislative/safety issues and which are positions that supports the city's vision but isn't vital. Finally, we really need to be sold on new positions so we can better understand them. I suspect the Asset Management positions are really important to the city but wasn't sold on them by staff -- the paragraph of text isn't enough to justify them when asset management isn't as easy to understand as a graphic designer, for example.

na

Question

15

Did the three public delegation nights provide sufficient opportunity for you to hear community input around the budget?

Answers

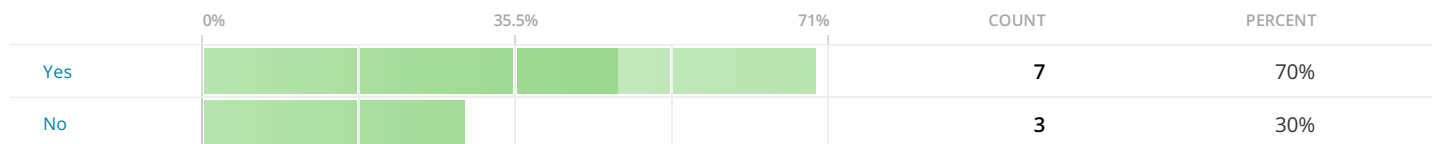
10

56%

Skips

8

44%



Question

16

How else would you like to receive community input (e.g. on-line tools, workshops/education sessions, telephone town halls, etc.)?

Answers

9

50%

Skips

9

50%

What we have provides a lot of opportunity.

On-line tools might be willing to explore.

On line tools....once Council has made its changes....perhaps workshops for the public....before draft budget comes forward.

I make myself very accesible to my constituents and heard from dozens of residents throughout the process. I am confident that I understood the communities concerns, wants and desires on budget night.

More opportunities for public input and would suggest referring this to the community engagement team for suggestions and ideas.

I would like to have opportunity for public delegations to speak to late Council Notices of Motion in order to offer public input and critique of Council priorities such that nothing can be sprung at the last moment ie inserting new programmes without public input.

I would like to see an EARLY session BEFORE the public is just REACTING to the budget as laid out by staff. In other words.... community ownership... let's ask what public would LIKE to see in the budget FIRST!

The process was good as it stands, though perhaps promoting a budget email that goes to all council would be great. Something like budget_comments@guelph.ca that the city can promote during budget season for input. It would also be useful for staff to help arrange ward town halls during budget season that co-ordinates councillors to meet with our constituents in our own wards about budget issues that can impact our wards (and the city as a whole).

Some of these mioght be helpful throughout the year and a public debrief of some kind might also be helpful.

PAGE 6

Question

17

Please use the following space to provide additional feedback on the 2015 budget process including: public input, timelines/process, budget formula, materials, etc.

Answers

7

39%

Skips

11

61%

Lower tax increases.

With the election I understand that the budget took longer and ran later than usual. If possible I'd like to have the budget presentation and material earlier this year with more time to digest.

Budget formula a good tool for staff but not especially useful for councillors.
It is better than alarming the public with the real number.
Councillors needs a pre-budget meeting so we can align our priorities with the budget.
After intentions were stated at budget meetings an opportunity should have been provided for the public to delegate again.
I found Ernie not very user friendly and hard to navigate.

I am hoping that a budget survey can be sent to those delegates who offered input on the budget and to other groups that might offer input on future budgets. It is important that we solicit their ideas on how to improve the public input process. There are some stakeholder groups that were extremely frustrated with their inability to speak at the last minute after Council members inserted or removed from the budget. I actually question if we violated our procedural bylaw by not offering appropriate time for input.

I am not sure that it serves us well to arbitrarily attach ourselves to CPI or other 'measures'... I was pleased that we actually managed to avoid this

Overall very good. Need more options during budgeting though. For example, how much could we save from the budget by removing X from the city (where X could be any number of small or big things).

Also, we heard a lot that "system Y is undergoing a review right now so let's not make any budget decisions on this." Things like solid waste management (and the related condo issue), which is being reviewed in 2015. If staff things council shouldn't mess with a specific item because of staff work, we need to know what reports are coming down the pipe and when we will be in the position to make an informed decision. A report on this would go far.

Finally, I am open to exploring returning to zero based budgeting. I don't fully 100% understand the pros and cons of this but I think it is something that should be explored and presented to council. It would be a big shift but could result in a more effective budget process with better governance.

May not be workable but once the final staff recommendation is tabled it might be helpful if we were encouraged to make net zero motions.
If I want to add something I could include an offset in my motion, especially if we are struggling with our affordability number, whatever that might be.

Question

18

Name

Answers

9

50%

Skips

9

50%

All names and identifying indicators (IP addresses) have been removed to ensure responses remain anonymous. Names were collected by staff for the sole purpose of following up on a given response warranted further information/clarification.