

SPECIAL CITY COUNCIL AGENDA



Council Chambers, Guelph City Hall, 1 Carden Street

DATE November 22, 2012 – 6:00 p.m.

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

2013 TAX SUPPORTED OPERATING BUDGET PRESENTATION

- Ann Pappert, Chief Administrative Officer
- Al Horsman, Executive Director, Finance & Enterprise/Chief Financial Officer

THAT the 2013 Tax Supported Operating Budget with a net levy requirement of \$186,123,814 or 3.74% above the 2012 tax levy be received for information.

(Report is included in the budget binder)

ADJOURNMENT

TO **Guelph City Council**

SERVICE AREA Finance & Enterprise Services
DATE November 22, 2012

SUBJECT 2013 Tax Supported Operating Budget Presentation
REPORT NUMBER FIN-12-49

Purpose of Report:

To introduce the recommendation of the Executive Team related to the 2013 Tax Supported Operating Budget and provide details and background materials for Council's budget deliberations scheduled for December 5 and 6, 2012.

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 from Council.

Council Action: Receive the 2013 Tax Supported Operating Budget.

RECOMMENDATION

THAT the 2013 Tax Supported Operating Budget with a net levy requirement of \$186,123,814 or 3.74% above the 2012 tax levy be received for information.

BACKGROUND

The proposed 2013 Tax Supported Operating Budget represents the culmination of several workshops, consultations and collaborations undertaken since the 2013 Operating Budget Guideline was first tabled at a Council 2013 Budget Workshop on July 17, 2012 and adopted by Council at its meeting of July 23, 2012.

Throughout these discussions and in discussions with Council throughout 2012 arising from the development of the Corporate Strategic Plan significant information was shared to provide historical context to the budget considerations and highlight the pressures coming to bear in 2013.

In light of economic pressures (affordability), increasing demands for service, improved technological capability to deliver in real time and mounting financial pressures (downloading) from other orders of government, traditional means of tackling these pressures simply were not sustainable. A new way of doing business was critical.

On July 23, 2012 Council approved the 2013 Operating Budget Guideline and directed staff to vigorously explore a number of avenues to develop an affordable but transformational budget plan. Council also asked to see a draft 3% “all in” (including selected growth, new services, CSP Strategic Initiatives) operating budget for the fall of 2012.

Further work was undertaken to review the 20% capital funding guideline to ensure infrastructure investment was being made at appropriate levels.

Consideration of user fees and other funding sources were examined to offset pressures and there was an exploration of alternative financing option and potential use of the Capital Renewal Reserve Fund to leverage asset renewal.

REPORT

This budget was prepared in accordance with Council-approved Budget, Debt Management and General Reserve and Reserve Fund policies.

As with previous years, the proposed base budget includes all annualized costs and the impacts of new capital.

In developing the City’s operating and capital budgets, staff has ensured that a balance exists between the need to maintain and rehabilitate existing City services and infrastructure while ensuring that funds are allocated to projects and services that allow the City to develop in a manner that is consistent with the changing needs of the population.

This budget is based in a strong budget forecast that ensures the City’s financial position continues to remain strong and improve.

It does so through conservative use of debt and reserves to support capital investment, exploration of more innovative ways to tackle budget and inflationary pressures and further minimizing reliance on the tax stabilization reserve to manage economic constraints and/or extraordinary events.

The total recommended 3.74% increase above the 2012 tax levy, represents a recommended:

- base operating budget increase of 2.73%; and,
- an investment of 1% dedicated to advancing key strategic initiatives of the Corporate Strategic Plan 2013-2016, addressing outstanding pressures of growth and new services.

Funding requests in the operating budget include staffing for the Corporate Technology (IT) Strategic Plan and Corporate Energy Plan. Both initiatives are considered critical to the City in terms of its ability to respond to citizens in real time and experience significant cost avoidance related to the expected escalation of energy costs.

Also, as part of this budget, staff is proposing that one-time costs, amounting to \$205,000, related to CSP initiatives be funded from reserves to smooth the impact on the City's operating budget.

The recommended budget also includes a new service request for funding of the Urban Forest Management Plan. This request amounts to \$260,000 or a 0.14% impact on the net tax levy and would result in the hiring of 1.5 FTE's. Funding for this service is required to begin to prepare for the impact from invasive species, particularly the emerald ash borer, that are expected to affect the City's tree canopy.

The proposed 2013 Tax Supported Operating Budget further responds to ever more complex challenges by using business like tools and practices as well as ongoing innovation in collaboration with other partners in the private and public sectors.

With the approval of Council, this budget provides the foundation to further the transformation of our delivery of municipal services in real time to:

- ensure excellent outcomes for all citizens,
- exceptional personal experience for all customers and
- value for money for the taxpayer.

The approach invests for future growth, while ensuring affordability for the taxpayer and preservation of services for the community.

Next Steps:

1. Tuesday November 27 : Presentation of Budgets by Shared Services and Local Boards
2. Thursday November 29: Public delegations will be received by Council on November 29, 2012
3. Wednesday December 5 & Thursday December 6 (if necessary): Council deliberations of:
 - a. 2012-2022 Tax Supported Capital Budget (presented October 3, 2012)
 - b. 2013 Tax Supported Operating Budget.

The Enterprise budgets were approved by Council at its meeting of October 17, 2012.

CORPORATE STRATEGIC PLAN

Organizational Excellence 1.2

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

Innovation in Local Government 2.3

Ensure accountability, transparency and engagement

City Building 3.2

Be economically viable, resilient, diverse and attractive for business

FINANCIAL IMPLICATIONS

As outlined in the attached presentation and budget binder.

DEPARTMENTAL CONSULTATION

Budget development was a coordinated effort by City Departments, Boards and Shared Services. Executive Team has reviewed and recommended the proposed 2013 Tax Supported Operating Budget.

COMMUNICATIONS

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

ATTACHMENTS

2013 Tax Supported Operating Budget Binder

"original signed by Al Horsman"

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