

2017 Budget – Council Questions and answers

Questions from Councillor Lapierre

1. Question:

I was wondering why Emergency Management, Lionel Lalonde & EMS were placed in the same budget, information.

Answer:

Based on past practice and how the information is compiled (rolled up) in the budget system, Paramedic Services; Emergency Management; the Lionel E. Lalonde Centre; and the Chief's Office has been presented under an Emergency Services Department summary as seen on page 112 of the budget document. Fire Services has been presented separately under a Fire Services Department summary.

2. Question:

Wondering if we could we get receive individual divisions overview of operating budget.

Answer:

Please see the following attachments:

- 2017 Budget – Emergency Management
- 2017 Budget – LEL
- 2017 Budget – EMS

3. Question:

Also could we explain why these are all totaled into 1 overview since EMS is 50% MOH funded and the other divisions are not.

Answer:

All financial information (revenue, grants, expenditures etc.) are tracked separately for each division/section. For example, the MOH grant for the delivery of land ambulance services is tracked under Paramedic Services. This doesn't effect how the information is compiled (rolled up) in the budget system. The budget system can be set-up to present a summary for each and every division/section or it can be set-up, as it currently is, to compile (roll-up) information under a higher level summary such as Emergency Services.

Questions from Councillor Dutrisac

4. Question:

How much is budgeted for professional development?

Answer:

Attached is the breakdown by area for professional development for the proposed 2017 budget and includes the actual expenditures for the last couple of years (see attached file Professional Development – Summary). For the 2017 budget document, all accounts related to professional development have been incorporated into materials - operating expense as this is where the costs roll up to on the year end financial reporting to the province (Financial Information Return - FIR). The professional development budgets fall under the following expenditure categories: Professional Development Travel;

Tuition Reimbursement; Professional Accreditation; Professional Membership Dues. In the case of the budget captured under Human Resources and OD, the budget also includes corporate wide health and safety training, central tuition reimbursement, corporate training and development, as well as the professional development, travel and association and membership dues for staff within the Human Resources and Organizational Development department.

Questions from Councillor Kirwan

5. Question:

I would like to know the total amount recorded as end-of-the-year surplus in our operating budget for the 2013, 2014, 2015 budget years. We always have surplus that was not spent during the year and my understanding is that it then goes into the tax rate stabilization fund. We never know the amount of surplus until well after we have established our budget.

Answer:

The year end surplus / (deficit) for the past three years is as follows:

Year	Surplus/(deficit)	Contribution (to)/from Tax Rate Stabilization Reserve	Contribution (to)/from Capital Financing Reserve Fund - General	Contribution (to)/from Winter Control Reserve Fund
2013	\$(916,181)			\$916,181
2014	\$(2,524,278)	\$1,262,139	\$1,262,139	
2015*	\$(3,258,465)	\$3,258,465		
2016 (projected)	\$(1,805,783)	-	-	\$1,805,783

As per policy the surplus/ (deficit) is contributed to or funded from the Tax Rate Stabilization reserve and Capital Financing Reserve Fund - General in equal amounts after any draw or contribution to the winter control reserve fund.

*In 2015 Staff were directed to draw \$6 million to generate a 0% tax increase. Throughout the year, P6M and other savings were realized resulting in a reduced draw from the Tax Rate Stabilization Reserve.

6. Question:

I would like to know the total amount we received in Provincial Offences Fines during 2013, 2014 and 2015 as well as the amount we have received to date in 2016. My understanding is that Provincial Offense fines are not included in the revenue portion of the budget when we set the budget each year. Please confirm that the Provincial Offences revenue is deposited into the tax rate stabilization fund (or where ever else it goes).

Answer:

Revenue from Provincial Offences Fines is budgeted under Court Services, a division of Administrative Services, which can be seen on page 72 of the budget document. The net revenue from provincial offences reduces the impact of the tax levy. Below is the actual amount of POA revenue received, the

total amount to be disbursed (i.e. victim surcharge, amount due to other municipalities, etc.), the cost associated with collecting POA revenues, and the net amount.

Year	POA Revenue	Total Disbursements	Cost of collecting revenues	Net Amount
2013	\$(4,692,036)	1,386,151	1,040,084	\$(2,265,801)
2014	\$(3,650,889)	1,106,609	1,044,502	\$(1,499,778)
2015	\$(3,704,981)	1,083,161	1,107,327	\$(1,514,493)
2016 (year to date)	\$(3,015,958)	908,878	916,448	\$(1,109,632)

7. Question:

I would like to know if the revenue that we receive from the Ontario Lottery Corporation for our share of the revenue from the Slots at Sudbury Downs is included in the revenue portion of our budget when we set it. Since this amount is not known from year to year is it something that cannot be included, or do we include the estimated amount anyway?

Answer:

OLG slot revenue is budgeted in Corporate Revenues and Expenses which can be seen on page 57 of the budget document. The budgeted revenue is estimated annually based on historical actuals. Below shows the revenue received in the last three years, as well as the current year to date actual.

Year	Amount
2013	\$2,360,146
2014	\$2,273,670
2015	\$2,130,441
2016 (year to date)	\$1,644,803

8. Question:

I would like to know the total amount we received from Development Charges during 2013, 2014 and 2015 and if possible what we have earned so far in 2016. Also, is this money included anywhere in revenue when we establish our budget

Answer:

The amount of Development Charges (DC) collected during the years as noted on page 42 of the budget document was \$5.5M in 2013, \$4.7M in 2014 and \$4.86M in 2015. The City has collected DC funds of approximately \$3M up to Oct 31, 2016. The Development Charges are only "earned" after the City has incurred the costs relating to the growth related capital projects as listed in the DC Background Study. There are DC funds included in the Budget which includes \$110,000 for the South Branch library internal financing repayments (in Capital Budget), \$115,000 for Gerry McCrory Countryside Arena internal financing repayments (in Capital Budget), and \$100,000 towards the Transit Garage at 1160 Lorne St external debt repayments (in Operating Budget).

The City finances the growth-related portion of capital projects. At the end of each year, the actual developed charges revenues collected are then applied to fund any growth-related portion of the capital projects costs incurred. This results in the City portion of funds for the growth-related projects being transferred to the respective Capital Financing Reserve Fund (CFRF). These funds are then used to fund future capital projects in the annual Capital Budget. For example, the Roads 2017 Capital Budget includes \$3.3 million draw from the CFRF-Roads to fund various Roads capital projects. Therefore, the DC funds earned are used in current and future budget years to fund various capital projects.

9. Question:

Is there any other form of unknown revenue that we do not include when setting our budget?

Answer:

All known sources of revenue are budgeted for.

10. Question:

I would like to refer to the business case to accelerate the purchase of 4 multi-function plows.

The proposal is to use \$1 million of funds from the tax rate stabilization fund to as capital to accelerate the replacement of this equipment.

Please provide the total amount of money that has been saved as a result of tenders coming in under the estimated amounts that were anticipated. From what I have seen over the previous two years is that many tenders come in with bids that are quite a bit lower than what was budgeted. It would seem to me that the savings from those low bids should be significant and should allow for the acceleration of the purchase without the need to take funds from the tax rate stabilization fund, which should be used only in exceptional circumstances.

The tax rate stabilization fund should be the "catch-all" for revenue that comes in during the year from provincial offenses fines, end of the year surplus operational funds from the previous year, and revenue from the slots at Sudbury Downs. That allows us to provide funding for projects and initiatives that come up during the year. I do not want to see this fund drained to balance the original budget with large withdrawals such as this \$1 million to accelerate the purchase of equipment. Let's see how much was saved this past year from bids that were under the estimate.

Answer:

Response currently under development.

11. Question:

With respect to the Proposal regarding the swimming lesson fees, I would like to know why you used the family membership fee of \$960 rather than the fee of \$750.

The Family Membership Fee of \$960 is a "Squash Membership Fee". It includes two adults and two children mainly because of the capacity of the squash courts. Swimming lessons are only applicable to children 12 and under. For most families interested in swimming lessons, this is not the membership that is purchased.

Most families with children who are interested in swimming purchase the General Membership for Families at \$750. With this membership the entire "immediate family" is included, so there is no limit on the number of children who can be on this membership. This is the one that parents purchase if their children are interested in participating in five sessions during the year and only if they have two or more children who also want to go to public swimming from time to time. This is the membership which encourages adults to make use of the facility since the "adults" are basically included free of charge, and not the other way around.

So, using your example of \$790 for two children enrolled in five sessions each, the general family membership is less expensive and offers a discount of \$40, but has the added advantage of the fact that the parents have paid in advance for the swimming lessons so it is guaranteed income for the facility. It was an incentive for parents to pay in advance so that the facility knew they would have enough revenue to pay for the swimming programs.

Keep in mind also, that there are many people purchasing general family memberships who have less than two children, but purchase the membership so that the adults have use of the facility.

So "every" family membership includes a portion that is for the swimming program. If you decide to eliminate the swimming lessons from the membership fee, then you "must" reduce "all" family memberships by an amount that is determined to be allocated to supporting the swimming lessons. None of the family memberships can remain if you remove that element, and if you reduce the family membership you will have to reduce all other memberships.

This is historically how the membership rates were established back in the 1980's when the facility was built. The cost of providing children and young families along with older adults would be spread across all membership fees, but they would be kept low enough to encourage participation and make these programs affordable for everyone. You cannot expect to make an extra \$22,000 in 2017 and \$67,500 in 2018. Parents will not purchase a family membership that is set to include five sessions. They may just enrol their children in two or three sessions or they may also just take them to public swimming. The loss of revenue will be catastrophic from the decline in general family memberships; the decline in the number of children enrolling in swimming lessons; and from the reduction in family memberships that no longer contain what you have determined to be a potential \$790 value.

So, please let us know how you came up with increased revenue of \$22,000 in 2017 and \$67,500 in 2018 and also let us know what the new membership levels are anticipated to be.

The answer to the above question is critical before we can make a decision on your proposal because the consequences of a futile attempt at increasing revenue may turn out to be worse than you could ever anticipate.

Answer:

Response currently under development.

Questions from Councillor Reynolds

12. Question:

p.49 How can we mitigate the losses on our investments (\$200,000)

Answer:

We have not experienced any losses on investments. The 2017 investment revenue budget has been reduced to reflect lower interest rates in the market place as well as a less volatile bond market, thus reducing the City's ability to secure capital gains for the sale of bonds.

13. Question:

p.35 Please give brief description of "Charity Rebate Policy"

Answer:

Section 361 of the Municipal Act provides the authority for a municipality to offer a rebate of 40% of the property taxes paid by a charity occupying a property that is in the commercial or industrial tax class. This is a mandatory program. The charity must be a registered charity as defined in the Income Tax Act of Canada and must have a registration number issued by the Canada Customs and Revenue Agency.

14. Question:

p.255 Why are there no allocations for new Library in 2017 and 2018

Answer:

The first steps of feasibility study and business plan for proposed new library and art gallery was funded in 2016 and is to be completed by the summer of 2017 including potential funding options. Until the plans are completed and the project is approved, no funding from existing capital envelope has been committed. The Citizen and Leisure Capital budget is underfunded for the ongoing capital requirements for the aging facilities and infrastructure.

15. Question:

When are we expected to hear from MPAC on 59% decrease in industrial property assessment values?

Answer:

The year end returned assessment rolls will be sent to the municipality on December 8th and at that time staff will be able to review the assessed values for these properties.

16. Question:

Why do I have two lists of widely varying tax rates?

Answer:

Response currently under development.

17. Question:

Why should we be increasing infrastructure budget to historical highs when there is such a backlog of Council-approved projects that have not yet seen design engineering or land-taking activities, that are not shovel-ready nor prepared for submission for funding from other levels of government?

Answer:

Response currently under development.

18. Question:

Why do we continuously prepare expensive plans that remain unfunded?

Answer:

The capital budget in the 2017 document does not reflect any projects as being unfunded.

19. Question:

Why is Infrastructure proposing to buy 8 new plows this year? Would six do?

Answer:

Response currently under development.

20. Question:

Will we have the opportunity to vote on each business case?

Answer:

Yes, all business cases will be voted on separately.

21. Question:

In Council's Strategic Plan, downtown development was the number one stated objective. Why has funding for the CIP been cut back so drastically?

Answer:

Response currently under development.

22. Question:

Why is the Parks and Rec operating budget so high (\$19.3M), when so little is actually allocated to direct citizens services?

Answer:

Leisure Services includes cemetery services, and parks and recreation which provides services for citizens via parks, playgrounds, municipal arenas, outdoor rinks, pools, ski hills, fitness centers, etc... all of which contribute to the quality of life which is a priority of Council.

23. Question:

How can we ensure that what we are already paying for in winter maintenance is done in a better way that meets citizens' expectations i.e. sidewalk maintenance, fire hydrants marked, bus shelters cleared, cul-de-sac snow clearing, centre turning lanes cleared?

Answer:

Response currently under development.

24. Question:

In a report dated June 21/16, of the 2015 Completed Capital Projects, a full 54% came in over budget and 16% were cancelled. How can we ensure less unexpected over-expenditures?

Answer:

The capital budget is developed and presented prior to final design and tendering of the projects, so it is reasonable to expect that the actual costs of the project will deviate from the estimated costs included in the budget binder. In addition, there are always circumstances that occur during construction or implementation of a project that result in deviations that may require a price adjustment.

For these reasons it is important that the City incorporate change management business processes. Some of these change processes are part of good robust project management systems, and other change processes are entrenched in our City by-laws and purchasing policies.

We continue to revisit these policies from time to time to ensure that we meet or exceed industry best practices. It is reasonable to expect that final costs will deviate from original estimates. It is also reasonable to expect that the net deviations will be kept to a minimum.

25. Question:

Why are we holding some of our big projects to such intense scrutiny and diligence (.i.e event/entertainment centre), but not others i.e. Place des Arts?

Answer:

Response currently under development.

26. Question:

Why can't we set the water/wastewater rates for 5 years, instead of one painful year at a time?

Answer:

Response currently under development.

27. Question:

Why are we proposing to give the Police Dept. \$18.8M with no real business case? What benefit will taxpayers derive here? How soon before they outgrow this facility? Why not go a bit more long-term and give them a proper facility that will serve all their needs for many years to come? Why not work with Fire and Paramedic Services for a shared location? Where is the business case? How do we vote on this matter?

Answer:

Response currently under development.