

CITY COUNCIL AGENDA



Location: Council Chambers, Guelph City Hall, 1 Carden Street

DATE Tuesday November 10, 2015 – 6:00 p.m.

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

AUTHORITY TO MOVE INTO CLOSED MEETING

THAT the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to The Municipal Act, to consider:

C-2015.45 BUDGETARY REDUCTIONS

Section 239 (2) (b) personal matters about identifiable individuals

C-2015.46 MUNICIPAL CONTRACTUAL OBLIGATION

Section 239 (2) (f) advice that is subject to solicitor-client privilege, including communications necessary for that purpose

CLOSED MEETING

OPEN MEETING

DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

2016 Tax Supported Operating Budget

Presentation:

- Ann Pappert, CAO
- Derrick Thompson, Deputy CAO Public Services/Interim Deputy CAO Infrastructure, Development & Enterprise
- Mark Amorosi, Deputy CAO Corporate Services

Recommendation:

1. That the recommended 2016 Tax-supported Operating Budget with a net levy and payment in lieu of taxes requirement of \$213,203,925 or 1.58% above the 2015 tax levy and payment in lieu of taxes be received for information and referred to the December 9, 2015 meeting for Council consideration.

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2. That user fees and proposed reserve and reserve fund transfers be received and referred to December 9, 2015.

ADJOURNMENT

STAFF REPORT



TO City Council

SERVICE AREA Corporate Services, Finance

DATE November 10, 2015

SUBJECT 2016 Tax Supported Operating Budget

REPORT NUMBER CS-2015-86

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To introduce the recommendation of the Executive Team related to the 2016 proposed Tax Supported Operating Budget, and provide details and background materials for Council's budget deliberations scheduled for December 9, 2015.

Further, to provide the Executive Team with an opportunity to formally present the tax supported operating budget to Council and receive questions and/or requests for additional information or clarification.

KEY FINDINGS

The recommended budget reflects a net tax levy and payment in lieu of taxes requirement of \$213,203,925 or 1.58% above the 2015 requirement as shown below.

	Recommended 2016 Operating Budget	
	Total Change (year/year)	Tax Levy Impact
City Departments	1.96%	1.04%
General Expenditures, Grant & Capital Financing	7.4%	0.76%
Sub-total		1.80%
Local Boards and Agencies	2.88%	1.01%
Minus Prior Year Assessment		-1.24%
Overall Tax Impact		1.58%

STAFF REPORT

FINANCIAL IMPLICATIONS

The financial implications resulting from this report are outlined in detail in the City's budget document and the attached presentation. Staff is recommending a 1.58% increase over the prior year's net tax levy and payment in lieu requirement to allow for the delivery of ongoing services in an affordable manner. Overall, this represents an estimated annual property tax increase of \$51 for the taxpayer with a property valued at the residential average of \$301,770.

ACTION REQUIRED

Receive and refer to the December 9, 2015 meeting of Council the:

- 2016 Tax Supported Operating Budget;
- Proposed user fees; and
- Proposed Reserve and Reserve Fund Transfers

RECOMMENDATION

THAT the recommended 2016 Tax-supported Operating Budget with a net levy and payment in lieu of taxes requirement of \$213,203,925 or 1.58% above the 2015 tax levy and payment in lieu of taxes be received for information and referred to the December 9, 2015 meeting for Council consideration; and

THAT user fees and proposed reserve and reserve fund transfers be received and referred to December 9, 2015.

BACKGROUND

The proposed 2016 Tax Supported Operating Budget represents the culmination of several months of work undertaken by City staff. The proposed budget has been prepared taking into account:

- Strong and effective financial policies;
- input from the community throughout the year (ex. input on city programs and services that inform department budget submissions);
- legislated requirements;
- organizational excellence;
- innovation;
- city building;
- affordability, and
- service levels.

As with previous years, the proposed base budget includes all annualized costs. In developing the City's operating budget, staff have worked to ensure that a balance exists between fiscal accountability and service demands.

STAFF REPORT

Staff also prepared a multi-year operating forecast for the City's tax supported operating budget. The current multi-year operating forecast provides for the following potential increases to maintain existing service levels:

Year	Levy Increase (\$)	Levy Increase (%)
2017	6,347,817.00	3.00%
2018	6,327,101.04	2.80%

As shown in the above table, based on adjustments to the base budget and known future pressures, assuming the same level of assessment growth the tax levy increase is anticipated to be 3.00% and 2.80% in 2017 and 2018, respectively. This is primarily due to capital financing and inflationary pressures and is reflective of revenues not changing at the same rate as costs. Staff will continue to look for ways to mitigate these pressures through the review of service levels, efficiencies, and new revenue opportunities.

REPORT

The current 2016 tax supported operating budget was prepared in accordance with the Council-approved Budget, Debt Management and General Reserve and Reserve Fund policies.

This budget is based on a forecast that ensures the City's financial position continues to remain strong.

The total recommended change above the 2015 tax levy represents a recommended base operating budget increase of 1.58%, and the breakdown of the budgetary increases and tax levy impact are shown in the table on page 1 of this report.

CORPORATE STRATEGIC PLAN

Organizational Excellence

Develop collaborative work teams and apply whole systems thinking to deliver creative solutions

Innovation in Local Government

Ensure accountability, transparency and engagement

City Building

Be economically viable, resilient, diverse and attractive for business

STAFF REPORT



DEPARTMENTAL CONSULTATION

Budget development was a coordinated effort by City Departments, Boards and Shared Services. The Executive Team has reviewed and recommended the proposed 2016 Tax Supported Operating Budget being presented at the November 10, 2015 meeting of Council.

FINANCIAL IMPLICATIONS

The financial implications resulting from this report are outlined in detail in the City's budget document and the presentation. Staff is recommending a 1.58% increase over the prior year's net tax levy to maintain existing service levels and fund strategic and service investments. Overall, this represents an estimated annual property tax increase of \$51 for the taxpayer with a property valued at the residential average of \$301,770.

COMMUNICATIONS

Staff has worked collaboratively with Corporate Communications to develop the final budget document.

Public meeting notification was placed on the City's web page and will be advertised in the local newspaper. A draft copy of the City budget is also available at all City Library branches and is posted on the City's website.

ATTACHMENTS

Attachment 1: Summary of Transfers to/from Reserves and Reserve Funds

Report Author

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Attachment 1: Summary of Transfers to Reserves & Reserve Funds

Description	2016 Contribution	Purpose
Department Reserve Funds	7,525,990	Fund non-vehicle and equipment related capital projects in either the current or future years.
Vehicle & Equipment Reserve Funds	9,524,589	Fund the replacement of vehicles and equipment within the City's existing inventory.
Capital Tax Reserve Fund	3,193,879	Draw from reserve funds for capital projects
Road Infrastructure Reserve Funds	1,345,500	Fund on-going road rehabilitation capital projects
Building Lifecycle & Accessibility Reserve Fund	3,013,400	Fund on-going capital works at City facilities, including regular capital upgrades and replacements and accessibility projects
Sleeman Naming Rights and Capital Reserve Fund	90,000	Fund on-going capital works at the Sleeman Centre. Funds received as part of the Sleeman Naming Rights agreement.
Information Technology Reserve	152,000	Fund the purchase of IT software that was previously licensed
Internal debt financing costs	2,269,200	Fund cost of internal debt financing
Tax Supported Capital Reserve Funds	20,726,800	
Tax Increment Based Grant (TIBG) Financing	2,190,000	Annual contribution to provide funding for the Council approved TIBG program
Tax Rate Stabilization Reserve	600,000	Annual Contribution to provide funding for the tax rate stabilization reserve to build to targeted levels equal to 8-10% of gross operating expenditures
Building Maintenance (non-capital) Reserve	100,000	Annual contribution to provide funding for emergency, non-capital, repairs that need to be undertaken at City facilities
Election Reserve	131,000	Annual contribution to help offset the cost of the municipal election
River Run Reserve	65,000	Funds collected from ticket surcharge used to pay for River Run capital repairs and maintenance
Greenhouse Gas Reserve	125,000	Funds collected from sale of greenhouse gas credits
Gas, Hydro, and Joint Wireless	203,080	Contributions to payback loan related to Energy and Joint Wireless retrofit projects.
Library Capital Reserve	50,000	Transfer restricted donation revenues to reserves
HR Program Reserves	60,200	Annual contribution to Human Resources reserves for collective bargaining related costs
Employee Benefit Stabilization Reserve	10,898,000	Contribution to fund Medical and Dental benefits for active employees, all employee related insurance (Life, LTD, STD and AD&D) and the Employee Assistance Program.
Early Retiree Benefit Reserve	700,000	Contribution to fund medical and dental benefits for eligible retirees that retire before the age of 65.
WSIB Reserve	630,000	Contribution to fund payments to WSIB and other Health and Safety related costs
Land Ambulance Severance Reserve	115,000	Contribution to fund retirement severance payments to qualifying Land Ambulance employees in accordance with the collective agreement.
Police Sick Leave Reserve	355,000	Contribution to fund sick leave retirement payouts to eligible Police staff in accordance with the collective agreement.
Fire Sick Leave Reserve	598,000	Contribution to fund the sick leave payments to eligible Fire staff in accordance with the collective agreement.
Tax Supported Operating Reserves	16,820,280	
Total Transfers to Reserves & Reserve Funds	\$ 37,547,080	

Summary of Transfers from Reserves and Reserve Funds

Description	2016 Contribution	Purpose
Dedicated Provincial Gas Tax Reserve Fund	2,724,590	Fund conventional and mobility transit operations
Sleeman Naming Rights Reserve	32,265	Fund expenditures related to suite rental and advertising costs.
HR Program and Contingency Reserves	1,880,000	Fund HR activities related to staffing and employee recognition
Court Services Capital Reserve	397,075	Fund debt charges related to the POA facility. Funds are transferred to the reserve from the Enterprise fund.
Employee Benefit Stabilization Reserve	11,303,000	Fund Medical and Dental benefits for active employees, all employee related insurance (Life, LTD, STD and AD&D) and the Employee Assistance Program.
Early Retiree Benefit Reserve	550,000	Fund medical and dental benefits for eligible retirees that retiree before the age of 65.
WSIB Reserve	614,600	Fund payments to WSIB and other Health and Safety related costs
Land Ambulance Severance Reserve	45,000	Fund retirement severance payments to qualifying Land Ambulance employees in accordance with the collective agreement.
Police Sick Leave Reserve	300,000	Fund the current year sick leave expense for eligible Police staff in accordance with the collective agreement.
Fire Sick Leave Reserve	219,000	Fund the current year sick leave payments to eligible Fire staff in accordance with the collective agreement.
Total Transfers from Reserves/Reserve Funds	\$ 18,065,530	