

City Council Meeting Agenda



Wednesday, December 7, 2016 – 2:00 p.m.
Council Chambers, Guelph City Hall, 1 Carden Street

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Open Meeting – 2:00 p.m.

Disclosure of Pecuniary Interest and General Nature Thereof

2017 Tax-Supported Operating and Capital Budgets

Presentation:

James Krauter, Acting General Manager Finance/Treasurer

Recommendation:

1. That the 2017 Tax Supported Capital Budget in the gross amount of \$59,448,050 be approved;
2. That the 2018-2026 Tax Supported Capital Forecast in the gross amount of \$799,018,921 be received for information;
3. That the proposed increases to user fees as amended (Tab 28) and as incorporated in the 2017 budget be approved;
4. That Non-Union compensation adjustment in the amount of \$450,872 be approved for 2017 to maintain Non-Union salaries at the 52.7th percentile of the City's comparator group.
5. That the 2017 Tax Supported Operating Budget with a net levy and payment in lieu of taxes requirement of \$221,944,377 or 1.69% above the 2016 tax levy and payment in lieu of taxes be approved;
6. THAT the proposed transfers to/from reserves and reserve funds as outlined in (Tab 2) and as incorporated in the 2017 budget be approved;
7. That the 2017 Downtown Guelph Business Association budget with gross expenditures of \$571,165 and a total levy of \$ 487,000 be approved;
8. That a Dedicated Infrastructure Renewal Levy in the amount of 0.5% of the 2017 Net Tax Levy, which is equal to approximately \$1,109,700, be transferred to the Infrastructure Renewal Reserve Fund for use in future year's capital budgets per Council approval;

9. That Council endorse the continuation of the Dedicated Infrastructure Renewal Levy over a period of 10 years, subject to annual review and confirmation by staff of the need and appropriateness of the amount.

Adjournment

Staff Report



To City Council

Service Area Corporate Services

Date Wednesday, December 7, 2016

Subject 2017 Tax Supported Operating and Capital Budgets

Report Number CS-2016-72

Recommendation

1. That the 2017 Tax Supported Capital Budget in the gross amount of \$59,448,050 be approved;
2. That the 2018-2026 Tax Supported Capital Forecast in the gross amount of \$799,018,921 be received for information;
3. That the proposed increases to user fees as amended (Tab 28) and as incorporated in the 2017 budget be approved;
4. That Non-Union compensation adjustment in the amount of \$450,872 be approved for 2017 to maintain Non-Union salaries at the 52.7th percentile of the City's comparator group.
5. That the 2017 Tax Supported Operating Budget with a net levy and payment in lieu of taxes requirement of \$221,944,377 or 1.69% above the 2016 tax levy and payment in lieu of taxes be approved;
6. THAT the proposed transfers to/from reserves and reserve funds as outlined in (Tab 2) and as incorporated in the 2017 budget be approved;
7. That the 2017 Downtown Guelph Business Association budget with gross expenditures of \$571,165 and a total levy of \$ 487,000 be approved;
8. That a Dedicated Infrastructure Renewal Levy in the amount of 0.5% of the 2017 Net Tax Levy, which is equal to approximately \$1,109,700, be transferred to the Infrastructure Renewal Reserve Fund for use in future year's capital budgets per Council approval;
9. That Council endorse the continuation of the Dedicated Infrastructure Renewal Levy over a period of 10 years, subject to annual review and confirmation by staff of the need and appropriateness of the amount.

Executive Summary

Purpose of Report

To present for Council's deliberation and approval the 2017 Tax Supported Operating and Capital budgets.

Key Findings

The recommended budget reflects a net tax levy and payment in lieu of taxes requirement of \$221,944,377 or 1.69% above the 2016 requirement.

A Dedicated Infrastructure Renewal Levy of approximately \$1,109,700 or 0.5% of the current year's net levy, compounding annually will significantly improve the City's ability to renew and replace aging infrastructure.

Financial Implications

The net operating requirements identified in the budget document are funded through the municipal tax levy, various user fees and subsidies. If approved as recommended, the 2017 Tax Supported Operating Budget, after assessment growth, would increase the tax levy and payment in lieu of taxes requirement by \$3,696,378 or 1.69% to \$221,944,377. Capital requirements would include \$59,448,050 for approval in 2017 and \$799,018,921 for receipt related to the 2018 – 2026 Capital Plan.

Approval of the Dedicated Infrastructure Levy will increase total taxes collected and transfers to capital reserves by approximately \$1,109,700. Subsequent year's impact will be subject to annual Council approval.

Report

The 2017 operating and capital budgets were developed following a collaborative and cross departmental approach. The proposed budget has been prepared taking into account:

- strong and effective financial policies;
- legislated requirements;
- budget estimates based on historical actuals;
- direction from City Council;
- city building;
- affordability,
- service levels; and
- indirect input from the community throughout the year

Staff presented the 2017 Capital Budget, the Tax Supported Operating Budget, Ranked Expansions, Dedicated Infrastructure Levy and Local Boards and Shared Services Budgets and had an additional night for Public Delegations. The latter provided the public with an opportunity to address Council.

This format facilitated greater distinction between the operating and capital budgets and controllable and uncontrollable costs while providing the opportunity for a greater degree of input from staff, Council and the Public. Similar to previous years, this input was further supplemented by use of a message board on Guelph.ca that allowed the Mayor and Council to submit questions and receive information related to the recommended operating and capital budgets, viewable by the public increasing accessibility and transparency of information.

The December 7, 2016 Council meeting marks the final stage of the 2017 budget process. At this meeting, Council will deliberate and may increase or reduce the budgets as presented, within their legislative authority. At this meeting final approval of the 2017 Tax Supported Operating and Capital budgets, and the Dedicated Infrastructure Levy is sought.

2017 Tax Supported Capital Budget and 2018-2026 Capital Forecast

Prior to presenting the 2017 Tax Supported Operating budget, the City's 10-year capital budget was provided to Council and the Public. The capital budget focuses on taking care of existing infrastructure, systems and programs to ensure the community's health and safety, while meeting legislative requirements. The result of staff's work was the development of a 10 year Capital forecast. The recommended 2017 Capital Budget is funded through a tax supported operating contribution of 12.68% of last year's net tax levy

2017 Tax Supported Operating Budget

On November 9, 2016 City staff presented the 2017 tax supported operating budget. The recommended budget took into consideration changes made by departments for costs within their control, uncontrollable corporate pressures, decision approved by Council prior to the budget recommendation, and budget to actual corrections to address perennial variances.

The 2016 budget was restated to reflect the reduction of Stormwater Services budget that was previously funded through property, which will be funded through the stormwater rate in 2017. The total levy reduction amount was \$1,931,600. Staff brought forward a budget reflecting a net tax levy increase after assessment growth is factored in equal to 1.69% for Council's consideration as shown on the next page in Table 1.

The 2017 recommended tax supported operating budget reflected Guelph Public Library and Guelph Police Service investments amounting to \$70,400 and \$813,800 respectively. If approved, these investments would result in additional 1 FTE for Guelph Public Library and 4.94 FTE's for Guelph Police Services.

2016 Approved Budget	216,442,599	
Stormwater (Non-Tax) Levy Reduction	(1,931,600)	
2016 Restated Levy & PIL	214,510,999	
Assessment growth	3,737,000	
2016 Levy Incl. Assessment growth	218,247,999	Tax Levy Impact
1. Base Budget		
<i>Controllable Departmental Adjustments</i>	1,014,678	0.46%
<i>Uncontrollable Adjustments</i>	1,939,192	0.89%
<i>Council Prior Decisions</i>	2,239,350	1.03%
<i>Budget to Actual Corrections</i>	1,254,000	0.57%
<i>Local Boards & Shared Services</i>	986,158	0.45%
2. Assessment growth	(3,737,000)	(1.71%)
Recommended Budget 2017	221,944,377	
Recommended Base Budget Increase	3,696,378	1.69%

Expansions

To ensure the right services and resources are in place to serve the community, City administration went through a rigorous evaluation process and presented a list of 10 ranked expansions for Council consideration. If Council approves all the ranked expansions, the net tax levy will increase by \$1,304,850 or 0.59 per cent.

Dedicated Infrastructure Levy

Across the province historical underfunding of the capital programs has left many municipalities unable to meet their current and future infrastructure needs through their current budget. The City of Guelph also shares this challenge. A Dedicated Infrastructure Levy of 0.5% of the current year's levy is recommended. Approval of the Dedicated Infrastructure Levy will increase total taxes collected and transfers to capital reserves by approximately \$1,109,700. Subsequent year's impact will be subject to annual Council approval

Financial Implications

The net operating requirements identified in the budget document are funded through the municipal tax levy, various user fees and subsidies. If approved as recommended, the 2017 Tax Supported Operating Budget, after assessment growth, would increase the tax levy by \$3,696,378 or 1.69% to \$221,944,377. Capital requirements would include \$59,448,050 for approval in 2017, and a Dedicated Infrastructure Levy of approximately \$1,109,700 or 0.5% of the net tax levy.

Corporate Strategic Plan

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

2.1 Build an adaptive environment for government innovation to ensure fiscal and service sustainability.

2.2 Deliver public services better.

2.3 Ensure accountability, transparency and engagement.

3.2 Be economically viable, resilient, diverse and attractive for business.

Communications

Staff has worked collaboratively with all City departments and Communications to develop the final budget documents.

Public meeting notification was placed on the City's web page and will be advertised in the local newspaper. Draft copies of the City's budgets are also available at all City Library branches and are posted on the City's website.

Attachments

None

Report Author

Ron Maeresera



Approved By

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