

2019 Budget Status Update

Finance and Administration Committee

February 5, 2019

Purpose of the Meeting

- ▶ First meeting since distribution of the budget document
- ▶ Allow Finance and Administration Committee opportunity to address issues
- ▶ Staff prepared presentation thinking about Council's perspective
- ▶ Prepared potential questions that may be asked by Councillors
- ▶ Allow Council to consider common issues
- ▶ Provide Council opportunity to direct staff to perform further analysis for budget deliberations in late February

Introduction and Overview

- ▶ Why do we report economic data in the budget document?
 - ▶ Economic data provides the committee with context regarding current fiscal health of the community.
 - ▶ Helps the Committee and the public understand the affordability of tax increase
 - ▶ This data reflects a somewhat robust economy

Introduction and Overview

- ▶ Are there aspects of the overview that are more applicable than others?
 - ▶ Page 8 of the introduction shows that CGS is a low cost provider when compared to other similar municipalities.
 - ▶ The City's long-term financial plan and infrastructure renewal requirement are described.
 - ▶ Need for a capital levy in order to address the infrastructure renewal requirement.

Introduction and Overview

▶ Financial Risks

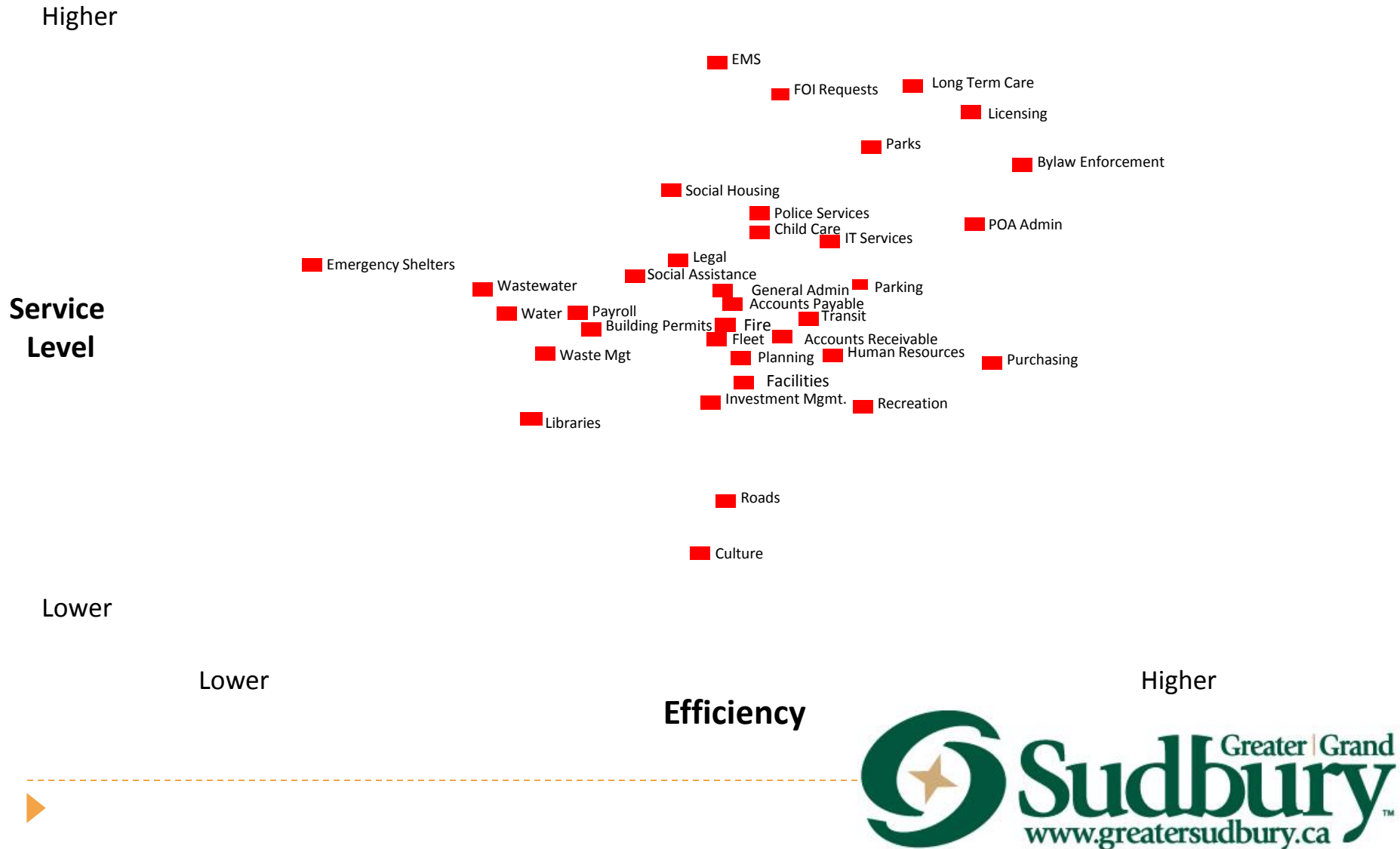
- ▶ Ontario Municipal Partnership Fund (OMPF)
- ▶ Other Provincial Funding (OCIF)
- ▶ Winter Control
- ▶ Interest Rates

Introduction and Overview

- ▶ Why are key performance indicators valuable?
 - ▶ The City benchmarks with MBNCan to determine best practices in order to become more effective and efficient.
- ▶ What services can be adjusted based on benchmarking comparisons?

2017 Benchmarking Results

Greater Sudbury Compared to MBNCan Median



Operating Budget

- ▶ What factors are effecting the operating budget resulting in some divisions experiencing a greater than 3% increase?
 - ▶ Legislative changes (Bill 148, WSIB, etc.)
 - ▶ Contractual obligations (Environmental Services)
 - ▶ Market conditions (sale of recyclable material, utilities, etc.)
 - ▶ Environmental conditions (winter control)

Capital Budget

- ▶ How was the capital project list determined?
 - ▶ A peer committee reviewed all capital submissions and put them through a capital prioritization tool.
 - ▶ This ensured that the highest capital needs were addressed.

Capital Budget

- ▶ How did the City maximize the capital projects that are recommended?
 - ▶ Projects were cash flowed based on the schedule or work required for the project in 2019.
 - ▶ Use of debt for long life assets (i.e. bridges).

Capital Budget

- ▶ If a capital project is cancelled or postponed, what is the effect on the operating budget?
- ▶ The 2019 operating budget would not be adjusted. The funds set aside for the capital project would be reallocated to the capital holding account. Operating impacts for future years would not occur if projects are cancelled.
- ▶ Other projects may be advanced with the use of these funds.

Water/Wastewater

- ▶ How is the current rate structure developed?
 - ▶ KPMG conducted a rate structure review in 2009 and again in 2017.
 - ▶ Recommended that the City continue with the current fixed/variable structure.
 - ▶ Fixed charges provide revenue stability to mitigate potential declines in water consumption.
 - ▶ Any reduction in fixed rate would have to offset by an increase in the volume rate which increases sensitivity to changes in consumption.

Water/Wastewater

- ▶ How can the City achieve improvements to customer service?
 - ▶ Implementation of the AMR/AMI application.
 - ▶ Provides more accurate and instant consumption information to the customer.
 - ▶ Provides customer online access that can be viewed at any time.
 - ▶ Provides alerts to customers with abnormal water consumption (i.e. leak detection alerts).
 - ▶ Increase in accurate invoicing.

User Fees

- ▶ What is the purpose of collecting user fees?
 - ▶ User fees are a fee for service provided. User fees are collected to ensure that the individual directly benefitting from a service is responsible for all or some of the cost of providing that service.

User Fees

- ▶ How is an appropriate rate determined?
 - ▶ Determine the full cost of the service.
 - ▶ Determine if pricing will significantly effect demand for that service.
 - ▶ Determine an appropriate level of recovery.
 - ▶ Fully tax supported, provides benefit to whole community (EMS, Police)
 - ▶ Partially tax supported, provides benefit to whole community and direct user (transit)
 - ▶ Non-tax supported (100% recovery), provides benefit to user (building services)

Service Partners

- ▶ What influence does Council have?
 - ▶ Finance and Administration Committee provided guidance to the outside boards regarding the 2019 budget.
 - ▶ Public Health Sudbury and Districts – the municipal share of their budget is legislated
 - ▶ Conservation Sudbury – the municipal share of their budget is at the discretion of Council
 - ▶ Greater Sudbury Police Services – Council can accept or not accept their budget in its entirety
 - ▶ All outside boards have made presentations to the Finance and Administration Committee on their 2019 Budget.

Public Engagement

- ▶ Series of open house-style meetings continuing over the next week
- ▶ CAN Meetings
- ▶ City Services Fair – February 6th
- ▶ “Over to You” engagement portal (closing February 12th)
 - ▶ Budget Allocator
 - ▶ Budget Survey

Councillors' Budget Inquiries

- ▶ Dedicated e-mail address
- ▶ Questions cut-off is noon Thursday (for weekly report)
- ▶ Responses to be provided to Council on weekends
- ▶ Final compilation of all questions and responses made public on February 19, 2019