

CITY COUNCIL AGENDA

Consolidated as of December 4, 2015



Council Chambers, Guelph City Hall, 1 Carden Street

DATE Wednesday December 9, 2015 – 5:00 p.m.

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

2016 Tax Supported Operating and Capital Budgets

Disclosure of Pecuniary Interest and General Nature Thereof

Infrastructure Environment and Funding Options

That Report No. CS-2015-101 entitled "Infrastructure Environment and Funding Options" be received for information.

2016 Tax Supported Operating and Capital Budgets (report and presentation attached)

1. THAT the 2016 Tax Supported Capital Budget in the gross amount of \$60,684,349 be approved;
2. THAT the 2017 – 2025 Tax Supported Capital Forecast in the gross amount of \$609,463,500 be received for information;
3. THAT the 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 approved;
4. THAT the recommended list of expansions (A list) with a total additional levy requirement of \$2,629,000 or 1.25% above the 2015 tax levy and payment in lieu of taxes be approved.
5. THAT the proposed increases to user fees as amended (Tab 28) and as incorporated in the 2016 budget be approved;
6. THAT the 2016 Downtown Guelph Business Association budget with gross expenditures of \$542,675 be approved;
7. THAT the proposed transfers to/from reserves and reserve funds as outlined in Appendix 1 and as incorporated in the 2016 budget be approved;

-
8. That Non-Union compensation adjustments in the amount of \$416,500 be approved for 2016.

ADJOURNMENT

STAFF REPORT



TO City Council

SERVICE AREA Corporate Services, Finance

DATE December 9, 2015

SUBJECT Infrastructure Environment and Funding Options

REPORT NUMBER CS-2015-101

EXECUTIVE SUMMARY

PURPOSE OF REPORT

Many municipalities, including Guelph, are facing significant infrastructure deficits and funding gaps. This report provides an overview of the environment as it relates to potential infrastructure funding. Further, the report outlines a number of funding options currently being used in other jurisdictions as "best practices".

KEY FINDINGS

The report outlines a number of options available, but not limited to, addressing infrastructure funding as follows:

- Capital Fee Surcharges
- Utilization of Assessment Growth
- New Assets
- Effective Use of Debt
- Portfolio Approaches to Reserves
- Dividend Income
- Special Levies

At this time, if asked, senior management would recommend the implementation of a 2.0% infrastructure levy over a ten year period.

FINANCIAL IMPLICATIONS

There are no financial implications to this report. If the infrastructure levy were introduced in 2016, the ongoing impacts at various annual rates and durations are outlined under the "Funding Options" section of this report.

ACTION REQUIRED

That Report No. CS-2015-101 entitled Infrastructure Environment and Funding Options be received for information.

STAFF REPORT



RECOMMENDATION

That Report No. CS-2015-101 entitled Infrastructure Environment and Funding Options be received for information.

BACKGROUND

External and Internal Environment

The Association of Municipalities Ontario (AMO) through their What's Next Ontario municipal engagement strategy has reported that infrastructure is the number one concern among their member municipalities. Specifically, the document speaks to the upgrading of existing facilities and assets and the replacement of aging bridges, roads, and water and wastewater facilities.

AMO has estimated that if all other municipal revenues remain stable and services are unchanged, property taxes will need to increase by 4.51% for the next ten years to maintain current standards and service levels. Further, to address the estimated \$60 billion infrastructure investment gap facing municipalities, an additional annual increase of 3.84% will be required to 2025.

The prevailing opinion among those surveyed was that the 9% (closer to 6% after removing the provincial education portion of the levy) municipal share of existing taxation in Ontario is too low. With respect to infrastructure the following suggestions were made:

- A municipal sales tax which could be coordinated at the provincial level and then allocated to dedicated infrastructure funding.
- The dedication of 1% of the HST to municipal priorities.
- The allocation of 1% of provincial gas tax revenues towards climate change initiatives and developing more resilient infrastructure.

The Federation of Canadian Municipalities (FCM) recently endorsed a proposal for an increase in the amount of dedicated federal funding for core municipal infrastructure (roads, bridges, transit; other municipal transportation infrastructure; water, wastewater and storm water infrastructure) by \$1.5 billion annually through a predictable mechanism like the Gas Tax Fund.

In their election platform the Liberal party committed to the following: "near the end of the fiscal year, we will automatically transfer any uncommitted federal infrastructure funds to municipalities, through a temporary top-up of the Gas Tax Fund. This will ensure that no committed infrastructure money is allowed to lapse, but is instead always invested in our communities."

In anticipation of a potential new source of funding from senior levels of government, staff in Guelph has prepared a comprehensive inventory of projects,

STAFF REPORT



using a variety of criteria (or lenses) that could be considered should infrastructure funding become available.

In the City of Guelph Report dated October 29, 2015 and entitled 2015 Infrastructure Scorecard, the annual combined infrastructure funding gap is estimated at \$23.3 million. Further, there is an estimated infrastructure backlog of \$165.2 million for water, wastewater, storm water and transportation assets that have reached the end of their lifecycle.

The staff report is consistent with the recent findings of BMA in their Financial Condition Assessment Report. BMA was engaged to perform a review of existing financial policies for debt, reserves, asset management, capital; and a review of major reserve/reserve fund groups. Further, an analysis of capital requirements to identify infrastructure gaps and possible solutions that can be implemented to fill the gaps also formed part of the financial analysis.

BMA has recommended that the city develop a comprehensive asset management plan that combines engineering principles with sound business practices and economic theory. Such a plan would provide tools to facilitate a more organized, logical approach to decision making for the replacement/refurbishment of tangible capital assets. It was further recommended, that the City develop a comprehensive asset management plan that is integrated with the long-term strategic financial plan and all related corporate policies (e.g. corporate reserve policies, budget policies and debt policies), and incorporate replacement programs with growth programs as well as City building programs and initiatives.

Included in the 2016 budget expansion package is a request for two additional staff responsible for the development and implementation of a comprehensive Asset Management Plan (AMP). Specifically the two Corporate Asset Management positions will:

- establish measurable service standards for all City assets;
- improve quantification and understanding of the City's current infrastructure funding deficit;
- in concert with departmental staff develop long-term funding strategies to address the funding deficit and ensure continued viability of the City's key infrastructure;
- recommend the maintenance, repair and replacement of City assets while meeting established service standards, minimizing total lifecycle costs and reducing corporate risk, and
- introduce industry best practices and standardized approaches to asset management in order to deliver infrastructure effectively and efficiently.

STAFF REPORT



The undertaking of this work is timely and necessary, given that the Municipal Funding Agreement for the transfer of Federal Gas tax funds requires recipients to develop and implement an asset management plan prior to December 31, 2016. Failure to do so, could put the approximately \$7 million of annual funding that Guelph currently receives at risk.

Review of Work Done to Date

Significant work has already been undertaken with respect to attempting to quantify various aspects of the infrastructure gap and/or seeking mechanisms to provide funding.

Storm Water Funding

A growing number of municipalities have chosen to review and implement alternative funding resources for storm water infrastructure other than the traditional tax based approach that is done in most communities. Guelph is currently undertaking a Storm Water Funding Study that is reviewing various options to fund storm water infrastructure.

Council received a presentation on Monday, October 26, 2015 on the Storm Water Funding Study and as previously noted, an Information Report dated October 29, 2015 with respect to the 2015 Infrastructure Scorecard. Both the presentation and the information report highlighted the funding needs for storm water assets with respect to a sustainable funding level, funding gap and infrastructure backlog. The 2015 Infrastructure Scorecard and associated background work indicates that storm water system assets were currently funded in 2015 at only 21% of the annual sustainable funding level and that an annual funding gap of \$5.9 million and an infrastructure replacement backlog of \$32.4 million currently exists for storm water assets.

The current mechanism to fund storm water management program activities is through the existing tax base that is offset with some federal gas tax grant funding. The difficulty with this approach is that property taxes are not a dedicated or stable funding source and based on the funding study findings, is not equitable with respect to overall use of the storm water system. Further, tax exempt properties do not contribute to the storm water program. An alternative funding source for storm water would also allow for the allocation of additional gas tax funding to transportation system assets. Doing so would facilitate an integrated approach to addressing linear (water, wastewater, transportation, storm water) infrastructure renewal projects.

Some of the advantages of taking a user fee based approach are that:

- it provides a dedicated and sustainable source of funding;
- it can be more fair and equitable based on runoff contribution;
- it could provide a credit program that allows for incentives to property owners to reduce their storm water runoff and pollutant discharge;
- it can be a mechanism to ensure that privately owned storm water facilities are well maintained, and
- it can enable the City to influence development trends that are in line with storm water management goals and objectives.

However, depending on the approach taken, additional implementation and administrative costs may result.

As noted, Guelph is currently exploring funding options in the Storm Water Funding Study and next steps include further consultation through a stakeholder advisory group meeting, and a public open house in the 4th quarter of 2015; with a staff report scheduled to come to committee and Council early in 2016.

Downtown Levy

During 2013 and 2014, the Enterprise group through Downtown Renewal lead a discussion about improved coordination of investment planning to support long term city-building initiatives. The discussion was prompted by the need to move beyond the initial implementation of the Downtown Secondary Plan – activating the so called ‘low hanging fruit’ – into the longer term and more complex initiatives that will sustain investment and economic development momentum beyond the initial five year horizon.

The ‘next level’ of infrastructure for Downtown is a series of interconnected projects that will only be successful with consistent effort and a longer term approach to reliable and predictable funding. The investments required are both in hard and soft services (Parking, Streetscape, Library, CIP Programs, etc.) and have built-in dependencies on private sector and upper level of government confidence and partnership. Through a series of presentations to Council (November 25, 2013, February 26, 2014) Enterprise outlined the projects, timelines, interconnected nature and critical path that provided a roughly 10 year window on an investment program.

Initially the program took the label ‘Guelph Economic Investment Fund’, or GEIF, which proposed to talk about a dedicated investment fund with economic

STAFF REPORT



parameters to filter access – and that the Downtown program was the early candidate. This program was modeled on Kitchener’s very successful 2003 Economic Development Investment Fund (EDIF) which coordinated a ten year approach to transforming their downtown around the innovation sectors. Kitchener’s EDIF was a 1% tax dedication to partially fund a \$110 million ten year plan. The 1% per year dedicated tax levy accounted for \$21 million. The other \$89 million was obtained through an accumulation of an additional \$8.9 million per year in debt for ten years. While Guelph staff did undertake a financial model and developed scenarios and impacts around creating a fund, the direction evolved into the ‘Enterprise Framework’ for which future investment priorities would be tracked and presented as ‘investment ready’ once certain criteria had been reached.

In a scan of other cities, it is noted that the special levy approach has been utilized not just for marquee projects (City of Kitchener) but also for addressing long-term ongoing infrastructure deficits (City of Mississauga).

Infrastructure Renewal Methods

Capital Fee Surcharges

In this option, a capital surcharge is added on to fees required to use various City owned facilities such as recreation centres, parks, entertainment venues. The disadvantage of such an approach is that it is often perceived by the public as just another fee increase.

In 2011, the Town of Whitby adopted a capital surcharge of \$25.00/hour and \$9.00/hour for ice and floor rentals respectively to offset the ongoing and future capital maintenance requirements of the arena facilities. The collection of the ice and floor surcharge represented approximately \$580,000 annually. This was used to partially offset the ongoing capital requirement to maintain the Town’s arena facilities to the current standard. If these funds were not collected from the ice and floor user groups, then the full cost of the capital maintenance of the arena facilities would have been funded by the general taxpayer, resulting in an additional tax increase. Capital budget forecasts at that time identified an average annual cost of approximately \$700,000 for the first five years to undertake the various capital improvements, lifecycle maintenance and equipment replacement projects for these facilities.

Utilization of Assessment Growth

An approach taken by some municipalities is to use the annual incremental tax revenue generated as a result of assessment growth as a source of funding for capital projects. With this option, additional assessment growth is used each year, not to reduce the overall tax levy increase to the public, but to fund infrastructure renewal. One of the challenges is that the annual contribution may not be stable as

STAFF REPORT



it is dependent on the amount of new construction and growth within the community. Ultimately though, the reallocation of any new assessment growth will lead to a higher base tax levy increase.

New Assets

A number of municipalities have established a policy whereby as new assets are acquired, a contribution to the Capital Reserve and Reserve Funds will be made based on the annual amortization and lifecycle costing. The advantage of this approach is that new assets will not cause the infrastructure gap to grow; however, it does not address the existing infrastructure funding gap. This is the practice in the City of Burlington and the City of Mississauga.

Effective Use of Debt

Debt in Guelph is well below the City's guideline of repayment of 10% of own source revenues and the provincial maximum of 25% of own source revenues. Recognizing that capacity exists to use long-term debt as an interim financial measure, the 2016 capital budget proposes that 5% be funded from debt. In their recent report BMA recommended against the use of debt funding for lifecycle issues, thereby highlighting the importance of the future findings coming out of the Asset Management Plan and Long-Term Financial Plan.

Portfolio Approaches to Reserves

Under this option, reserves are pooled together to mitigate the risk and financial volatility that can be experienced by individual reserves. Acknowledging that Guelph has far too many reserves without clear criteria, a consolidation of reserves project was well underway at the time of the BMA review. The outcome of this review will be a better matching of reserve fund balances to the specific needs of the City and will provide additional flexibility to address priority projects.

Dividend Income

The Town of Milton receives an annual dividend of \$0.75 million for its shares in Milton Hydro. From 2009 the Town received an additional \$0.75 million in annual dividends which Council approved for the renewal and rehabilitation of existing infrastructure. The incremental dividend in the 2015 budget has been estimated at \$0.25 million and has also been allocated to projects for the renewal and rehabilitation of assets.

In 2013 the County of Norfolk finalized the sale of their hydro utility to Hydro One. The net proceeds of that sale of approximately \$68 million were the basis for the Norfolk Hydro Legacy Fund. The fund is designed to generate an annual indexed contribution to capital projects, while ensuring the preservation of the initial investment.

STAFF REPORT



In 2016, as has been the case for a number of years the City of Guelph anticipates an annual dividend of \$1.5 million from Guelph Municipal Holdings Inc. as a result of their ownership and ongoing operation of Guelph Hydro. Currently, that annual dividend is allocated in full to the operating budget.

Special Levies

Several municipalities have established Special Infrastructure Levies. This option provides for a dedicated source of infrastructure funding. This also creates discipline in the budget process, ensuring that contributions are made to capital replacement. These levies typically compound annually resulting in a significant opportunity to reduce the gap.

The City of Mississauga established a special Capital and Debt Levy of 2% of the prior year's levy to assist in addressing the city's infrastructure needs. On average 1% of the levy increase will be allocated to the city's tax capital reserve with the other 1% being used to pay for debt servicing costs related to capital replacement projects.

The City of Thunder Bay Council approved the Enhanced Infrastructure Renewal Program (EIRP). Beginning in 2012, the EIRP was integrated into the budget process to address ongoing capital needs through incremental and dedicated property tax increases. By 2014, the gap between the amount of funding required to implement the City's asset management plan and annual capital spending is expected to have been reduced by approximately 60%.

The City of Burlington had a dedicated infrastructure renewal levy of 0.5% which was increased to 0.75% in 2015. Over a period of approximately 10 years, this generated \$43 million for infrastructure renewal.

At varying levels, this is the practice in the City of Vaughan, the City of Barrie, the City of Hamilton, the Town of Oakville and the Town of Halton Hills.

Annual Capital Levy

Inasmuch as the City is well into the budget process it is anticipated that additional capital levy requirements for 2016 are considered independent of the direction that may be adopted in the proposed Capital Funding Policy for 2017 and the future. That said, while the amount of the infrastructure gap facing the City is currently an unrefined estimate, the existence of that gap is a certainty.

Accordingly, an initial contribution to the "Infrastructure Renewal Reserve" is contemplated. Further delay will only exacerbate the magnitude of the infrastructure gap. Initiating a capital contribution for infrastructure renewal would provide a more seamless adoption of future measures considered with respect to ongoing capital funding.

STAFF REPORT



Further, staff will develop a policy in advance of the 2017 budget cycle that builds on the 20% Tax Supported Capital Guideline, as approved in July of 2008. The **Capital Funding Policy** can be developed with support of the newly implemented Asset Management Office and will complement the work being done with respect to reserves and reserve funds, as noted previously.

A long-term Asset Management Plan (AMP) is a crucial component of the Long-Term Financial Plan (LTFP). The City's investment in tangible capital assets is significant. This underscores the need for long-term financial planning to accommodate the eventual replacement of these assets.

A LTFP provides financial projections and recommendations in support of the strategic issues identified by Council. It assists with future financial decision making. The preparation of a financial plan involves the identification of future opportunities and challenges and the creation of strategies to meet evolving needs. Long-term financial planning is a thorough, detailed process that requires research, financial analysis and forecasting.

The AMP and LTFP will provide the City with the information required to respond to capital infrastructure replacement needs and will ensure prudent capital asset management. The AMP and LTFP must be revised annually to reflect new or retired assets and to reflect changes in estimated replacement costs.

An annual capital levy is comprised of two parts:

1) Unrestricted Use

- Annual transfer from operating to capital tax reserve(s), independent of specific project timing
- Can be used to fund City Building, Growth or Infrastructure Renewal and /or associated debt obligations

2) Dedicated to Infrastructure Renewal

- Annual transfer from operating to an "Infrastructure Renewal Reserve", independent of specific project timing

Going forward, to ensure that a sustainable level of funding is dedicated to infrastructure renewal, guidelines should be established regarding the annual transfer from operating to capital, both in terms of total % of the net tax levy and the portion of the transfer dedicated to infrastructure renewal. Based on current estimates of funding required to replace existing infrastructure a minimum of 25%

STAFF REPORT

of the net tax levy would need to be directed to capital; and of that transfer a minimum of 75% - 85% should be dedicated to infrastructure renewal.

The implementation of a capital levy for 2016 would result in the following funding:

- .5% = \$1.049 million
- 1.0% = \$2.099 million
- 1.5% = \$3.148 million
- 2.0% = \$4.198 million

Funding Models

Staff has provided preliminary calculations with respect to the addition of the dedicated Infrastructure Levy if it were to commence in 2016 as outlined below.

The calculations used in these models make the following assumptions:

- The current tax funded contribution to the unrestricted use tax capital reserves will be maintained at the current 15.24% of the levy over the term of the escalating contribution to the dedicated infrastructure reserve.
- The Dedicated Infrastructure Levy would commence in 2016
- Annual Base Levy Increase (Assessment & Annual) is 5.00%
- Amount of Dedicated Levy is variable between 0.5% and 2.0% as above
- The number of years that dedicated levy would be in place varies from 5 to 10 years

Total Amount of Funding Contributed towards Infrastructure Renewal (while the dedicated Infrastructure Levy is being collected during 5 or 10 years):

		Total During Period (\$)		
		Years		
		1	5	10
Levy Rate	0.50%	1,049,486	16,941,293	68,277,716
	1.00%	2,098,972	34,102,934	138,529,677
	1.50%	3,148,458	51,487,359	210,813,998
	2.00%	4,197,945	69,097,026	285,190,404

Conclusion

Staff will continue to explore the various options available to provide dedicated funding for infrastructure. At this time, if asked, senior management would recommend the implementation of a 2.0% infrastructure levy over a ten year period initialized in the 2016 budget.

STAFF REPORT

CORPORATE STRATEGIC PLAN

Innovation in Local Government

Deliver public services better

City Building

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

DEPARTMENTAL CONSULTATION

Executive Team.

Engineering and Capital Infrastructure

FINANCIAL IMPLICATIONS

There are no financial implications to this report. However, the report could impact how staff approaches budget and policy development.

COMMUNICATIONS

N/A

ATTACHMENTS

N/A

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Recommended By

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2016 recommended Budget

Budget process recap

Budget	Staff Presentation	Public Delegations	Council Approval
Non-tax supported - Court Services - Ontario Building Code - Water - Wastewater	Complete	Complete	Complete
Local Boards & Shared Services	Complete	Complete	December 9
Tax-supported			
Capital	Complete	Complete	December 9
Operating	Complete	Complete	December 9
Expansions	Complete	Complete	December 9
Reductions	Complete	Complete	December 9



Recommendations

As proposed by City administration

Recommendations – Capital

- THAT the 2016 Tax Supported Capital Budget in the gross amount of \$**60,684,349** be approved;
- THAT the 2017–2025 Tax Supported Capital Forecast in the gross amount of \$**609,463,500** be approved;

Recommendation – Operating

- THAT the 2016 Tax Supported Operating Budget with a net levy and payment in lieu of taxes requirement of **\$213,203,925** or **1.45%** above the 2015 tax levy and payment in lieu of taxes be approved;
- THAT the recommended list of expansions (A list) with a total additional levy requirement of **\$2,629,600** or **1.25%** above the 2015 tax levy and payment in lieu of taxes be approved;

Recommendation – Operating

- THAT the proposed increases to user fees as amended (Tab 28) and as incorporated in the 2016 budget be approved;
- THAT the 2016 Downtown Guelph Business Association budget with gross expenditures of \$**542,675** be approved;

Recommendation – Operating

- THAT the proposed transfers to/from reserves and reserve funds as outlined in Appendix 1 and as incorporated in the 2016 budget be approved, and
- That Non-Union compensation adjustments in the amount of \$**416,500** be approved for 2016 to maintain Non-Union salaries at the **50.8th** percentile of the City's comparator group.

Recommended Operating Budget

- Total recommended 2016 base operating budget is \$213,203,925
 - Includes Local Boards and Shared Services
 - Includes reductions and revenue adjustments
 - Does not include expansions

	Total Change (yr/yr)	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		-1.36%
Overall Tax Impact		1.45%



Recommended Expansions

Recommended Expansions: CAO

Initiative	Cost	FTEs	Ref.
Strategic			
Open Government Action Plan	\$264,200	1	29-36/42
Corp Strategic Plan	\$0	0	29-32/35

Recommended Expansions: Public Services

Department	Initiative	Cost	FTEs	Ref.
Health and Safety				
Parks	Mechanic in training/ Repair Person*	\$84,100	1	29-28/29
Parks	Sports Field Operator*	\$83,900	1	29-30/31
Parks	Supervisor of Trails, Natural Areas & Stewardship	\$137,500	1	29-54/55

* Impact from Capital

Recommended Expansions: Public Services

Department	Initiative	Cost	FTEs	Ref.
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Health and Safety

Operations	Compliance Coordinator	\$94,200	1	29-56/57
Operations	Roads, and Right of Way Supervisors	\$489,500	3	29-58/59
Operations	Licensed Electrician, Signs and Signals	\$180,400	2	29-60/61
Operations	Street Sweeping	\$137,500	0	29-62/63

Recommended Expansions: Public Services

Department	Initiative	Cost	FTEs	Ref.
	Service Level			
Parks	Trails Technician*	\$216,400	2	29-26/27

* Impact from Capital

Recommended Expansions: Infrastructure, Development and Enterprise Services

Initiative	Cost	FTEs	Ref.
Service Level			
Manager, Corporate Asset Management	\$157,400	1	29-48/50
Analyst, Corporate Asset Management	\$120,100	1	29-51/53

Recommended Expansions: Corporate Services

Department	Initiative	Cost	FTEs	Ref.
Strategic				
Clerks Services	Information and Access Coordinator	\$86,800	1	29-45/47
Information Technology	GIS Program Manager	\$127,600	1	29-43/44
Finance	Service Rationalization	\$450,000	0	29-64/66



Special expansion request

Special expansions request

Department	Initiative	Cost	Ref.
Culture, Tourism & Community Investments	Special Olympics	\$35,000 (In-kind)	n/a



Expansions for consideration

Expansions for consideration: CAO

Department	Initiative	Cost	FTEs	Ref.
Internal Audit	Internal Auditor	\$137,800	1	29-67/68

Strategic

Expansions for consideration: Public Services

Department	Initiative	Cost	FTEs	Ref.
Health and Safety				
Operations	Sidewalk Maintenance	\$434,500	3	29-99/100
Operations	Winter Control Operator - Seasonal Positions	\$175,000	3.36	29-101/102
EMS	Paramedic	\$86,800	1	29-95/96

Expansions for consideration: Public Services

Department	Initiative	Cost	FTEs	Ref.
Strategic Guelph Transit	Gas Tax Realignment	\$500,000	0	29-80/81

Expansions for consideration: Public Services

Department	Initiative	Cost	FTEs	Ref.
Service Level				
Parks	Park Planner	\$56,050	1	29-89/90
Parks	Arborist	\$107,400	1	29-91/92
Parks	Inspector Arborist	\$130,700	1	29-93/94
Parks	Horticultural Crew (seasonal)	\$69,600	0	29-105/106
Parks	Parks Infrastructure Maintenance	\$35,800	0	29-107/108
Parks	Turf Maintenance	\$69,800	0	29-109/110
Parks	Trails Maintenance	\$35,800	0	29-111/112

Expansions for consideration: Public Services

Department	Initiative	Cost	FTEs	Ref.
Service Level				
EMS	Community Paramedicine program	\$180,900	0	29-78/79
Operations	Winter Control	\$350,000	0	29-103/104
Operations	OP Technology Support Coordinator	\$84,000	1	29-82/83
Guelph Transit	Canada Day Operation	\$11,100	0	29-97/98

Expansions for consideration: Infrastructure, Development and Enterprise Services

Department	Initiative	Cost	FTEs	Ref.
Service Level				
Facilities Management	City Hall Maintenance	\$50,000		29-87/88
Non-OBC Administration	Zoning Inspector 1	\$125,000	1	29-84/86

Expansions for consideration: Corporate Services

Department	Initiative	Cost	FTEs	Ref.
Strategic				
Information Technology	Asset Management and Mobility Specialist	\$79,300	1	29-113/114
Information Technology	GIS Program	\$483,500	0	29-69/70
City Clerk's Office	Council Composition & Employment Status Review/Ward Boundary Review	\$190,000	0	29-71/73
General & Capital Financing	Contingency Reserve	\$500,000	0	29-74/75
General & Capital Financing	Stabilization Reserve	\$500,000	0	29-76/77



Expansions not recommended

Expansions not recommended: CAO

Department	Initiative	Cost	FTEs	Ref.
Service Level				
CAO/Mayor	Office Admin Assistant/Office System Coordinator	\$73,600	1	29-147/149
CAO	Ombudsman	\$12,000	0	29-150/151
City Solicitor	Legal Assistant	\$42,700	1	29-174/176

Expansions not recommended: Public Services

Department	Initiative	Cost	FTEs	Ref.
Health and Safety				
EMS	Paramedic Bicycle Patrol	\$18,200	0.1	29-138/139

Expansions not recommended: Public Services

Department	Initiative	Cost	FTEs	Ref.
Strategic Culture & Tourism	Culture Strategy	\$10,000	0	29-133/135
Parks & Recreation	Goose Mitigation Strategy	\$50,000	0	29-136/137

Expansions not recommended: Public Services

Department	Initiative	Cost	FTEs	Ref.
Service Level				
Operations	Technical Program Coordinator	\$111,200	1	29-140/141
Operations	Downtown Maintenance	\$235,100	2	29-154/155
Operations	Winter Control Cycling Lane Maintenance	\$670,800	1	29-156/157
Operations	Bylaw Clerk	\$125,100	2	29-158/159
Operations	Security Coordinator	\$78,700	1	29-160/161
Operations	Supervisor, Property Standard & Licensing	\$117,200	1	29-162/163

Expansions not recommended: Public Services

Department	Initiative	Cost	FTEs	Ref.
Service Level				
Operations	Licensed Technician	\$90,400	1	29-164/165
Operations	Licensed Technician	\$96,400	1	29-166/167
Operations	Fuel Truck Purchase	\$229,500	0	29-168/169
Guelph Transit	Fleet Supervisor	\$114,300	1	29-152/153
Parks	Customer Clerk II	\$60,800	1	29-177/178

Expansions not recommended: Public Services

Department	Initiative	Cost	FTEs	Ref.
General				
Operations	Graffiti Control	\$50,000	0	29-142/143

Expansions not recommended: Infrastructure, Development and Enterprise Services

Department	Initiative	Cost	FTEs	Ref.
Strategic				
Economic Development	BRE Partnership Contribution	\$50,000	0	29-118/120
Economic Development	Downtown Development Business Plan	\$100,000	0	29-123/124
Downtown Renewal	DRO Façade Feasibility and Minor Activation Grant Programs	\$130,000	0	29-121/122
Downtown Renewal	St. George's Square Activation Plan	\$30,000	0	29-125/126

Expansions not recommended: Infrastructure, Development and Enterprise Services

Department	Initiative	Cost	FTEs	Ref.
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Service Level

Environmental Services	Waste Reduction Coordinator	\$0	1	29-130/132
Environmental Services	Front End Collection Service	\$790,500	2	29-144/146
Economic Development	Business Development Analyst (3 year contract)	\$104,700	1	29-172/173

Expansions not recommended: Infrastructure, Development and Enterprise Services

Department	Initiative	Cost	FTEs	Ref.
General				
Planning	Affordable Housing Reserve	\$200,000	0	29-127/129

Expansions not recommended: Corporate Services

Department	Initiative	Cost	FTEs	Ref.
Strategic Human Resources	Leadership Development Program	\$105,000	0	29-115/117

Expansions not recommended: Corporate Services

Department	Initiative	Cost	FTEs	Ref.
Service Level Information Technology	Manager, IT Operations	\$150,200	1	29-170/171



Reductions



Purchased Goods and Services: Mayor

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Books	\$200	0.00%	little impact	material can be viewed online
Stationary	\$200	0.00%	little impact	little impact
Condolences	\$400	0.00%	unknown	unknown
Fares	\$1,000	0.00%	reduced conference attendance	reduce conference attendance

Note: Tab 30-1

Purchased Goods and Services: Mayor

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Meals	\$500	0.00%	reduced conference attendance	reduce conference attendance
Mileage	\$200	0.00%	Reduced mileage allowance	Reduce mileage allowance
Conference Registration	\$4,000	0.00%	reduced conference attendance	reduce conference attendance
Promotions	\$6,100	0.00%	reduced events, advertising, etc.	reduce events, advertising

Total \$12,600 0.01%

Note: Tab 30-1

Purchased Goods and Services: CAO – Internal Audit

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Training	\$3,500	0.00%	Minimal impact	Increase webinars & training on own time
Reference Material	\$800	0.00%	No impact	n/a
Printing	\$450	0.00%	No impact	n/a
Purchase Services	\$150	0.00%	No impact	Leverage tools & resources within City

Note: Tab 30-1

Purchased Goods and Services: CAO – Internal Audit

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Consulting	\$5,000	0.00%	Reduced external consulting services	Train and leverage internal resources
Corporate Memberships	\$150	0.00%	Reduced association memberships	Prioritize memberships; maintain key ones

Total \$10,050 0.00%

Note: Tab 30-1

Purchased Goods and Services: CAO – Intergovernmental Relations, Policy and Open Government

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Support for Elected Officials attending Municipal Conferences	\$1,800	0.00%	Reduced support for elected officials and senior leaders at conferences; diminished municipal profile	Attend fewer conferences with reduced support
Training and development	\$4,650	0.00%	Reduced growth opportunities for staff and organization	Reduce/delay training and development

Purchased Goods and Services: CAO – Intergovernmental Relations, Policy and Open Government

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Professional facilitation training	\$16,500	0.01%	Missed opportunity to develop organizational capacity for facilitation/engagement	Reduce/delay training and development
Total	\$22,950	0.01%		

Note: Tab 30-1

Purchased Goods and Services: CAO – City Solicitor

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Training	\$2,300	0.00%	None	n/a
Training	\$200	0.00%	None	n/a
Training	\$400	0.00%	None	n/a
Communication	\$100	0.00%	None	n/a
Total	\$3,000	0.00%		

Note: Tab 30-1

Purchased Goods and Services: CAO – Administration

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Contingency funds	\$9,000	0.00%	Reduced to respond to/ mitigate corporate risk & leverage opportunities	Depending on severity of issue, special request to Council
Catering	\$3,000	0.00%	Reduced ability to provide catering	Reduce catering services
Consulting	\$6,000	0.00%	Reduced to respond to/ mitigate corporate risk & leverage opportunities	Depending on severity of issue, special request to Council
Total	\$18,000	0.01%		Note: Tab 30-1

Purchased Goods and Services: Public Services – Operations

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Vehicle repair	\$350,000	0.17%	Increased chance that major bus components will fail taking the bus out of service	risk of negative variance
Fuel Price	\$332,500	0.16%		Risk of negative variance
Leaf Pick Up	\$185,200	0.09%	Potential for negative variance	Residents bag leaves for pick up during regularly scheduled waste collection program or bring leaves to transfer site; will require by-law change
Total	\$867,700	0.41%		Note: Tab 30-4

Purchased Goods and Services: Public Services – Parks and Recreation

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Eliminate consulting	\$25,000	0.01%		None
Total	\$25,000	0.01%		

Note: Tab 30-4

Purchased Goods and Services: IDES – Environmental Services

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Promotion & Education	\$50,000	0.02%	reduce diversion rates; may delay completion of items in Solid Waste Master Plan	none
Total	\$50,000	0.02%		

Note: Tab 30-2

Purchased Goods and Services: IDE – Planning, Urban Design and Building Services

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Integrated Operational Review	\$70,000	0.03%	Minimal	Monitor budget to ensure funds are being allocated appropriately; carry forward unspent but committed budget from previous years
Miscellaneous small budget lines	\$5,200	0.00%	Minimal	Monitor budgets and control spending; slight risk of negative variance

Total \$75,200 0.04%

Note: Tab 30-2 50

Purchased Goods and Services: Corporate Services – Corporate Communications & Customer Service

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Guelph Community Guide promotion	\$1,000	0.00%	May reduce registration numbers	Less paid advertising, more low-cost promotion
Corporate advertising	\$9,500	0.00%	Reduced non-funded advertising - departments would fund their own advertising or pursue other means of promotion	leverage more cost-effective promotion

Note: Tab 30-2

Purchased Goods and Services: Corporate Services – Corporate Communications & Customer Service

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Construction communications	\$7,500	0.00%	Won't proactively communicate about construction impacts	Stop communicating about something else instead
Total	\$18,000	0.01%		

Note: Tab 30-2

Purchased Goods and Services: Corporate Services – City Clerk’s

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Committee of Adjustment Catering	\$1,500	0.00%	No food or beverages for meetings	Schedule meetings to not occur during meal times
Office Supplies Reduction	\$200	0.00%	Limited ability to provide supplies for staff	Considering sharing of office supplies budget with other CS departments
Office Furniture Reductions	\$300	0.00%	Broken down equipment will not be replaced	Run negative variance Note: Tab 30-2

Purchased Goods and Services: Corporate Services – City Clerk’s

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Professional Membership Reductions	\$800	0.00%	Limits ability to remain current in their respective field; May increase training costs	Partial reduction - other staff will maintain sector awareness; share knowledge
Advertising Reduction	\$1,000	0.00%	None	Use City website more efficiently; Potential negative variance

Note: Tab 30-2

Purchased Goods and Services: Corporate Services – City Clerk’s

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Stop Couriering Council Packages	\$2,700	0.00%	Packages will be left in mailboxes at City Hall	Electronic copies and hard copies will be available
Paper/Print Chargebacks	\$3,200	0.00%		Potential negative variance
Reduction in Election Reserve Contributions	\$11,000	0.01%	ranked balloting will not occur	potential negative variance
Print Shop Supplies Reduction	\$3,800	0.00%	Reduce colour copies	N/A
Total	\$24,500	0.01%		Note: Tab 30-2 & -3

Purchased Goods and Services: Corporate Services – HR

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Reference Materials	\$1,000	0.00%	None	N/A
Magazines	\$1,000	0.00%	None	Read free online information
Advertising	\$500	0.00%	limited funds for advertising HR positions	If required, reallocate other budget lines
Professional Consulting	\$7,900	0.00%	Impacts capacity and workload	slow down the HR tech strategy

Note: Tab 30-3

Purchased Goods and Services: Corporate Services – HR

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Recognition	\$18,000	0.01%	Staff will pay full cost for corporate festive formal; no funding to expand recognition program	N/A
Temp Salaries	\$6,798	0.00%	Impacts capacity and workload	address through HR Service Delivery review in final year;
Vehicle Allowance	\$11,360	0.01%	Phase out allowance	remaining will be reallocated to mileage budget

Note: Tab 30-3

Purchased Goods and Services: Corporate Services – HR

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Promotion/ WKPL	\$3,300	0.00%	Limited funding for implementation	Maintain program; no expansion
Training Supplies	\$500	0.00%	None	Aligned to historical spending
Total	\$50,358	0.02%		

Note: Tab 30-3

Purchased Goods and Services: Corporate Services – IT

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Purchased Goods Reductions	\$2,500	0.00%	Minimal	Monthly monitoring to ensure costs meet new projections
Temp Salaries	\$20,000	0.01%	Redistributed functions to efficiently manage resources	temp salaries fund four months, full time co-op student for service desk support
Other Purchased Services - GIS Layer	\$50,000	0.02%	None	N/A

Note: Tab 30-3

Purchased Goods and Services: Corporate Services – IT

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Minor Capital	\$5,200	0.00%	None	N/A
IT Equipment Break/Fix	\$4,000	0.00%	No budget to repair broken equipment	Attempt to replace broken equipment those in reserves or transfer repair costs departments

Note: Tab 30-3

Purchased Goods and Services: Corporate Services – IT

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Training	\$14,792	0.01%	Reduced training opportunities for staff	Leverage department wide training opportunities, vendor credits and partnerships with other municipalities
Total	\$96,492	0.05%		

Note: Tab 30-3

Purchased Goods and Services: Corporate Services – Finance

Item	Expense Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Overtime reduction	\$3,660	0.00%	reduced public engagement	Use flex time rather than paying overtime
Reduction in consulting costs	\$15,000	0.01%	None	None
Total	18,660	0.01%		

Note: Tab 30-3 & -4

Revenue Adjustments

Revenue Adjustments: Public Services – Culture and Tourism

Item	Revenue Adjustment	Tax Impact	Impact on Service	Mitigating Strategy
Farmers' Market	\$9,000	0.00%	Possible loss in current vendors	Current vendor waiting list should mitigate risk of current vendor loss
	\$9,000	0.00%		

Note: Tab 30-5

Revenue Adjustments: Public Services – Guelph Transit

Item	Revenue Adjustment	Tax Impact	Impact on Service	Mitigating Strategy
Fare Increase	\$318,700	0.15%	Ridership will decrease due to fare elasticity	none
Total	\$318,700	0.15%		

Note: Tab 30-5

Guelph Transit: proposed matrix and fees

Matrix	Fare Type	Cash	10-Pack Tickets	Single Ticket	Day Pass	Monthly Pass	Affordable Pass	
	Adult	0.05	0.35	0.035	0.10	1.00	0.50	
	Youth	0.05	0.35	0.028	0.10	0.85	0.50	
	Seniors	0.05	0.35	0.028	0.10	0.85	0.50	
	Charter	Rate per hour (2 hour minimum)						1.60

Fees	Fare Type	Cash	10-Pack Tickets	Single Ticket	Day Pass	Monthly Pass	Affordable Pass	
	Adult	\$ 4.00	\$ 28.00	\$ 2.80	\$ 8.00	\$ 80.00	\$ 40.00	
	Youth	\$ 4.00	\$ 22.48	\$ 2.25	\$ 8.00	\$ 68.00	\$ 34.00	
	Seniors	\$ 4.00	\$ 22.48	\$ 2.25	\$ 8.00	\$ 68.00	\$ 34.00	
	Charter	Rate per hour (2 hour minimum)						\$ 125.00

Revenue Adjustments: IDE – Engineering and Capital Infrastructure

Item	Revenue Adjustment	Tax Impact	Impact on Service	Mitigating Strategy
Parking and Permit Revenue	\$50,000	0.02%	None	None
Utility Permit Fees	\$60,000	0.03%	Improved oversight of utility coordination	None
Total	\$110,000	0.05%		

Note: Tab 30-5

Revenue Adjustments: IDE – Environmental Services

Item	Revenue Adjustment	Tax Impact	Impact on Service	Mitigating Strategy
Site monitoring & organic waste operation (sale of carbon credits)	\$400,000	0.19%	none	none
Total	\$400,000	0.19%		

Note: Tab 30-5

Revenue Adjustments: Corporate Services – Clerk’s Office

Item	Revenue Adjustment	Tax Impact	Impact on Service	Mitigating Strategy
Marriage Licence Revenues (fee increase)	\$1,000	0.00%	None	N/A
Burial Permit Revenues (fee increase)	\$6,000	0.00%	None	N/A
Marriage Ceremony Revenues (fee increase)	\$9,000	0.00%	None	N/A
Commissioner Fee Revenues (fee increase)	\$2,000	0.00%	Cancellation initiative; potential negative publicity and backlash	Continue current practice

Total \$18,000 0.01%

Note: Tab 30-5

Revenue Adjustments: Corporate Services – Finance

Item	Revenue Adjustment	Tax Impact	Impact on Service	Mitigating Strategy
Fee Recovery	\$2,500	0.00%	Potential negative publicity for City	None
Charge management fee to investments	\$75,000	0.04%	None	None
Total	\$77,500	0.04%		

Note: Tab 30-5

Service Level Reductions

Service Level Impacts: Public Services – Guelph Transit

Item	Expense Reduction	Revenue Adjust.	Total Reduction	Tax Impact	Impact on Service	Mitigating Strategy
Sunday Service	\$332,150	\$14,360	\$317,790	0.15%	Reduced service	none
Stat Service	\$118,860	\$13,850	\$105,010	0.05%	Reduced service	none
Summer Service	\$778,600	\$0	\$778,600	0.37%	Reduced peak hour service	none
Total	\$1,229,610	\$28,210	\$1,201,400	0.57%		

Note: Tab 30-7

Council Resolutions

2016 Budget

Recommendations – Capital

- THAT the 2016 Tax Supported Capital Budget in the gross amount of \$**60,684,349** be approved;
- THAT the 2017–2025 Tax Supported Capital Forecast in the gross amount of \$**609,463,500** be approved;

Recommendation – Operating

- THAT the 2016 Tax Supported Operating Budget with a net levy and payment in lieu of taxes requirement of **\$213,203,925** or **1.45%** above the 2015 tax levy and payment in lieu of taxes be approved;
- THAT the recommended list of expansions (A list) with a total additional levy requirement of **\$2,629,600** or **1.25%** above the 2015 tax levy and payment in lieu of taxes be approved;

Recommendation – Operating

- THAT the proposed increases to user fees as amended (Tab 28) and as incorporated in the 2016 budget be approved;
- THAT the 2016 Downtown Guelph Business Association budget with gross expenditures of \$**542,675** be approved;

Recommendation – Operating

- THAT the proposed transfers to/from reserves and reserve funds as outlined in Appendix 1 and as incorporated in the 2016 budget be approved, and
- That Non-Union compensation adjustments in the amount of \$**416,500** be approved for 2016 to maintain Non-Union salaries at the **50.8th** percentile of the City's comparator group.

STAFF REPORT



TO City Council

SERVICE AREA Corporate Services, Finance

DATE December 9, 2015

SUBJECT 2016 Tax Supported Operating & Capital Budgets

REPORT NUMBER CS-2015-90

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To present for Council's deliberation and approval the 2016 Tax Supported Operating and Capital budgets.

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%	1.02%
Prior Year Assessment growth		-1.24%
Overall Tax Impact		1.58%

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 2016 Tax Supported Operating Budget which includes a series of reductions as outlined in Tab 30, would increase the tax levy and payment in lieu of taxes requirement by \$3,306,699 or 1.58% to \$213,203,925. Included in this figure is \$192,800 or 0.10% in service enhancements for Guelph

STAFF REPORT



Police Services. Capital requirements would include \$60,684,349 for approval in 2016 and \$609,463,500 for receipt related to the 2017 – 2025 Capital Plan.

ACTION REQUIRED

Council approve the 2016 Tax Supported Operating and Capital budgets, including budgets for local boards, shared services and the Downtown Guelph Business Association.

RECOMMENDATION

1. THAT the 2016 Tax Supported Capital Budget in the gross amount of \$60,684,349 be approved;
2. THAT the 2017 – 2025 Tax Supported Capital Forecast in the gross amount of \$609,463,500 be received for information;
3. THAT the 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 approved;
4. THAT the recommended list of expansions (A list) with a total additional levy requirement of \$2,629,600 or 1.25% above the 2015 tax levy and payment in lieu of taxes be approved;
5. THAT the proposed increases to user fees as amended (Tab 28) and as incorporated in the 2016 budget be approved;
6. THAT the 2016 Downtown Guelph Business Association budget with gross expenditures of \$542,675 be approved;
7. THAT the proposed transfers to/from reserves and reserve funds as outlined in Appendix 1 and as incorporated in the 2016 budget be approved, and
8. That Non-Union compensation adjustments in the amount of \$416,500 be approved for 2016 to maintain Non-Union salaries at the 50.8th percentile of the City's comparator group.

STAFF REPORT



BACKGROUND

The 2016 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;
- 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

Staff presented the 2016 Tax Supported Operating Budget, including expansions and reductions, the Capital Budget, and Local Boards and Shared Services Budgets on separate nights 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. 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. For the 2016 budget year, the message board is viewable by the public increasing the accessibility to and transparency of information.

The December 9, 2015 Council meeting marks the final stage of the 2016 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 2016 Tax Supported Operating and Capital budgets is sought.

REPORT

2016 Tax Supported Operating Budget

On November 10, 2015 City staff presented the 2016 Tax Supported Operating budget. At this time, staff brought forward a budget reflecting a net tax levy increase equal to 1.58% for Council's consideration.

Base Budget

The 2016 base budget reflects a 1.48% or \$3,113,899 increase over 2015 Budget to continue to provide existing services. This reflects the additions and reductions to revenues and expenditures that were made during budget development.

STAFF REPORT



Service Investments

The 2016 tax supported operating budget presented on November 10, 2015 reflected Guelph Police Service investments amounting to a \$192,800 or 0.10% impact on the net tax levy. If approved, these investments would result in an additional 1.50 FTEs.

Expansions

The 2016 tax supported operating budget expansions were presented on November 18, 2015, found in Tab 29 of the Council binder. Three sets of expansions were presented:

- Recommended expansions comprised of strategic investments, impact from capital, service investments and efficiency ("A" list)
- Expansions for consideration including items that are necessary to maintain service delivery and address the challenges of a growing city
- Expansions that are *not recommended* as they were deemed unaffordable at this time

If all recommended expansions are approved, the tax levy will increase by an additional levy requirement of \$2,629,600 or 1.25% above the 2015 tax levy and payment in lieu of taxes. If approved, these investments would result in an additional 16 FTEs.

Reductions

The 2016 tax supported operating budget expenditure reductions and revenue adjustments were presented on November 19, 2015, found on Tab 30 of the Council binder. By critically analyzing past trends and projected future needs, expenditure reductions and revenue adjustments have been included in the recommended 1.58% tax levy increase.

If the recommended reductions and revenue adjustments are not approved as presented, the tax levy would increase by an additional 1.96%.

2016 Tax Supported Capital Budget & 2017 – 2025 Capital Forecast

Prior to presenting the 2016 Tax Supported Operating budget, the City's 10-year capital budget was provided to Council and the Public. Similar to the operating budget, the capital budget focuses on affordability and commits to maintaining the City's existing infrastructure, systems and programs ensuring the community's health and safety, while meeting legislative requirements.

In developing the 10-year Capital Budget and Forecast, the city prioritized investments based on three considerations:

- taking care of existing assets
- ensuring the health and safety of the community
- capacity to execute complex projects

STAFF REPORT



The result of staff's work was the development of a 10 year Capital forecast. The recommended 2016 Capital Budget is funded through a tax supported operating contribution of 15% of last year's net tax levy (within the Council approved guideline of 20%) and 5% from debt financing.

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

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 and Tax Supported Capital Budget and Forecast as highlighted in this report.

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 2016 Tax Supported Operating Budget would increase the tax levy by \$3,306,699 or 1.58% to \$213,203,925 including \$3,113,899 for base requirements or 1.48% and an additional \$192,800 for service investments or 0.10%. Capital requirements would include \$60,684,349 for approval in 2016 and \$609,463,500 for receipt related to the 2017 – 2025 forecasted Capital Plan.

COMMUNICATIONS

Public meeting notification was placed on the City's web page. Draft versions of the City budgets are also available at all City Library branches and are posted on the City's website.

ATTACHMENTS

Appendix 1: Transfers to/from Reserves

Appendix 2: Questions and Answers (to follow under a separate cover)

STAFF REPORT

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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 retire 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	