

Report from Financial Management Services, Director

Date of Report: January 25, 2017

Date of Meeting: February 1, 2017

Report Number: FMS-B014-2017

File: 10.57.12

Subject: 2017 Corporate Revision and Reductions List

Background and Recommendation

On January 18, 2017 staff were directed to present possible reductions to the 2017 operating budget which would lead up to an overall (blended) net 2.1% increase.

Following this direction, staff have prepared a document with the potential reductions, rated at various levels to demonstrate their impact on City services and operations. Senior staff have prepared this list collectively and although prioritizations have been made, none of the listed reductions are being recommended.

Report

To reach the requested increase staff have prioritized the reductions in distinct levels which reflect their impact on operations and services.

<u>Level</u>	<u>Reduction Impact</u>
Levels 1 & 2	Moderate impact, least amount of all possible reductions
Level 3	Greater impact across several services levels and operations
Level 4	Significant impact on City services and operations; in camera discussions will be required

The generated list of possible reductions and revisions is attached as Appendix 1.

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Approved by:

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Budget Reductions

	Level 1	Level 2	Impact Statements
Office of Mayor and Members of Council			
Council - Internal Auditor	\$222,000		Position currently doesn't exist, no impact to organization or staff at this time
Grants and Committees			
Clean City Committee	\$5,000		Can be accommodated through unused 2016 funds
CAO			
Accessibility Programs - from \$7,500 to \$6,500	\$1,000		Based on review of actuals and historical trend
Business Expenses	\$100		Based on Actuals
Communications - Printing & Distribution	\$400		Based on Actuals
Advertising Revenue	\$43,000		Stretch target as per BSC direction
Legal Services and Clerks			
Council - closed captioning	\$5,000		Reduced level of public service
Election allocation (1/4)	\$60,000		Defers full cost to 2018; will require redirecting Clerks staff from other duties to commence detailed election planning in 2017. May be funded by reserve if approved in 2018 Budget
Planning and Building Services			
Reduce CIP FAÇADE	\$50,000		Limit applicant approvals
Fire Services			
Fire Station - Defer Two Station Condition Assessment	\$10,000		Building Assessments deferred to the MFP
Fire negotiations		\$20,000	Dependant on negotiations process
Fire Overtime	\$100,000		Based on Actuals
Fire Protective Clothing (from 127,550 to 125,550)	\$2,000		Based on Actuals
Transportation & Environmental Services			
Traffic Calming	\$35,000		Deferral of future initiatives - accommodated through unused 2016 funds
City Hall - Painting	\$15,000		Deferral of improvements
City Hall - chairs for Burgoyne Woods Room		\$14,000	Deferral of replacement of ergonomically deficient chairs
Equipment maintenance-router, scanners		\$8,000	Deferral of new equipment to improve efficiency with fleet maintenance
Environmental Monitoring - Reduce Former Landfill Abatement	\$10,000		Deferral of future studies
Environmental Monitoring - Operations Activities - Reduce	\$1,500		Based on Actuals
Equipment Maintenance - General Supplies - Reduce	\$2,000		Based on Actuals
StreetLighting - pole condition replacement		\$50,000	Deferral of future streetlight pole assessment and replacement
Sidewalk Maintenance - Contract - Reduce		\$20,000	Reduction in spot sidewalk replacement - extended periods of patched sidewalks
Roadways - General - Contract - Reduce	\$20,000		Reduction in asphalt repairs - will lead to accelerated road deterioration
Financial Management Services			
Capital out of Revenue	\$37,000		Based on proposed 2017 capital budget
Postage	\$35,000		Based on review of actuals
Increase to Interest Income	\$50,000		Based on review of actuals
Corporate Support Services			
HR - Recruitment advertising	\$9,000	\$9,000	Will limit job advertising avenues and in turn affect the pool of qualified job applicants
IT - Telecommunications - Service & Replacement	\$5,000	\$5,000	Potential to reduce ability to upgrade older technology in timely manner and may pose risk of end of support scenario for certain components of telephone system.
IT - Study and Consulting	\$2,500		Restricts IT dept from utilizing third party vendors to provide insight towards implementations of technology.
IT - Car Allowance - from \$1,225 to \$900	\$325		Based on Actuals
Performing Arts Centre			
PAC Expenditure Decrease, Revenue Options	\$150,323		Cuts are not recommended as they will hinder the service levels of the venue, and make the venue too expensive for this market. See BSC Jan 23 agenda and Feb 1, item 6.4 for details
Operations Equipment Allocation			
Operations Equipment Allocation - was 243,451	\$243,451		No immediate impact but will impact future equipment needs
Operations Equipment Allocation - was 126,549		\$76,549	No immediate impact but will impact future equipment needs
Boards and Commissions			
Transit Reductions	\$90,000	\$135,000	Based on recent announcement of provincial gas tax increase
In Camera Discussion Items			
		\$145,513	
Total Reductions	\$1,204,599	\$483,062	
Expenditure Increase with Boards and Commissions			
City Impact on Median Household	2.33%	1.88%	
Estimated Total Impact on Median Household	3.87%	3.38%	
	3.18%	2.96%	

Budget Reductions

	Level 3	Level 4	Impact Statements
Office of Mayor and Members of Council			
AMO 6 registrations	\$10,000		Impact of losing 1 hotel night accomodation for 6 registrations
Legal Services and Clerks			
Election allocation (1/4)	\$33,000		Defers full cost to 2018; will require redirecting Clerks staff from other duties to commence detailed election planning in 2017. May be funded by reserve if approved in 2018 Budget
Fire Services			
Emergency Planning - EOC	\$7,600		
Transportation & Environmental Services			
Geomatics - survey grade GPS replacement	\$25,000		Equipment no longer supported - will require replacement if it fails
Building repair studies-Energy Audit	\$10,000		Deferral of future studies
Environmental Monitoring - Reduce Former Landfill Abatement	\$10,000		Deferral of future studies
StreetLighting - pole condition replacement	\$50,000		Deferral of future streetlight pole assessment and replacement
Sidewalk Replacement Program - Contract - Reduce		\$100,000	Reduction in block to block sidewalk replacement contract - will lead to extended periods of patched sidewalks
Road Improvement Program - Contract - Reduce		\$200,000	Reduction in Road Program - will lead to accelerated road deterioration
Financial Management Services			
Capital out of Revenue from 10% to 8%		\$319,000	Impact on City's debenture amount and debt strategy
Corporate Support Services			
IT - Training frm \$13k to \$10k	\$3,000		Affects technical training of Staff towards new technology. Reduces IT support availability to end users as all will not have same level of training.
IT - Service Contracts	\$10,000		Affects service levels and implementation of new products as there is the need to maintain service contracts of legacy products during implementation.Parallel systems will need to be run at the same time. Certain products cannot be updated due to reduction of licensing.
Performing Arts Centre			
PAC Expenditure Decrease, Revenue Options	\$92,510		Cuts are not recommended as they will hinder the service levels of the venue, and make the venue too expensive for this market. See BSC staff memo, Feb 1, item 6.4 for details
Operations Equipment Allocation			
Rationalize PRCS and TES Equipment for Consolidation	\$75,000		As part of consolidation there are potential equipment disposals
Boards and Commissions			
Library Reductions	\$100,000		
Transit Reductions	\$90,000		Based on recent announcement of provincial gas tax increase
In Camera Discussion Items			
	\$491,000	\$350,000	
Total Reductions	\$1,007,110	\$969,000	
Expenditure Increase with Boards and Commissions	0.95%	0.06%	
City Impact on Median Household	2.35%	1.37%	
Estimated Total Impact on Median Household	2.52%	2.09%	