

Big G in Conversation:

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Opening music 0:00

Wendy King 0:03

Welcome to Big G In Conversation podcast from Inside Guelph City Hall I'm Wendy King and this week we're talking all things budget as we near the end of another year. People are thinking about raking leaves, getting winter tires on, and Holiday festivities, but at the City of Guelph the staff has their minds focused on budget. So let's get started.

Joining me today is Tara Baker, Treasurer and GM of finance. Karen Newland, manager of Finance, Client Services, and Greg Clark, Manager, Financial strategy and long term planning. Well, welcome back everybody.

Tara Baker 0:40

Hey welcome back, thank you.

Karen Newland 0:42

Thanks, Wendy.

Wendy King 0:43

It seems like we were just talking about budget, but it's been a year since we did our last budget podcast, so maybe Tara can you just get us going. I could have just up on where we are in this year's process.

Tara Baker 0:57

Sure, so we've been working on the budget, I would say internally now for a number of months and leading up to that we've had conversations with Council about our new multi-year budgeting policy. So there's been a lot of engagement on budget through the year. We've just released the 2022-2023

budget on November the 4th, and we're leading up to the presentation to Council on November the 16th and then following that, the opportunity for the public in terms of the public delegation night and then also the town hall will be coming up in the later part of November.

Wendy King 1:44

So Karen, when you have the document and you take it to council later this month, would there be something new in the presentation?

Karen Newland 1:52

Ah yes. This year we will be seeking Council's approval of two years of the budget. So we'll be asking them to approve the 2022 and 2023 budget, including the property tax levy for both years, the water wastewater stormwater rates, as well as user fees for the two year period and this is a stepping stone for us as we move to our full implementation model of having a four year approved budget by Council.

Wendy King 2:21

So we've talked before I believe about the multi-year budgeting. What would you say makes that so different?

Karen Newland 2:29

What makes it different is we will be getting two years of approval instead of just one year annual approval, and then we would be coming back each year to have Council reconfirm the budget. So it's not that we're setting the budget and forgetting the budget. We will set it and then we review it and come back for confirmation. The benefits of the multi-year budget include reducing administrative burden and creating room for implementation.

With the focus on service delivery and continuous improvement. As well, it aligns resource decisions to the future Ready action plan with a long-term focus. It provides improved accountability and transparency over spending plan changes. So as things change, it's reported to council annually and it provides the public with greater certainty, stability, and sustainability.

Wendy King 3:24

So basically it's like you're taking a longer lens. Looking further ahead, but do you sort of have it a targeted as well? Like here's what we think we're going to do in twenty 2223 and then here's what we think is further out.

Karen Newland 3:38

Yes, so we will provide them the 22 and 23 budget for approval and then provide for the operating budget. Side will provide a two year forecast so force forecasting out for 24 and 25 and then on the capital side we provide them with an 8 year forecast so they'll get a complete 10 year capital budget.

Wendy King 3:58

So you know when we think ahead, obviously unexpected things happen, as we've all lived through for last two years of the pandemic. So Greg, how do you budget for unknowns?

Greg Clark 4:11

You know one of the things about the budget is that it's our expectation of how things are going to happen, so having the multi-year still allows us flexibility to address things that that can come up unexpected. There's mechanisms that allow us to realign budgets where we need different priorities or shifting pressures. And really, it's based on using, you know, a number of inputs like baseline inflation growth service delivery. Those types of things to help us have our best estimate. And like Karen said, we still go back and look at that and review that it's in line with actual expectations and take that back to Council. And if there's minor adjustments, there's a process for that. And if it's something different, more significant than there's a process also for that to bring that in front accounts on.

Wendy King 4:56

So COVID I'm sure was not the only thing that impacted the budget. Can you give me a few other maybe things that you got thrown that you weren't maybe expecting?

Greg Clark 5:05

That's very true. You know, one of the things that we deal with each year is, you know, decisions made by other levels of government. So legislation that gets approved, in particular by the province. And so a number of bills in piece of legislation moved forward, impacting things like court services and the types of charges that we gonna be seeing come through there and the process that we have to go through so that requires some staffing to help make sure that that's can be processed appropriately. Other programs, like Blue Blocks and the Conservation Authorities act, there's changes happening there were not currently fully embedded into our budget. We still need to work through with both of them to see what it's going to mean for us and how it's going to change our budget and our service delivery and and costing and so those are the types of things that can impact those future years as we continue to work through them.

Wendy King 5:57

So yeah, as you were mentioning provincial and excuse me in federal legislation, that's always gonna impact you. Greg, if you could, in layman's terms, explain Bill 108.

Greg Clark 6:09

So Bill 108 is a piece of very comprehensive legislation that the province brought forward. It impacts a lot of different things. One of the things that impacts his service delivery standards in terms of planning so it's set timelines that our planning department has to mean in terms of reviewing and approving proposals and applications. And so we need to make sure we're staffed to meet those deadlines and meet those some benchmarks that have been set in there. It also impacted things like our development charges, which was just in front of Council last month as well as a number of other services that impact other agencies within the city's financial responsibilities.

Wendy King 6:51

And then Bill 177 was another one.

Greg Clark 6:55

So this is the one that impacted the the court services and the Highway Traffic Act type of charges. So now our court services is going to be dealing with a larger volume of charges and those are going to cause us to need more staffing to to assist with that process. Now our court services is a non-tax funded in that we fund the services from fees that we collect based on the charges that we process and we share that cost with the county. But it does have an impact on how we manage and staff up that that resource to make sure that we can meet the demands that are going to be put on it.

Wendy King 7:29

And recently, of course, we've all been watching what was going on at to at the summit over or climate change, so I'm assuming and environment is another thing you guys are focusing on?

Tara Baker 7:42

Sure, so I can. I can hop in on that one we we absolutely are focused on that and councils approved uhm, are 100% renewable energy strategy, uh? A couple years ago and the budget that's been proposed includes funding increases towards implementing the priorities and one of the biggest things. I would say that you'll see in the budget related to that is the electrification of our transit bus fleet, and so that's one of the most significant impacts that we can have in terms of shifting those vehicles away from diesel, so that is one way that you'll see that investment in in the budget and forecast period.

Wendy King 8:33

I don't know how. If you can't answer this or not, but you know there's a lot of things in a budget that you have to just maintain. You know, make sure everything is staying the way it is, or improving it, but then you've got to have a lot of new projects probably, or allowed to say what some of those new projects might be if it's all approved.

Greg Clark 8:54

So from a from a capital perspective, a lot of our investment is, you know, focused on maintaining and upgrading, uhm, existing infrastructure. So there's you know there's work on York Rd. There's work on our wastewater treatment plant continuing work out of waste or at a water treatment facility as well and some of the new things like Tara mentioned, is electrification of the fleet. So there's you know, pending Council approval, there's purchase of expanded fleet and replacement of a buses with electric buses. There's work going on to do fiber optic network throughout the city, so that's part of the budget as well as a continuation of that, but really, at the end of the day, we're really focused on that life cycle, replacement, maintenance budgets or maintenance budgets. In this, this capital plan is coming forward, and that's really because we have some significant projects on the go like South End and Baker District. Which are, you know, very large-scale projects, and they're going to take a lot of our resources, and that's really the focus, you know on those big scale projects. In this budget is much more focused about taking care of what we already own and making sure we can deliver those projects.

Wendy King 10:05

And I think the last time we spoke about budget we talked about, uhm, a real emphasis on trails or maybe different ways that people are using transit, getting around on foot and bike, etc. I'm assuming that's all in there still?

Greg Clark

Yeah, definitely. And the you know, the transit pieces is one of that. Do you know the transit expansion and the route review plan that's in front of Council is definitely a big part of that, but we also have implementation of the cycling network through grant funding that we've received from the province Sidewalk network expansion. You know, both on road and off road expansion of that active transportation network as well. As you know, the equipment and resources to make sure we can maintain and keep those lanes open through the winter and snow free and available to both for the users that need them throughout the year.

Wendy King 11:00

And you know what residents always wait for really is? What does this mean? What's the bottom line and what is the cost in dollars to doing all of these things? That's probably for you, Tara.

Tara Baker 11:11

Sure, so we've really moved towards trying to present the budget so that the Community can understand that it's not just funded by property taxes, uhm, the all of what we just talked about has a number of funding sources and that what Karen had mentioned earlier. You know the water wastewater stormwater rates are property taxes and not in a number of other user fees that are being set by Council through the budget each year. So in terms of the property tax increase at this point in time, it's just under 3% or sorry, just under four. It's a just about a 3.93, but there's a lot of conversation that Council is going to have, so I don't wanna. I don't want to focus too much on what the proposed impact is, because that that's really what Council is going to be working through it. And I would say the one the one thing that also when you think about the those rates is that there's pieces that Council controls directly and has a lot of influence on.

There's other pieces from our local boards, and while our member of members of Council sit on those boards so they do absolutely have influence. The Council itself doesn't have as much direct influence over the decisions, and so we've tried to present the budget to say the local boards piece, which is a little bit of less direct influence over and then the city piece. And then what's interesting this year is that we also have a third piece related to the Guelph General Hospital Levy that council approved a couple years ago, and so the Community will also see the impact of that in the proposed budget because of the decision to pause that last year because of Covid. So , those are the three pieces of the tax budget that that the Community can see being added up there.

Wendy King 13:18

So really what you're saying is you're sort of around 4% now, but that's before council sits down and maybe whittles away?

Tara Baker

Yeah, they they're gonna talk about what's important. You know they're gonna figure out what their priorities are and they've told us what the priorities are through the strategic plan. But when it comes to pace and capacity and affordability of those, those revenue streams those that the priorities. might shift in terms of the year in which they're achievable, so I think it's, the priorities are set, but it's now what year are we going to be able to do this? Maybe we're extending the period of time, those types of conversations they're going to start to be had with council because, you know, that's really their role in in the budget is to balance those needs and priorities across all the different services that we provide.

Wendy King 14:18

Can you tell me about that pace and capacity?

Tara Baker 14:24

So I'll start and maybe I'll defer over to Karen and Greg here. But it just basically what I just said is when you start to add the lens of affordability into the budget, it causes the need to think about priorities and how quickly we can maybe tackle some of these. These needs that we want to do so, there's a couple places in the budget that you'll see that up, so I I would. I would say that first and foremost it's about the growth strategy. How quickly is the city growing and are we matching our capital plan and are the growth of services to the growth? So there's the pace kind of conversation comes up there and then I'll defer over to Greg and he can talk about the Capital resource strategy that we we put into place this year and then maybe Karen wants to talk about the strategic investments and that that are for proposal.

Greg Clark 15:30

Yeah, thanks Tara. Earlier this year we brought forward strategy for Council to identify how to move our capital plan forward and what we really identified was that Council has made progress in funding and providing sufficient funding to move projects forward. But what we lacked was the human resources to project managers, the inspectors, the designers, communications, finance, TAP and so through Council's endorsement of that strategy What we've embedded in this years budget is a number of positions that support the capital program and so you know that's going to help build us some traction and start spending more capital. Seymour Projects completed being more successful in getting things out the door and completed and that will allow us in future years to build bigger and bigger capital budgets and actually achieve those and be successful in bringing those projects to completion. So that is a big part of communicating to council. You know, the nuances between funding and capacity and why we can only do so much capital and how we move that all forward.

Wendy King 16:27

Karen, did you want to jump in on that?

Karen Newland 16:30

Yes, and so part of our budget this year as we have some strategic investments that we will be presenting to Council to have their input and approval on. And these are some of the things around. The pace and affordability that we weren't able to incorporate into this staff proposed budget but know that they are important and we need to have a financial plan in place to get these projects completed and

some of the items on that list. We have the transit route review Which is a fairly significant impact. We also have 100 Ari funding. We have some other items related to the heritage Uh, my plan that have some positions as well as some one-time dollars associated with those. So, there is many items on that list for Council to discuss and deliberate on.

Wendy King 17:27

So I mean, obviously they have difficult decisions coming up. Are there things also that come up that are not really in the budget?

Karen Newland 17:34

Yes, there are things that will come up throughout the year. One of the things just after we release the budget this year, then the provincial government came out with an announcement around minimum wage that will have an impact on the city. So that's one example of where some things come up after the budgets been released. Now Council will have an opportunity to add in additional dollars to fund any pressure that we're seeing related to the minimum wage. So that's one thing that we can handle through the budget deliberations. And then there may be something that comes up after the budgets approved and then we manage that through our quarterly budget monitoring report that we have to tCouncil where we highlight any pressures that we're experiencing and we monitor those throughout the year and come up with funding plans to deal with those pressures.

Wendy King 18:30

And so just to kind of wrap it all up, is there still time for residents to get involved in the process?

Tara Baker 18:36

I, yes, absolutely. So that's what I was trying to allude to at the beginning is that on November the 18th is our public delegation night, so they could register with our Clerks office and actually come and talk to Council about anything that's in the budget or not in the budget, and that what they would like to see. And then there's also on November the 23rd that evening. There's going to be a town hall where it will be live streamed and all of our residents could watch and be actually submitting questions to the executive team. All of the Council, councilors will be also kind of part of that and listening, but it's hosted by staff so that we could answer any questions that the Community has out there before Council goes to approve the budget on December the 2nd.

Wendy King 19:34

That's great, hey, this has been a really good education in in what you guys all go through and what's to come for the city. So thanks to Tara, Karen and Greg for or and all your staff for all the work you've obviously been doing. Thank you so much.

I'm Wendy King with the Big G in Conversation Podcast, thanks for joining me and if you have any ideas for a show or comments, you can email biggpodcast@guelph.ca – until next time, lets keep the conversation going.