

Inflationary Cost Pressures on the Budget



- Capital financing to maintain and replace existing infrastructure also inflates annually in price
- Similar to operating cost increases, capital construction materials also rise annually. The amount allocated to fund capital must keep pace with inflation, otherwise the amount of capital funding available would shrink relative to the operating budget and have the effect of increasing the infrastructure backlog

How does the City mitigate inflationary pressures?

- Like a business, the City as a priority, looks within with a focus on cost containment and continuous improvement to find ways to do more with less resources. Examples of successful initiatives in 2020 that are lowering the inflationary pressure on the budget:
 - Departmental efficiency targets through the 2021 budget development by setting a 0% allowable increase on all consulting, general supplies and administration, travel and training and conferences;
 - Continued energy efficiency initiatives that are mitigating utility cost increases;
 - The implementation of an automated Council agenda management system reducing the cost of paper, printing costs, and staff time involved in this process;
 - Implementation of digital meeting functionality reducing mileage costs and staff time commuting between facilities;
 - Renegotiating the cost sharing agreement with Guelph-Eramosa for Fire Service provision;
 - Enhanced cost controls structures for corporate cell phone usage and position changes;
 - Increasing net costs to deliver the blue box program has resulted in higher grant revenues.
- Investing in innovation and digital modernization
- Reviewing service levels to identify where services are being provided that are not meeting the expected service level. Usage and demand data can highlight underperforming programs, parkades, roads, transit routes, facilities and even parks or trails. Decisions to shift programming like was done with Centennial Pool in 2020, or demolishing the SUBBOR building on Dunlop Drive are examples of how service level changes can save money.
- User fee and rate revenues should also keep pace with inflation, just like a business. There is a reasonable expectation that as costs rise, the price that your customer pays for your service must rise or the business will not remain viable.