

**2012 State of the City
Mayor Karen Farbridge
Thursday, November 1, 2012
CHECK AGAINST DELIVERY**

Good morning.

I want to thank the Chamber of Commerce for hosting – once again – the Annual State of the City Address.

I want to thank Councillors and the employees of the City of Guelph for their service to our community.

A fundamental responsibility of City Council is to ensure the right leadership is in place to manage the organization. Ann Pappert was appointed as Chief Administrative Officer a year ago. And with the appointment of our Chief Financial Officer, Al Horsman, our Executive Team is now complete.

They manage a staff complement of over 2000 full and part-time employees, an annual budget of more than 400 million dollars and capital assets of more than 1.5 billion dollars.

The men and women who serve you – from the front-line to the executive level – contribute daily to building a vibrant local economy for business and a high quality of life for our residents.

That's our corporate mission – to build an exceptional city by delivering outstanding municipal service and value.

There is not enough time during this speech to cover all the work that is done to keep this City humming. However, you can find more information in the annual community and financial report, which is available on-line.

I want to begin with some financial highlights from last year.

Our financial position continues to remain strong and improve.

Those of you who have followed my commentary about the financial dashboard, which measures our financial performance, over the last four years will know we have placed a priority on building reserves. This year, I can report a positive outcome for the financial indicator that tracks the health of our reserves.

We received excellent news this fall on the upgrading of our credit rating from AA (stable) to AA (positive).

We continue to conservatively manage our use of debt and reserves to support our capital program.

Our capital investment strategy builds and maintains infrastructure essential to attracting new business, talent and jobs, business retention and quality of life. Our financial strategy will increase our reserves over the next year through reducing our use of debt. This will improve our capacity to pay for future infrastructure maintenance.

Our CFO is aware that private sector confidence in the economy is still low – so we are mindful of adding new positions at City Hall. Last year, we added four new positions. One was our Internal Auditor to drive productivity. The remaining positions supported business development activities.

Provincially, we are seeing downward pressure on public sector salaries. This is also being reflected locally.

Tax rate increases have trended down over the last three terms of Council as has our use of the Rate Stabilization Reserve to manage the tax rate increase. While the Rate Stabilization Reserve is a useful tool for hard times and extraordinary events, it is not one that we can or should rely upon.

There are many reasons for tax rate increases. Some were within our control and others not. For instance, 30% of the tax levy is set by outside boards and Provincial agencies. The decision of a provincial agency in 2011 pushed our tax rate increase for 2012 above inflation.

However, we continue to close the gap between tax and inflation rates through strong management. I will refer to this again later in my address.

We are introducing a new affordability measure. This measure combines property tax plus water and wastewater charges and calculates the total as a percentage of average income. Our goal is to be at, or less than, the average of our comparator cities.

Finally, our industrial assessment base is strong relative to our comparator cities – an important indicator of economic health.

With our leadership in place and a positive financial outlook, Council has turned its attention to the future.

Guelph has distinguished itself as a national leader in many ways. We have one of the lowest unemployment rates in the country. For the last 5 years, we have been recognized as the safest city in the country. And we continue to receive high liveability scores from several sources.

I know that the ongoing innovation and collaboration are a key part of our City's success.

Our success positions us to go even further.

In my address last year, I made a case for a fundamental change in the way we have traditionally done business as a municipality. This year, I'd like to pick up on that theme and talk about what we are doing to transform how we do business as a local government.

Our mission drives us to be the best run city in Canada as well as having one of the lowest unemployment rates, lowest crime rates, and highest quality of life.

The strategic plan “Our Future - Our City”, approved by Council earlier this year, provides the framework to drive this transformation.

Before I speak about the strategy, let me step back and provide some context.

I cannot put it more simply than this. Local government in Ontario was not built to respond to the current pace of change or the challenges of a modern urban centre in the 21st century. Incremental changes to the way we do business simply will not be sufficient to meet the complexity of issues we face, escalating demands for service, new mandates without money and the speed of technological change.

The average person finds it difficult to understand what local government does or how to engage with it. And it is hard to trust what you can't see or understand. We own that.

This is part of the problem - the lack of understanding, broadly speaking, of the role of local government in city building along with the unrealistic expectation there is some “magic pill” that can cure what ails us.

I was told once that dealing with voters is easy – just tell them what they want to hear. Political parties conduct public opinion polls to find out what voters want – and then sell it back to them – whether it is good for them or not. They hope you won't connect the dots.

In the age of consumer politics, the role of government is reduced to a superficial transaction – you put your money in, and get a service out.

But if local government is just a vending machine - telling voters what they want to hear and dispensing services – how is it equipped to address complex challenges?

Challenges like a tough economy where we are in fierce competition with other municipalities for investment, talent, and jobs – certainly regionally but also globally.

Challenges like a fast-growing and increasingly diverse city where the need for services is expanding into areas beyond our singular, or direct, influence.

Our aging population brings new challenges, with people increasingly living on fixed incomes, where affordability and equity is a real concern.

And finally, an era of information overload and social media, where we manage an exploding volume and complexity of information, amid unprecedented expectations for real-time response brings a new set of challenges of its own.

A public opinion poll will not give us answers to the questions we face. A vending machine can't address the complexity of information or speed of change.

The business community can relate to the fact that the game has changed in recent years. Businesses understand the need to constantly evolve and adapt operations to stay competitive, especially in this environment.

None of what I have described is unique to Guelph but is the subject of significant international discussion and experimentation.

Transforming municipal services means ensuring excellent outcomes for all citizens, exceptional personal experience for all customers, and value for money for the taxpayer.

It means transforming government from a traditional service provider to an institution that also engages and inspires - one that has learned how to work across sectors – public, private, not-for-profit – to embrace opportunities that deliver public value.

Last year, I remarked that it's not always easy or comfortable to talk about how local government can do business differently. In fact, it can be politically risky.

Just a month after I gave that address, we saw a perfect example of how true that is, when a draft consultant's report about the City's development approval practices made headlines. The report contained some frank feedback. Many of you will remember the ensuing media coverage.

It's important to remember that this report was commissioned by the City in the first place. If we're serious about doing business differently, these are exactly the types of risks we need to take.

Having bold and respectful conversations in an open forum is part of the transformation we are seeking.

The larger risk to our community is to do nothing.

The corporate strategic plan is our response to these challenges. There is no magic pill. There is instead a relentless focus on core priorities and capacity building.

We are focusing on our people – so we continue to attract, retain and motivate the talent we need. We are providing them the resources – the tools and skills - they need to transform how we do business. So we keep building a brilliant city together.

Let me describe some of what we're doing.

This year, a team of City managers got together to pilot a new business case tool. They chose to look at our energy use.

A compelling choice because energy costs represent the largest corporate expenditure after wages, energy costs are rising and every employee has an opportunity to contribute to managing energy responsibly.

In October, the team delivered 3, 10 and 20 year business cases to reduce energy costs. All save money. If the expected trends for energy costs in the future are realized, the long-term plan could save as much as \$80 million over 20 years.

We've added an Internal Auditor to the team. We have increased our capacity to conduct robust risk-based operational audits across the organization to effect bold, impactful and system-wide change that will optimize taxpayer's value for money and ensure we are delivering the right services, at the right level, in the most effective and efficient way possible.

The business community would recognize this as "value-stream mapping" – identifying which activities add value and those that don't to eliminate waste in the system and to improve productivity.

This work will support our continued efforts to close the gap between inflation and tax rate increases which I noted at the beginning of my address. With existing resources, we could cover all major services over a five year period. And, we anticipate undertaking 5-7 audits per year – or 35 audits over the next five years. Is this the right pace? Or should we accelerate it? That is a question that Council will need to address in the 2013 budget.

The corporate technology strategy approved by Council offers new opportunities for Open Government – a new business model for government that is often referred to as Government 2.0. Open Data – just one part of Open Government – puts government data in the hands of the community to encourage ingenuity and new ways of doing business together.

Our Council and Administration has a strong track record to draw on as we continue to embrace new opportunities to transform the way municipal government works.

One example is our wholly-updated Official Plan, approved this year, which has laid the foundation for sustainable city building as we grow to a population of 175,000 over the next twenty years.

A second is the establishment of Guelph Municipal Holding Incorporated to promote more strategic and innovative approach to managing corporate assets for community benefit.

Another is our Downtown Secondary Plan, a bold plan to grow the number of people living and working downtown, create new green spaces, and enhance our downtown's vitality and character. And with two cranes in the downtown, and more on the way, it is proving itself.

A fourth is our administration's success in delivering five years of infrastructure work in a little over a year, seizing the opportunity of federal and provincial funding to build much-needed infrastructure throughout the city. We placed an emphasis on our transportation system including the establishment of an intermodal transit hub.

So these are not the actions of a local government that sees itself merely as a vending machine dispensing services. Rather, these are the actions of a Council and Administration eager to shape the community's future in a bold way.

If anything is going to crack us out of old ways of doing things, it will be the Guelph Wellbeing Initiative.

There is a gap between the community people want to live in and our current ability to deliver on these aspirations. Yet there are substantial resources found in our community – government funding and services, community assets and programs, charitable giving and volunteerism.

How might we put these resources to better use to deliver on our community's aspirations?

One of the comments I heard from residents during the engagement process was that the City was asking about things that are not in our jurisdiction. That's true – we did. But from the beginning, it was a community-owned, community-driven, and ultimately community-implemented initiative.

The City has provided leadership, and Council approved funding to make it happen because we know that the issues we face are beyond a single organization's control or ability to influence.

The approach is pragmatic – we won't be able to meet the needs of our citizens through a business-as-usual model. It also promotes good citizenship as well as individual responsibility. Community-based accountability is at the heart of the Guelph Wellbeing Initiative.

That's why the Chief of Police is part of the Wellbeing Leadership Team. It's why he ran with the Drug Strategy Committee in the Guelph Community Health Centre's annual 5 K run. He knows the work of the Drug Strategy Committee and the Guelph Wellbeing Initiative will help him manage his budget and fulfill his mandate.

We run a great City. We have a great community. And the "state of your city" is brimming with promise. The future of local government is now.

Thank you for being here, your attention and interest in your local government.

In conclusion, Market Square has exceeded anything we could have imagined as to how people can connect to their City Hall.

It's more than just the old saying – "if you build it they will come". It means they will come, and engage, and inspire us with their creativity. There have been many "happenings" in Market Square since its completion and many images that express what it looks and feels like to be an institution that engages and inspires.

Thank you.