

2019 Budget Directions

Finance & Administration Committee

May 15, 2018

Ed Archer, Chief Administrative Officer

Kevin Fowke, General Manager of Corporate Services

Ed Stankiewicz, Executive Director of Finance, Assets & Fleet

Purpose of This Presentation

To provide:

- ▶ Context for setting 2019 Budget directions
- ▶ Direction to staff for preparing the 2019 Budget

Budget Process

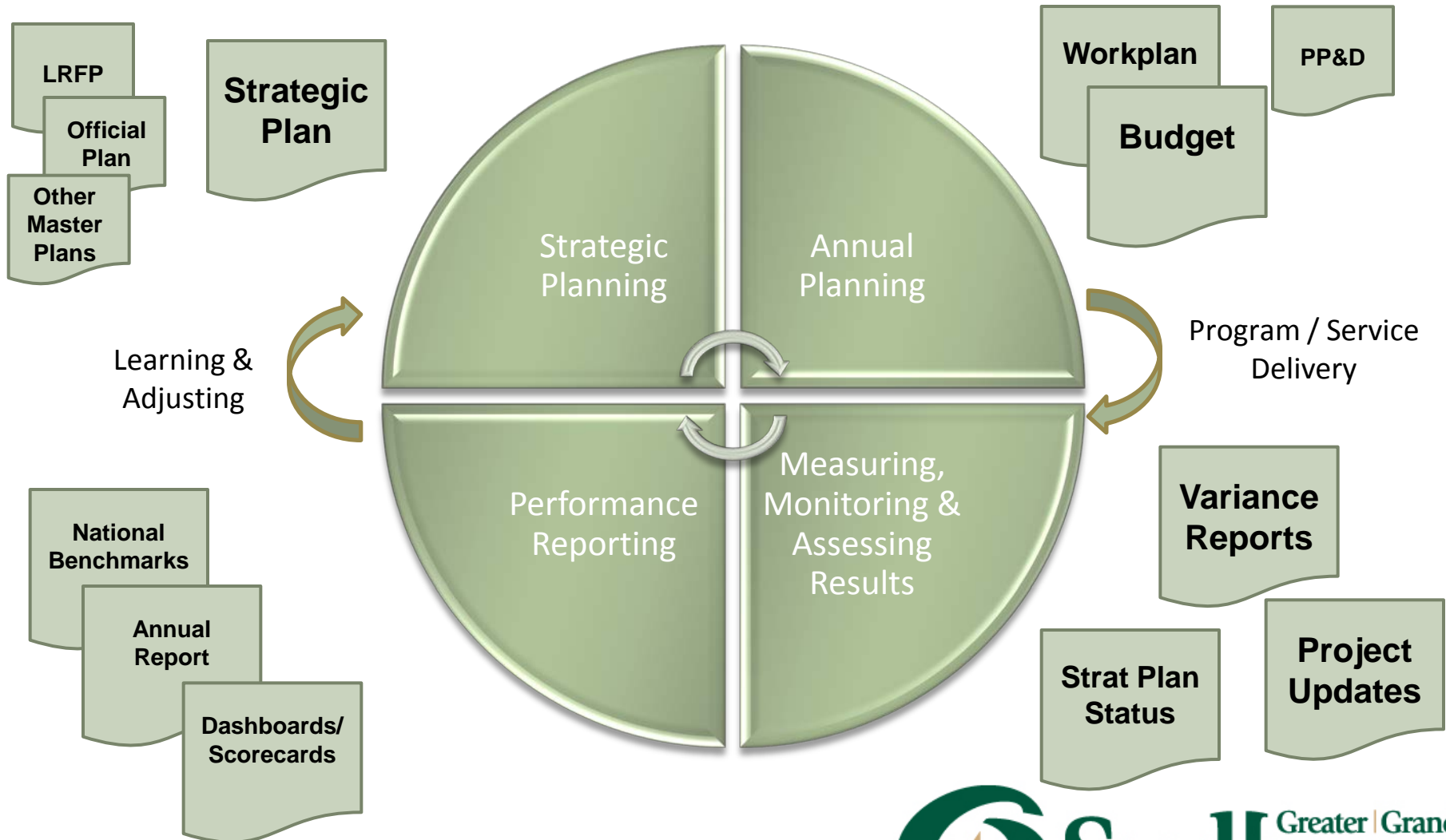
1. **Today** - receive Budget Directions from Committee
2. **September 2018** - Update Council on progress
3. **January 2019** - Report the 2019 Budget to Committee
4. **February 2019** – Council approval

Services Drive Costs

Evolution of Business Planning

	Prior Budget Approach	Service-Based Budget
Emphasis is on:	Controlling money	Producing a defined level of output
Basic reporting unit:	Object code	Process
Efficiency:	Limited measurement	Cost per unit of output
Effectiveness/Quality:	Limited measurement	Performance Indicators

Continuous Management Cycle



We Are Making a Shift to Service-Based Budgeting

City Council

- ▶ Define strategy
- ▶ Make policy decisions
- ▶ Choose services and service levels

Our Budget Will:

- ▶ Describe service goals and expected outcomes
- ▶ Report each service's revenues and costs

CAO/ Executive Team

- ▶ Make recommendations to Council & implement its decisions
- ▶ Produce expected outcomes
- ▶ Design & manage the organization

Our Budget Will:

- ▶ Describe services and plans for delivering expected service levels
- ▶ Emphasize accountability for service outcomes, not just organization control

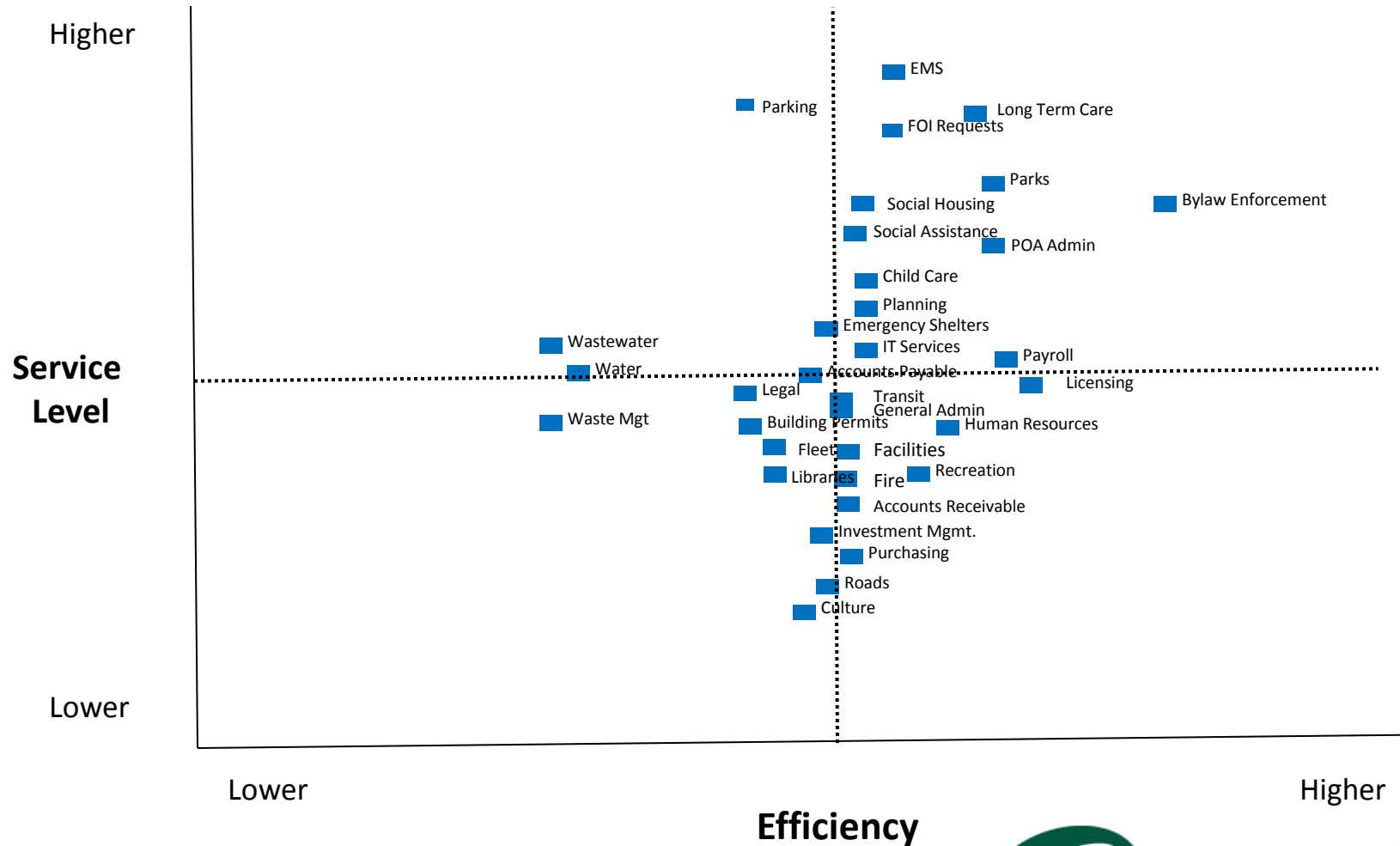
Directors

- ▶ Direct resources
- ▶ Ensure work processes produce desired results
- ▶ Manage process performance

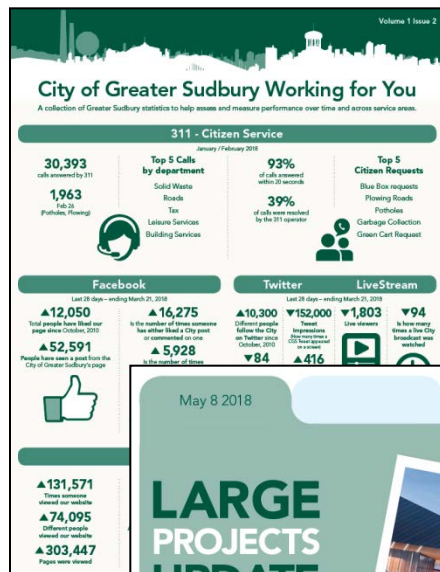
Our Budget Will:

- ▶ Describe expected service levels
- ▶ Include key indicators to support performance assessments

We Benchmark Our Performance With Peers Across Canada



We Publicly Report Our Performance Throughout The Year

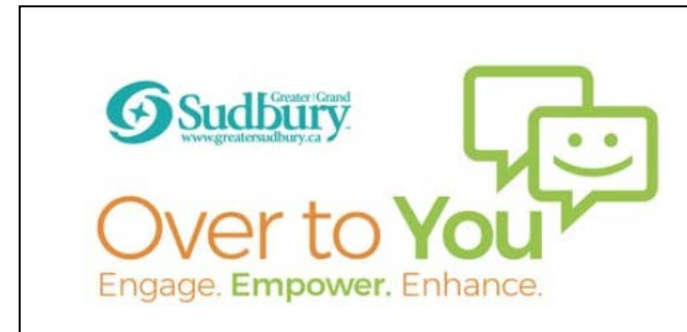


ECONOMIC BULLETIN

APRIL 2018

OVERVIEW

	GEOGRAPHY	MOST RECENT PERIOD	SAME PERIOD LAST YEAR	STATUS
Unemployment Rate	Greater Sudbury	6.8%	7.4%	●
March 2018 (3 Month Average)	Ontario	5.5%	6.3%	●
Total employment (000s)	Greater Sudbury	80,100	81,100	●
March 2018 (3 Month Average)	Ontario	7,186,900	7,071,000	●
Participation Rate	Greater Sudbury	61.0%	62.4%	●
March 2018 (3 Month Average)	Ontario	64.4%	65.0%	●
Employment Insurance Recipients	Greater Sudbury	2,710	2,960	●
January 2018 (3 Month Average)	Ontario	127,430	139,570	●
GDP (millions \$)	Greater Sudbury	8,419	8,325	●
Predicted 2018				
Average House Price	Greater Sudbury	\$248,589	\$259,920	●
Q1 2018	Ontario	\$566,168	\$622,784	●
Building Permits Issued (millions \$)	Greater Sudbury	\$21.68	\$59.59	●
January to March 2018				
Retail Sales (millions \$)	Greater Sudbury	\$2,294	\$2,249 (2017)	●
Forecast 2018				
Consumer Price Index		2.1%	1.6% (2017)	●
		3	5	●
		874	970	●



LARGE PROJECTS UPDATE

May 8 2018

The Large Projects are an investment into the future of your community. This investment will result in economic growth, improved quality of life, and a brighter future for your city. The positive impacts of the Large Projects will be felt by the residents of Greater Sudbury for years to come.

Each Large Project aligns with Council's Strategic Plan, Greater Together, by:

- ✓ Growing the economy and attracting investment
- ✓ Strengthening the high quality of life you already know and love
- ✓ Leading in public service excellence
- ✓ Prioritizing, building and rebuilding your community's foundation

Greater Sudbury
www.greatersudbury.ca

A SAFE CITY

Greater Sudbury

A CULTURAL AND SOCIALLY RESPONSIBLE CITY

Greater Sudbury

Growth and Economic Development

Economy and Investment

- 1.2M total visitors to our city
- 18 locally-filmed movie, TV, and digital media projects
- 230 nursing student placements at Pioneer Manor
- 106 wedding ceremonies held at Tom Davies Square
- Approximately 13,000 visitors to the new, second location of The Market on York Street

Quality of Life and Place

Cultural and Social Responsibility

- \$553,274 invested in local arts and culture through the Greater Sudbury Arts & Culture Grant Program
- 170 events held at municipal locations (Poutine Fest, The Canadian National Canoe Marathon, Northern Lights Festival Boreal and more)
- 1139 people supported through emergency shelters
- 1,789 households supported to prevent homelessness through the local CHPI Homelessness prevention fund
- 5,633 volunteer hours invested at Pioneer Manor, thanks to residents of this community
- 503 families housed through the City Centralized Wait List Registry

Greater Sudbury Is a Low-Cost Service Provider

- ▶ Our services reflect a strategy and a set of long range plans
- ▶ Our performance generally reflects typical service levels and efficiency compared to other municipalities
- ▶ We focus on matching resources with service expectations to build trust and confidence

Developing the Budget



Long Term Financial Plan

- ▶ Long term sustainability
 - ▶ Financial position allows us to meet service commitments
- ▶ Respect for the taxpayer
 - ▶ Services at desired quality and an affordable cost
- ▶ Appropriate funding for services
 - ▶ Maximize flexibility and self reliance
 - ▶ Fair allocation of costs to users over time
- ▶ Planning for Infrastructure
 - ▶ Replacement and rehabilitation are thoughtfully considered over the long term on an enterprise – wide basis

We Analyze Several Factors To Develop Budget Recommendations

- ▶ Economic Condition
 - ▶ External Changes
- ▶ Financial Condition
 - ▶ Credit rating (pending)
 - ▶ Debt, reserve levels
- ▶ Process Changes
 - ▶ Work planning process
 - ▶ Capital budget process changes



External Changes

- ▶ Fair Workplace, Better Jobs Act
- ▶ Sale of Recyclable Materials
- ▶ Energy costs


Financial Condition

- ▶ Credit Rating pending
 - ▶ Reserve levels relatively low
 - ▶ Debt levels relatively low
- ▶ Asset condition generally low
 - ▶ Asset management policy presented to Council last month
 - ▶ Work continues to strengthen asset condition data
- ▶ Taxation levels among the lowest in the province

Process Changes

Capital Prioritization Tool-Overview

Project Name	PROJECT DESCRIPTION/SCOPE • What will this project accomplish? Clearly identify project objectives and project limitations including items that are out of scope and will not be accomplished. • Identify the stakeholders that will be affected by this project. • Give adequate details on the project to assist the committee in their review of the scoring.			
Description/Scope				
Year	2019	2020	2021	2022
Cost				
	Criteria		Results	
	Strategic Priority			
	Strategic Priority		Strategic Priority: Council will provide direction of strategic would like focus placed.	
	Strategic Plan		No Link to Strategic Plan Directly named in Council Strategic Plan Moderately linked to Council Strategic Plan Indirect Link to Council Strategic Plan	
	Project Integration			
	Shared Vision		This is a City exclusive project Score	
	Qualitative ROI		Increase in quality of life, perception, etc.	
	Strategic Priority Summary			


[Projects](#)
[Processes](#)
[Staff](#)
[Positions](#)
[Reports](#)

[Configuration](#)
[Security](#)
[Hello, Edward Archer!](#)

office of the C.A.O. & Manager

Welcome to Work Plan Application

What would you like to do?

[Create](#)
 A Project
 A Process

[Review](#)
 My Processes

[Reports](#)
 Assigned Hours
 Projects By Quarter
 Projects By Year
 Quarterly Hours
 Projects By Title
 Title Summary

Projects requiring Resources

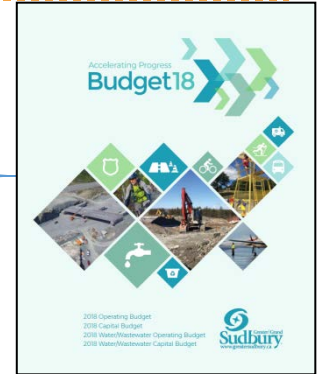
Name	Business Unit	StartDate	EndDate	
Employee Expenses quarterly reporting	Accounting Section	18-Jan-01	18-Dec-31	0
ACR/CRM replacement	Communications and Community Engagement Division	17-Jun-14	19-Apr-30	0
2018 citizen survey	Communications and Community Engagement Division	18-Jan-15	18-May-31	0
Customer service strategy	Communications and Community Engagement Division	17-Jul-17	18-Dec-31	0
Community engagement framework	Communications and Community Engagement Division	18-Feb-05	18-Nov-30	0
Communication policies	Communications and Community Engagement Division	17-Jul-21	18-Mar-31	0
Council Orientation	Corporate Services Department	18-Mar-01	18-Dec-21	0

Work Planning

Communication Tool



- Services @ planned levels
- Projects
- Performance Metrics
- Financing Plan



Management Tool

The screenshot shows a 'Welcome to Work Plan Application' management tool. It displays a table of projects requiring resources, organized by business unit and project name. The table includes columns for 'Project Name', 'Business Unit', 'Start Date', and 'End Date'. The projects listed include 'Employee Expenses quarterly reporting', 'ACORN88 replacement', '2018-2020 survey', 'Customer service strategy', 'Community engagement framework', 'Communication policies', and 'Council Orientation'.

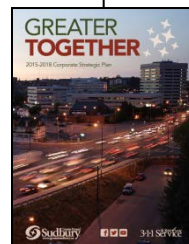
Project Name	Business Unit	Start Date	End Date
Employee Expenses quarterly reporting	Accounting Section	18 Jan 01	18 Dec 31
ACORN88 replacement	Communications and Community Engagement Division	17 Jan 14	19 Apr 30
2018-2020 survey	Communications and Community Engagement Division	18 Jan 15	18 May 31
Customer service strategy	Communications and Community Engagement Division	17 Jan 17	18 Mar 31
Community engagement framework	Communications and Community Engagement Division	18 Jan 05	18 Nov 30
Communication policies	Communications and Community Engagement Division	17 Jul 21	18 Mar 31
Council Orientation	Corporate Services Department	18 Mar 01	18 Dec 31

- Processes
- Projects
- Resource allocation
- Gap analysis

Processes

Projects

Dialogue and Collaboration



Master Plans

Annual Org. Playbook

Service Partner Consultation

- ▶ Service Partners include:
 - ▶ Conservation Authority
 - ▶ Police
 - ▶ Health Unit

Key Risks

- ▶ Provincial Funding (OMPF, Police grant)
- ▶ Assessment Growth
- ▶ Legislative Changes
- ▶ Provincial Election
- ▶ Fuel prices
- ▶ Bill 148 – continuing impact on external contracts

Preliminary 2019 Budget



2019 Business Plan

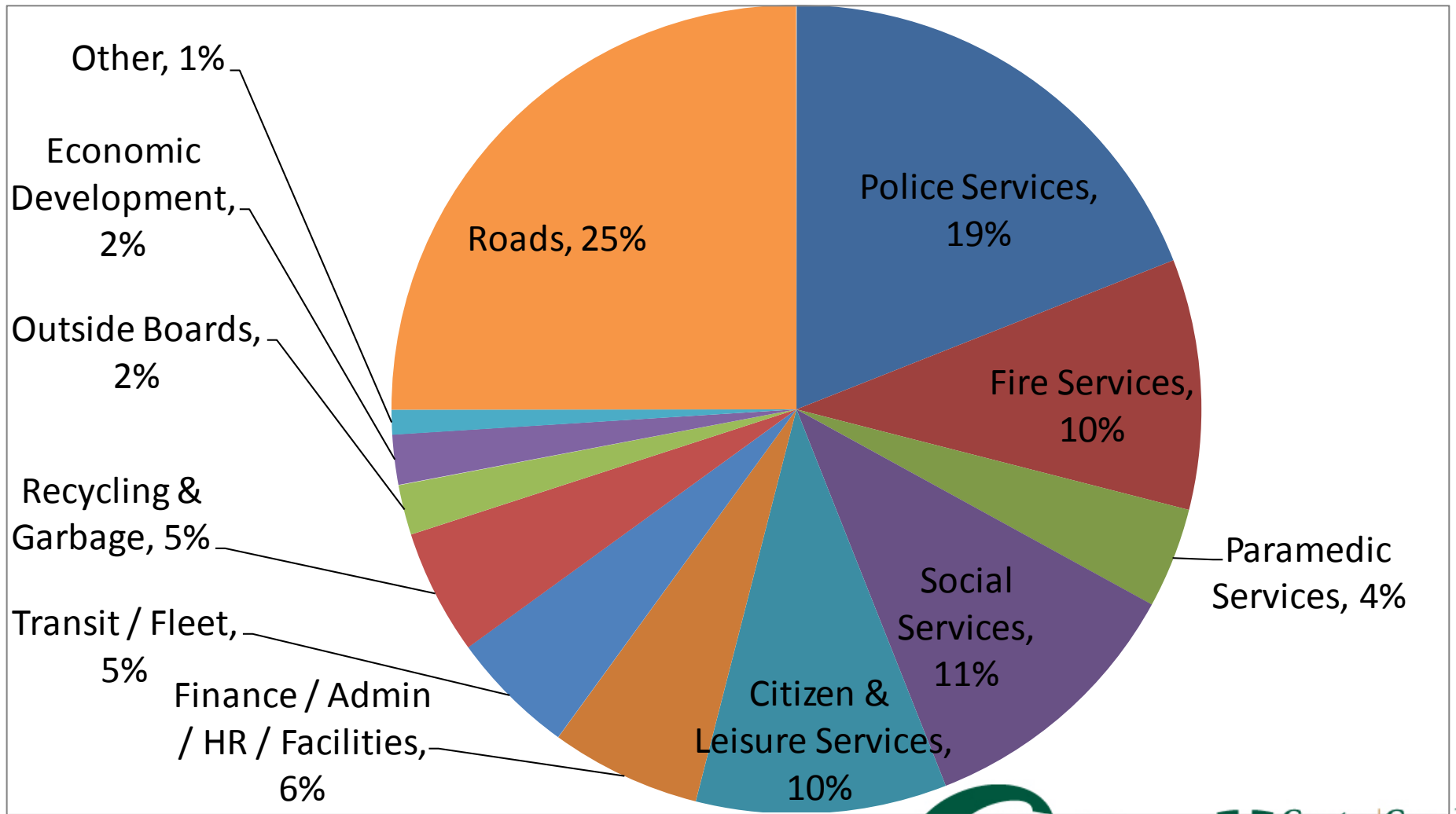
- ▶ 3.5% Property Tax increase for Operating Budget
 - ▶ Business cases for change to be presented separately
- ▶ 7.4% Water & Wastewater User Rate increase
 - ▶ Financial plan under review now

Base Budget – Maintaining Existing Services

\$581 million operating budget

- ▶ A 3.5% increase in the property tax levy:
 - 0.6% Provincially mandated (Social Housing)
 - 1.0% Outside Boards (Police, SDHU, NDCA)
 - 0.5% Policy driven inflation on capital envelopes
 - 1.4% Increase for existing municipal services (net of 1.0% assessment growth)

Property Tax Levy Breakdown



Capital Priorities

- ▶ Capital project proposals will be reviewed according to common evaluation criteria
 - ▶ A staff team will provide advice to ELT about priorities across all services
 - ▶ Financing plan will be developed based on prioritized project list
- ▶ Recommended capital projects will be included in the 2019 Budget for Council's review

Water and Wastewater User Rates

- ▶ 7.4% increase per the 2011 Water and Wastewater Financial Plan
- ▶ Update to the financial plan is in progress
- ▶ Rates will be set to ensure financial sustainability



QUESTIONS

