

Request for Recommendation Finance Committee



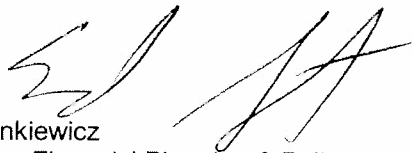
Type of Decision								
Meeting Date	April 6, 2011				Report Date	March 31, 2011		
Decision Requested	X	Yes		No	Priority	X	High	Low
	Direction Only				Type of Meeting	X	Open	Closed

Report Title
2011 Operating Budget Finalization of the Budget

Budget Impact/Policy Implication		Recommendation
X	This report has been reviewed by the Finance Division and the funding source has been identified.	<p>THAT the 2011 Budget be approved in the gross amount of \$_____ and in the net amount of \$_____ which represents a _____% municipal tax increase;</p> <p>AND THAT \$_____ be drawn from the Tax Rate Stabilization Reserve;</p> <p>AND THAT City Council accept the following Boards' budgets:</p> <p>The City 's share of the Nickel District Conservation Authority's operating budget in the amount of \$584,156;</p> <p>The City's share of the Sudbury and District Health Unit's operating budget in the amount of \$5,490,448;</p> <p>The Greater Sudbury Police Service's operating budget in the amount of \$46,647,248.</p>
X	Background Attached	Recommendation Continued

Recommended by the Department
 Lorella Hayes Chief Financial Officer / Treasurer

Recommended by the C.A.O.
 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Ed Stankiewicz Manager Financial Planning & Policy	

BACKGROUND:

At the March 29, 2011 meeting, Finance Committee reviewed the results of the ranking of options. Four scenarios were proposed to the Committee and they were:

- 1) Fund all options on the levy at a 6.2% tax increase,
- 2) Fund the options that received 80% of the vote with funding of one-time options from various revenue sources resulting in a 4.2% increase,
- 3) Fund options that received 70% of the vote while providing for one-time funding of options resulting in a 4.6% tax increase, and
- 4) Fund all ranked options while again funding one-time expenditures resulting in a 4.9% tax increase.

The one-time expenditures were to be funded by either the \$190,000 increase in the Healthy Community Initiative funds, reallocation of \$300,000 in capital previously earmarked for fleet or by the Tax Rate Stabilization Reserve.

During the Committee's review, a number of proposals were put forward by members of the Committee. In addition, the Committee stated that additional reductions were to be provided.

Adjustment to the Base Budget

The Committee moved the option related to the operating costs of the newly created outdoor rink worth \$10,000 in 2011 (\$36,797 additional in 2012) to the base budget. Also, the Committee approved the funding of the Transit Accessibility Media Campaign from Provincial Gas Tax to the base budget. Refer to the attached spreadsheet, which reflects this change in the base budget.

Staff Proposals to Reduce Tax Increase

In an attempt to further reduce the impact of tax increases, staff have identified a number of proposals to achieve a 3.9% tax increase.

An adjustment to the internal WSIB rate for Police Services employees would reduce the budget by \$54,000. A proposal to fund a portion of professional development expenses from the Organizational Development Reserve Fund would reduce the levy by \$60,000. It is also proposed that the increase of \$190,000 to the Healthy Communities Initiatives Fund be postponed until 2012, while the projects previously identified to be funded from this source will now be funded from the Tax Rate Stabilization Reserve.

In reviewing the Transit Committee enhancements, staff identified additional expenditures being funded from the Provincial Gas Tax reducing the impact on the levy by \$96,000. In addition, some of the 2011 operational costs have been refined and moved to 2012. As well, the grant to the Samaritan Centre is proposed to be reduced to \$27,000 to approximate the annual taxes.

The 2011 OMPF grant was budgeted for in advance of the City receiving the 2009 reconciliation, assuming that the increased budget in social services programs costs would be funded by the OMPF. As a result of the 2009 reconciliation, City staff now understand the Province's process and any over expenditure in social program costs will not generate additional OMPF but rather the transition portion of the grant will be reduced. For this reason, the OMPF grant budgeted for in 2011 must be reduced by \$150,000 and to ensure no levy impact, a contribution from the Tax Rate Stabilization Reserve will be made to the Operating Budget in the same amount.

Scenarios

Staff reviewed the options once again with the intent of providing more one-time funding. As well, staff adjusted some funding for options based on direction from the Committee. The emergency shelters option was changed from a permanent enhancement (funded by the levy) to being funded from reserves. This is now being considered as one-time and proposed to be funded by the Tax Rate Stabilization Reserve.

Scenario 1 – Tax increase 3.9%. Fund enhancements that received a ranking of 87 and above.

Currently for the options ranked above 86, (with the movement of the emergency shelters option above this funding line) the increased net expenditure is approximately \$3.3 million with a corresponding tax increase of 3.9%.

Under this option, it is proposed that some of the one-time expenditures are funded from the reallocation of \$400,000 from capital (light fleet and sound system in Council Chambers) and the Tax Rate Stabilization Reserve.

The capital allocation of the \$400,000 is proposed to be used for the first seven Leisure capital projects on the list. For this scenario, the remainder of the one-time options would be funded from the Tax Rate Stabilization Reserve. In summary, if approved, this scenario, coupled with the previous adjustment, would add approximately \$46,000 to the levy with a tax increase of 3.9%. This scenario creates three permanent positions from a reallocation of temporary hours.

Scenario 2 – Tax increase 4.3%. Fund enhancements that received 70% of the vote (ranking of 84 and above)

This proposal only contains one additional enhancement option; that being a permanent increase to the Summer Roads work program of \$750,000. If approved, the combined scenarios would add \$800,000 to the levy for a tax increase of 4.3%. If this option were cut in half (\$375,000), the resulting tax increase would be 4.1%

Scenario 3 – Tax increase 4.5%. Fund enhancements that received 50% of the vote (ranking of 60 and above)

If this option were accepted, all enhancements would be implemented with the one-time expenditures being funded from the Tax Rate Stabilization Reserve in the amount of \$30,000. This would leave an additional \$275,000 on the levy over and above the previous scenarios resulting in a tax increase of 4.5%. Approval of this group of options includes a number of additional service level increases and would add three new permanent positions offset by reduced temporary hours. As well, there will be another 4,465 temporary hours added to the budget if this scenario is approved.

Impact of Scenarios

	Scenario 1	Scenario 2	Scenario 3
Net Expenditure Increase	3,320,334	4,070,334	4,550,317
2012 Levy Impact	(195,540)	(195,540)	(369,240)
Funding from Tax Rate Stabilization Reserve	(2,678,900)	(2,678,900)	(2,708,900)
Reallocation of capital funding	(400,000)	(400,000)	(400,000)
2011 Levy Impact	45,894	795,894	1,072,177
Municipal Tax Increase	3.9%	4.3%	4.5%
Area Rating			
Career / Urban	4.1	4.5	4.6
Composite / Commuter	3.8	4.2	4.3
Volunteer / Commuter	3.5	3.9	4.1
Volunteer	3.5	3.9	4.1

The above chart represents the three scenarios identified by staff and funding of these enhancements that Finance Committee ranked. The tax increases do not take into account the impact of adopting property tax policy. The Committee may choose other options or may choose to move the funding line to a different point total.

Impact to Residential Property Owners

The following chart will show the dollar impact on typical properties assessed at \$169,320 and \$200,000.

The \$169,320 household represents the third year of the phase-in of the 2008 reassessment on the average household that started with a 2008 CVA of \$120,000.

Tax Increase		3.9%	4.3%	4.5%
Career / Urban	\$169,320	\$ 95	\$104	\$107
	\$200,000	\$112	\$122	\$126
Composite / Commuter	\$169,320	\$ 82	\$ 90	\$ 94
	\$200,000	\$ 97	\$107	\$111
Volunteer / Commuter	\$169,320	\$ 73	\$ 82	\$ 85
	\$200,000	\$ 86	\$ 96	\$100
Volunteer	\$169,320	\$ 70	\$ 79	\$ 82
	\$200,000	\$ 83	\$ 93	\$ 97

2012 Budget

As soon as the budget is approved, staff will begin the 2012 budget process. The Toward Fiscal Sustainability Plan presented to Council outlined a number of initiatives staff are working on to identify savings for 2012 and future budgets. Staff will also continue reviewing Council's feedback for efficiencies such as fleet, memberships, utilization of municipal facilities (fields, parks, rinks, etc), Pioneer Manor, mySudbury, cellphones, to name a few.

In addition, staff will be recommending changes to the budget process such as:

- Budget option process
- Policy discussions in advance of budget
- Public input

SUMMARY

Attached is a chart reflecting the voting results, the funding line scenarios and the details of the funding sources.

The scenarios identified in this report are for the Committee's consideration. Once a funding line is established and funding sources are accepted, staff will provide the Committee with the tax rate impact.

Budget Enhancement Voting Results									
		2011 levy Increase	Cumulative	Net Levy	%Tax Incr.	2012 Tax Levy	Allocation of \$400,000 Capital	Tax Rate Stabilization Reserve	Total Funding
Vote	2011 Base Budget as tabled February 16, 2011 >>			205,915,258	3.9				
	Adjusted Base Budget as of March 29, 2011 (outdoor rinks, transit media campaign)	10,000		205,925,258	3.9	\$ 36,797			
	Adjustment to OMPF funding (reduction in grant funded by tax rate stabilization reserve)	0		205,925,258	3.9			\$ (150,543)	\$ (150,543)
	Police WSIB premium adjustment	-53,949	-53,949	205,871,309	3.9				
	Funding a portion of Professional Development from reserves	-60,000	-113,949	205,811,309	3.9				
119	Provide funding to develop Capreol Park as an intergenerational facility	0	-113,949	205,811,309	3.9		\$ (150,000)		\$ (150,000)
119	Creation of a Reception/Secretary position for Councillors	0	-113,949	205,811,309	3.9				
117	Provide funding to upgrade McCrea Heights playground	0	-113,949	205,811,309	3.9		\$ (50,000)		\$ (50,000)
116	Provide funding to develop a Senior's Park Rick MacDonald Complex	5,000	-108,949	205,816,309	3.9	\$ 5,000	\$ (40,000)		\$ (40,000)
113	Provide funding to the Eyre Playground Association to upgrade the existing playground	0	-108,949	205,816,309	3.9		\$ (50,000)		\$ (50,000)
113	Provide an increase in funding from \$34,166 to \$50,000 per ward for the Healthy Communities Initiatives (postponed until 2012)		-108,949	205,816,309	3.9	\$ 190,000			0
112	Contract software development - building permits' development approvals	0	-108,949	205,816,309	3.9				0
110	Provide funding for the development of Off-Leash Dog Park in Minnow Lake	3,350	-105,599	205,819,659	3.9	\$ 3,350	\$ (47,255)		\$ (47,255)
110	Eliminate the use of outside agencies for work on tax sale files	0	-105,599	205,819,659	3.9	\$ (19,000)			\$ -
109	Provide funding to install protective netting along back fence at Côté Park Ballfield in Chelmsford	0	-105,599	205,819,659	3.9		\$ (45,000)		\$ (45,000)
109	50 % reduction of the light fleet capital funding (\$300,000 to be reallocated to other capital priorities)	0	-105,599	205,819,659	3.9				\$ -
108	Provide funding to develop a permanent skateboard park at the Howard Armstrong Recreational Complex	10,000	-95,599	205,829,659	3.9	\$ 10,000	\$ (17,745)	\$ (142,255)	\$ (160,000)
106	Provide funding to improve the Toe Blake Arena parking lot	0	-95,599	205,829,659	3.9			\$ (57,000)	\$ (57,000)
106	Provide funding for site and parking lot improvements at McClelland Arena	0	-95,599	205,829,659	3.9			\$ (50,000)	\$ (50,000)
104	Provide funding to the City of Lakes Family Health Team for the conceptual design in Chelmsford	0	-95,599	205,829,659	3.9			\$ (30,000)	\$ (30,000)
103	To provide Increased funding for Summer Roads Maintenance 750,000 one time	0	-95,599	205,829,659	3.9			\$ (750,000)	\$ (750,000)
102	Transit Committee Proposal - 2011-2012 Service Level Enhancements & Transfers to Base Budget	101,224	5,625	205,930,883	3.9				\$ -
100	Provide an annual grant to the Samaritan Center	27,000	32,625	205,957,883	3.9				\$ -
100	Convert a regular part time position into a full time position at the Cemetery Office	0	32,625	205,957,883	3.9				\$ -
95	Convert a regular part time maintenance person into a full time position for Libraries	0	32,625	205,957,883	3.9				\$ -
94	Provide funding to the Junction Creek Waterway Park for a 4 year Action Strategy Partnership	1,000	33,625	205,958,883	3.9	\$ 6,190		\$ (285,500)	\$ (285,500)
93	Provide funding to the Lake Panache Campers Association Inc for a private road	0	33,625	205,958,883	3.9			\$ (10,000)	\$ (10,000)

Budget Enhancement Voting Results									
		2011 levy Increase	Cumulative	Net Levy	%Tax Incr.	2012 Tax Levy	Allocation of \$400,000 Capital	Tax Rate Stabilization Reserve	Total Funding
91	Provide one time funding for physician recruitment incentives program	0	33,625	205,958,883	3.9			\$ (500,000)	\$ (500,000)
91	Provide Crime Stoppers with a one time grant	0	33,625	205,958,883	3.9			\$ (50,000)	\$ (50,000)
89	Provide funding to pave the existing outdoor rink at the McFarlane Lake playground	0	33,625	205,958,883	3.9			\$ (33,000)	\$ (33,000)
88	Provide funding for biological Control of Eurasian Water milfoil with Milfoil Weevil in 8 CGS lakes	0	33,625	205,958,883	3.9			\$ (174,000)	\$ (174,000)
87	Provide for pavement markings and signage for paved shoulders and wide curb lanes	12,269	45,894	205,971,152	3.9			\$ (23,602)	\$ (23,602)
82	Provide funding for Emergency Shelter Services - Operational Top Up	0	45,894	205,971,152	3.9			\$ (423,000)	\$ (423,000)
Scenario 1 - 3.9% tax increase						\$ 195,540	\$ (400,000)	\$ (2,678,900)	\$ (3,078,900)
86	To provide a permanent increase in the Summer Roads Maintenance budget	750,000	795,894	206,721,152	4.3				-
Scenario 2 - 70% acceptance						\$ 195,540	\$ (400,000)	\$ (2,678,900)	\$ (3,078,900)
83	Provide funding for an increase in the Outdoor Rink's Supervisors hours from 25 to 30 hours per week	6,300	802,194	206,727,452	4.3	\$ 25,200			\$ -
81	Provide funding for a Recycling Transfer Station - Old Burwash Road	15,000	817,194	206,742,452	4.3	\$ 148,500			\$ -
81	Provide funding to increase the annual operating grant for six Community Centres	30,000	847,194	206,772,452	4.4				\$ -
79	Provide funding for Lake Stewardship grants	20,000	867,194	206,792,452	4.4				\$ -
74	Provide one time funding for bicycle racks	0	867,194	206,792,452	4.4			\$ (10,000)	\$ (10,000)
73	Provide funding to extend the Waterfront Program	65,715	932,909	206,858,167	4.4				\$ -
72	Provide funding for additional 5 hours of Library service at the Neighbourhood libraries	25,000	957,909	206,883,167	4.4				\$ -
71	Provide funding to hire 3 permanent Parks employees and converting part time hours	48,250	1,006,159	206,931,417	4.4				\$ -
68	Provide funding to hire on site Parks Staff to manage the James Jerome Sports Complex	66,018	1,072,177	206,997,435	4.5				\$ -
67	Provide funding for upgrades to the Capreol Millennium Centre	0	1,072,177	206,997,435	4.5			\$ (20,000)	\$ (20,000)
Scenario 3 - 50% Acceptance						\$ 369,240	\$ (400,000)	\$ (2,708,900)	\$ (3,108,900)