

CITY of GREATER SUDBURY 2017 Budget Review

1. Overall:

Cost of producing DRAFT report for Council to review and comment on.
Number of color photos including repeated photos increases costs dramatically for no purpose.

[See previous response to this question, which was answered in the December 2, 2016 Q&A package sent to Council. The cost of producing the 2017 budget was \\$3,323.](#)

2. Budget:

A budget is how much is going to be spent and on what. Therefore the City Budget should include both operating and Capital.

	<u>2016</u>	<u>2017</u>	<u>% Change</u>
Operating	\$520,400,000	\$537,000,000	3.2%
Capital	\$106,900,000	\$229,700,000	114.9%
TOTAL BUDGET	\$627,300,000	\$766,700,000	22.2%

Does not include 7.4% increase in user fees for water & wastewater services or other user fees. What is the total cost increase to taxpayers?

[Please see page 7 – the change in taxation is described in a table. For a typical homeowner, it's \\$100 more than in 2016. If Council approves the recommended capital levy, it's an additional \\$41 on top of that. Taxpayers do not fund water and wastewater services – it is 100% user-pay. The effect of the rate change is described on p. 10. For a typical customer, it represents an increase of approximately \\$77.](#)

3. Page 7:

Including the Special Capital Levy, the increased taxation is 5%, not the 3.6% noted on this page.

[The recommended change in taxation is 3.6%, consistent with Council's budget directions. Council will decide if a special levy will apply and, if so, what its duration should be.](#)

4. Page 10:

Water, waste water changes include **7.4%** increase.

Water	Monthly usage charge 8.8% increase
	Monthly fixed service charge 8.9% increase
	Total 8.8% increase
Wastewater	Monthly usage charge 6.2% increase
	Monthly fixed service charge 6.3% increase
	Total 6.2% increase

These increases don't appear to include Capital requirements.

The rates reflect revenues required to support both operating and capital programs.

5. Page 11: What impact does this have?

If you are asking what the effect of the 2017 change in taxation has on the comparison presented on this page, staff can only estimate that the recommended tax increase would have no effect. That is, Greater Sudbury would continue to be one of the lowest-cost municipalities in the province.

6. Page 15:

Indicates a population of 161,900 but on page 16 it is indicated as 165,000. Why the discrepancies? This is also in disagreement with Stats-Can and MoF ON numbers.

7. Page 16:

Why is the Economic Indicators Table included without explanation?

- GDP growth shown is not yet reflective of current conditions in the City.
- GDP calculations do NOT factor in the conditions of the Four Pillars.
- All of the indicators shown indicate NO growth before 2020.
- The GDP and CPI factors are based on two different years for Base numbers.

The information is presented to provide context regarding the environment in which Council's budget decisions are considered.

8. Pages 17 & 18:

While Page 17 is based on a 2015 BMA study, both pages reflect 2011 Census data. Has any attempt been made to adjust for the current turn-down in the metals market?

- Interesting but not really relevant to our current Budget process.

The information is presented to provide context. It reflects the latest available information.

9. Page 19:

Population projections from Stats-Can and MoF ON indicate a migration from inner-city to outlying areas. How much impact does this have or will have on User Fees which represent 21% of the CoGS revenues?

- 2,000 migrated between 2006 and 2016.
- 3,200 migration projected by 2041.

User fee revenues will grow with increased program utilization. Considering the rate of migration described in your question, its effect, if any, would not be expected to be material.

10. Page 40:

The Reserve Fund Balance reduced by more than \$40,000,000 from 2015 to the 2017 forecast. Where is a breakdown of how the \$40,000,000 has been applied?

The decrease represents funds to be used in the 2017 operating and capital budget as well as a significant amount estimated to be spent in 2017 from committed reserve funds set aside for future capital projects.

11. Page 41:

What is the comparison of Debt per household between Sudbury and other communities?
What is the difference between “Debt Interest” and “Debt Charges”?

Using any basis of comparison, Greater Sudbury’s debt levels are low, as indicated on p.41 by the comparison of debt charges as a percentage of revenue. “Debt interest” represent the interest costs made on the debt. “Debt charges” represent both principal and interest costs.

12. Page 42:

What qualifies a portion of capital cost as “Growth Related”?

Criteria exist to identify those portions of capital projects that are incurred to serve growth.

13. Page 48:

Levies for 2014, 2015 & 2016 are shown. The “Budget” levies for 2016 are reduced to indicate only a small portion of the projected actual 2016 levy (about 4%). This is then compared to a 2017 “Budget” levy comparable to the “Budget levy for 2016 and while showing a change of -1.7% is actually an increase of 1.7%. Why does this line not show the TOTAL levy all the way across?

The levy amount largely represents the amount of funds collected from taxation. The 2016 and 2017 taxation levy amounts are shown in the Net Budget line

A net Budget of 4.1% not including the Capital levy of 1.5% is indicated.

- An “assessment growth” of 0.4% is used to reduce the net levy to 3.4%.
- Increased service levels “Business Cases” increases this again by 0.2% to 3.6%.
- If the Capital Levy is added to the net Budget the tax increase is 5.6%. Factoring in the “assessment growth” and “Business Cases” leaves a tax increase of 5.1% not including increases in User Fees and Licensing and Lease revenues.

The practice of using negative values for revenue introduces a number of misleading conclusions that need to be corrected before the Budget can be presented for approval.

- User fees for water, etc. are increasing but the “User Fees” indicates a -4.8% reduction from 2016 but the budget for 2016 and 2017 shows a net revenue increase of 4.8% which is an increased cost burden on the Users.
- Licensing and Lease revenues shows as reduction of -2.9% but comparing 2016 to 2017 shows a positive revenue difference of 2.9%. This is an increased cost burden to the tax payers.

- Contr. From reserve and Capital indicates a positive 13.7% increase in revenue from these sources. Comparing 2016 to 2017 the revenue from these sources reduces by 13.7%.

The Budget appears to reduce employment by supplementing with part-time in many areas: (Document doesn't align description with times)

	<u>2016</u>	<u>2017</u>	<u>Difference</u>
• Full-time	1,992	1,988	-4
• Part-time hours	833,302	856,338	23,036
• Equivalent FT	412	424	+12

Changes in staffing are detailed on page 52 of the budget document.

14. Page 49:

What are levies in lieu of taxes?

These are paid by entities (i.e. Federal and Provincial governments, for example) that are exempt from paying property tax.

15. Page 50:

Why are there such large increases in energy costs?
Energy cost increases due to increased consumption?
Energy cost increases due to increased rates?

Increases in the 2017 budget for energy costs reflect increases in natural gas commodity price, increase in cap and trade, and increase in electricity rates.

16. Page 51:

- Corporate Revenue and Expenses shows a reduction of 9 full-time from 11 to 2. Does this mean we were over-staffed previously and if not how is the work previously done by the 9 going to get done now?

No, that is not what it means. Some of the work won't get done. This was described in the P6M exercise and approved by Council.

- Where are the four additional workers (9,135 part-time hours) for Administrative Services being applied?

Details can be seen on page 52 of the budget document. The increased hours as approved by Council are for animal control and pound services.

- Why are we using 243,650 part-time hours (equivalent of 120 full-time workers) in Long-Term Care-Senior services and adding another 2,572 (equivalent to one more full-time worker) to the role? This indicates a total labour requirement of 363 not the 243 indicated. Page 165 indicates no change in expenditure by changing from part-time to full-time.

Details can be seen on page 52 of the budget document. Staff are not converting part time staff to full time staff, additional Case Mix Index (CMI) funding allowed for increased staffing to meet floor hour demands as approved by Council.

17. Page 57:

- 2016 shows revenue of \$92,299 with 11 full-time staff. How?
- 2017 shows a Budget of \$299,940, an increase of \$91,273 or 43.7% over the Budget for 2016 in spite of having only 2 staff instead of the 9 staff in 2016 when revenue was reported instead of expense. How does this work?

The credit in Salaries and Benefits relates to the employee vacation purchase program as approved through P6M

Staff in this area relate to those identified through P6M and approved by Council. They were funded in the area which they worked in 2016.

- Why were Contributions to Reserve and Capital over-run by so much (226%) and why the 178.4% increase in budget from 2016 to 2017?
- The Budget sheet is very confusing. It shows a net Budget increase of 5.7% when actually it should be decreasing by 5.7%. Which is correct and what has been used in the total budget?

The net budget is a revenue, therefore decreasing the taxation levy. The 2017 net budget provides for a lesser reduction to the taxation levy therefore resulting in a increase of 5.7%.

Corporate Revenues and Expenditures Page 57		2016	2017	Difference	Percentage
Total Revenues		49,478,072	47,188,338	(2,289,734)	-4.6%
Total Expenses		5,093,184	5,324,880	231,696	4.5%
NET BUDGET		44,384,888	41,863,458	(2,521,430)	-5.7%

18. Page 58:

- Where does the money come from (Revenues) for this category?

Reduced revenues in this category are largely from OMPF funding.

- Are Councillors considered full-time or part-time in the staffing complement?

Councillors are not included in the staffing complement.

- What work was done for \$218,621 of internal recoveries?
- With only expenses and no revenues this should be a total negative against the total Budget. Is it?

Expenses are shown as a positive as they increase the operating budget funded from the taxation levy.

19. Page 59:

- If the Auditor General reports directly to Council why was the \$1,400,000,000 infrastructure deficit held up pending CAO approval?
- Where are the revenues that pay for the expenses?

The revenues are provided by the tax levy. As with all audit reports the Auditor General reviews draft reports with staff in an effort to establish consensus on findings and concurrence with recommendations. Whether any report is “held up” is an opinion, but staff would disagree that the productive discussions **which** regularly occur between the AG and staff as “holding up” anything.

20. Page 60:

- Are there only part-timers working for the Auditor General?

The positions in the A-G’s office are contract positions.

21. Page 61:

- Indicates a total of 2,500 employees but the Budget Summary shows 1,922 a difference of 578. Which is correct or are both correct by counting part-time hours as full-time employees?

Both are correct. The reference to 2,500 employees includes both full- and part-time.

22. Page 62:

- Facebook and Twitter accounts total 7,800 followers or about 6.5% of the registered voters. Is this good money being spent considering the very low engagement that is being accomplished?

Contemporary municipalities have Facebook and Twitter accounts for engaging with residents.

23. Page 68:

- Same question on all revenues. Why does a reduction in revenue result in a positive percent change and an increase in revenue generate a negative percent change?
- Who are the recipients of the \$2,368,458 in Grants-Transfer Payments?

The GSDC Board makes grants in accordance with the mandate it received from City Council. It regularly reports the results of its decisions to Council.

24. Page 72:

- What has created the massive increase in energy costs?

See response to question #15

- What has created the large increase in Rent & Financial expenses?

Rent associated with the animal pound as approved by Council.

- Where are the monies, Internal Recoveries, coming from that cancel almost 50% of the cost of running Administrative Services? i.e. Who is getting what done and why?

IT costs are charged to all operating departments through a program support allocation.

25. Page 75:

- Why are negative expenses not shown under revenues instead?
- Who is contracting with HR for services worth \$511,452? Are these internal or external contracts?
- Where are the monies, Internal Recoveries, coming from that cancel out more than the salaries of the cost of HR? i.e. Who is getting what done and why?

HR costs are charged to all operating departments through a program support allocation.

- What will the additional part-time hours (equivalent of one full-time) be used for?

Details can be seen on page 52 of the budget document. Increased PT hours are for a health and safety advisor.

26. Page 78:

- What Materials – Operating Expenses generate a \$1,808,994 cost and why is this increasing by 4%?
- What Purchased/Contract Services generate a \$3,927,043 cost and why is this increasing by 6.3%?
- Same question on Internal Recoveries.

Some finance functions are charged to all operating departments as a charge for program support.

26. Page 82:

- Where are the additional User Fees expected to be generated?
- Adding one full-time plus part-time hours for a 7.4% increase in Salaries. What needs will the extra labour satisfy?

Details can be seen on page 52 of the budget document. Increased staff are for maintenance at 199 Larch St building as approved by Council.

- What is driving the 4.9% increase in Energy Costs?

See response to question #15.

27. Page 87:

- What has been done to reduce the need for Contr from Reserve and Capital by 17%?
- What are the Other Revenues that will generate an additional 17%?

28. Page 89:

- What has been done to reduce the need for Contr from Reserve and Capital by 29.9%?
- What will the City be doing different that will generate a 97.5% increase in Rent and Financial Services?
- Who will be the recipients of the additional 9.6% of Grants – Transfer Payments?

Affordable housing and Ontario Works Clients.

- What additional work will be done by the increase in Part-time hours (equivalent of 3 full-time employees)?

Details can be seen on page 52 of the budget document.

29. Page 95:

- Who will be the recipients of the \$1,841,000 of increased Grants – Transfer Payments for an increase of 2045.6%?

Increase in grant payments is for Affordable Housing.

30. Page 99:

- Why are the most susceptible of the City's citizens subjected to such massive amounts of Part-time help (equivalent of 120 Full-time workers) and is anything being done to increase the Full-time?

31. Page 110:

- What is driving the 103.5% increase in Rent and Financial Services?
- Why have User Fees Revenues been budgeted 2.9% higher? Does this include the increase in Summer Program User Fees on Page 150 and HARC fees on Page 147?

Increase in user fee revenue is in accordance with the Miscellaneous User Fee By-Law. Revenues and expenses associated with business cases are not included in the base operating budget.

32. Page 112:

- Should this page be labelled Summary?

Yes

- What Other Revenues are being lost that account for \$421,760 reduction or 81.2%?
- What personnel are included in the 350 Volunteers?

All Volunteers are firefighters.

33. Page 116:

- The lost revenues appear to be mostly in this department. What Other Revenues are being lost that account for \$422,369 reduction or 89.8%?

34. Page 120:

- The 350 Volunteers appears to be mostly in this department. Are these Volunteer Firemen? This number has appeared in previous Budgets and monies have been approved for these positions but they have never been fully filled. Why are we approving salaries for positions that never get filled.
- Salaries have only under-run by about \$4,000 per missing Volunteer. Where did the money go and is that really all the Volunteers cost the City?

The 2016 year end projection shows Salaries and Benefits being under budget by \$290,080.

35. Page 122:

- What will the City be doing different that will generate a 16.3% increase in Rent and Financial Services?

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36. Page 126:

- What will the City be doing different that will generate a 15.4% increase in Rent and Financial Services?

37. Page 130:

- What is driving the increase in energy costs by 8.8%?

See response to question #15.

- What will the City be doing different that will generate a 22.6% decrease in Rent and Financial Services?

38. Page 134:

- What will the additional staff and part-time workers be doing?

Details can be seen on page 52 of the budget document.

- Is the 13.3% increase in Purchased/Contract Services the result of the recent new contract?

Yes

- What new Grants – Transfer Payments account for the 73.5% increase?

Increase in grants- transfer payments are related to the implementation of the new garbage collection program as approved by Council.

39. Page 138:

- What new Materials – Operating Expenses account for a 9% increase in cost?
- What will the City be doing different that will generate a 42.2% increase in Rent and Financial Services?

40. Page 141:

- What Materials – Operating Expenses are being eliminated to create a 25.2% reduction in cost?

Business Cases

41. Page 143:

- Why are the issues with \$0 Budget impact in this list?

[There is a recommended service change for Council's consideration.](#)

42. Page 144:

- Is the administration of this responsible for part of or the entire 6.3% increase in Purchased/Contract Services seen on Page 78?
- This adds extra burden on those already in financial difficulty. Is this the direction we should be taking?

[This matter was addressed by Committee at its December 6 meeting.](#)

43. Page 147:

- What is the difference in Operating Costs for the combined facility at HARC versus stand-alone pools?
- Will the family membership fee be reduced because of the separation either in part or entirely? More cost for less access?
- Is membership expected to decline as a result of this change and if so by how much?
- Are these fees already included in the Operating Budget User Fees increase of 2.9% on Page 110?

[This matter was addressed by Committee at its December 6 meeting.](#)

44. Page 150:

- This indicates a 15.6% (\$320 + \$50) increase in user costs to recover a 5% shortfall (81% to 86%) in operating costs.
- Is the operating costs Budget increasing as part of the operating budget increases and if so by how much? Page 110.

[Costs for any Business Case are not included in base operating budgets. Consistent with Council's budget directions approved in August, staff were directed to present requests for service level changes separately.](#)

45. Page 153:

- Were these additional costs not anticipated when the program was initiated?
- Does the Risk Management include safety risk or only financial risk?
- See Page 155. Why would this not be funded from that Budget item then?

[The scope of the Auditor-General's office services and volume of work have changed, as described on p. 153. "Risk" is any activity that could impair the achievement of objectives, so it includes financial and non-financial risk.](#)

46. Page 156:

- Where and how have previous benchmarking data sets been provided to the performance comparisons already being done by outside organizations?
- Has this already been included in Budget page 64? If this is approved will the Materials – Operating Expenses category be reduced to zero change?

Data is compiled by staff and reported in the format established by the outside organization.

No, this amount is not currently included in the budget on p.64. It was approved December 6. It will not reduce the Materials-operating expense budget.

47. Page 159:

- How many of the website visitors are repeat visitors?
- Page 62 indicates about 7,800 (about 6.5% of voters) followers on social media but here it is indicated at about 17,000 (about 14.2%). Which is correct?
- If this is to be funded by IT reserve funds (Page 159) why is it in here?

This is here because it's a service level change that is recommended by staff.

48. Page 165:

- Page 166 indicates no change in expenditures. If this is true why does the City have so many part-time employees?

The business case recommends converting long-time contract employees into full-time positions, which is how they have been performing for many years. The only costs are related to the cost of providing benefits to FT positions that are not paid to temporary employees. These are being offset by cost reductions in other parts of the HR budget. Part-time employees serve a variety of business needs and will continue to be integral for efficiently managing the corporation's service obligations.