

Report from Financial Management Services, Director

Date of Report: February 7, 2017

Date of Meeting: February 8, 2017

Report Number: FMS-B019-2017

File: 10.57.12

Subject: 2017 Corporate Revision and Reductions List – Updated

Recommendation

That the Budget Committee receives this report for information and consideration.

Background and Report

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.

On the February 1, 2017 meeting the Committee approved the following changes:

- Added \$30,000 for an Organizational Effectiveness Consultant in 2017
- Removed \$445,000 in capital funding from the St. Catharines Transit Commission
- Removed \$145,000 from the Public Library

On February 6, 2017 the Budget Standing Committee further agreed that all Level 1 revisions would be removed from the budget with the exception of:

- CIP façade reduction of - \$50,000
- Traffic calming - \$35,000
- Roadways - \$20,000

The Budget Committee also reviewed the proposed Level 2 reductions and have decided to remove the following from the 2017 Operating Budget:

- Fire Negotiations - \$20,000
- Operations Equipment Allocation - \$76, 549

The February 1 and February 6 changes have been reflected in the attached appendices which demonstrate the current state of the 2017 operating budget. Attached is Appendix 1 which highlights the 2017 budget and compares it with 2016 figures; Appendix 2 is a complete list of the approved reductions as well as the proposed revisions which still require consideration by the Budget Committee.

City of St. Catharines

2017 Operating Budget

2017 Budget Highlights

Comparison to 2016 operating budget:

City Departments before Debt Repayment:

\$1,381,847
1.72%

City Departments including Debt Repayment:

\$1,841,586
1.99%

All Expenditures including Outside Boards and Commissions:

\$2,078,394
1.92%

**2017 Median Home (Year 1 of 4 year Phased In Current Value Assessment)
an increase of**

\$230,000
3.60%

Estimated Impact on Median Household

	2017	2016	Change	
CVA	\$230,000	\$222,000	\$8,000	3.60%
City	\$1,427.15	\$1,379.09	\$48.06	3.48%
Hospital	32.04	31.78	0.25	0.80%
Sub-total City	1,459.18	1,410.87	48.31	3.42%
Infrastructure Levy	13.86	13.52	0.34	2.51%
Total City	1,473.05	1,424.40	48.65	3.42%
Region	1,483.43	1,449.06	34.37	2.37%
School - Estimated with 2016 rates	432.40	417.36	15.04	3.60%
	\$3,388.87	\$3,290.81	\$98.06	2.98%

Budget Reductions

	Feb 1st	Feb 6th	Total to Date	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
Organizations Effectiveness	-\$30,000			BSC Feb 1st Addition
Grants and Committees				
		\$5,000		
CAO				
Accessibility Programs - frm \$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
Quality of Life Survey		-\$17,000		
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
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 (frm 127,550 to 125,550)		\$2,000		Based on Actuals
Transportation & Environmental Services				
City Hall - Painting		\$15,000		
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
Financial Management Services				
Capital out of Revenue		\$37,000		Based on propsed 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		Will limit job advertising avenues and in turn affect the pool of qualified job applicants
IT - Telecommunications - Service & Replacement		\$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 - frm \$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				
Library Reductions	\$145,000			Based on BSC motion
Transit Reductions	\$445,000			Based on recent announcement of provincial gas tax increase
Total Reductions	\$ 560,000	\$1,089,148	\$1,649,148	

Expenditure Increase with Boards and Commissions	1.92%
City Impact on Median Household	3.42%
Estimated Total Impact on Median Household	2.98%

City of St. Catharines
Reductions For Discussion of BSC on February 8, 2017

Budget Reductions	Amount	Impact Statements
Level 2		
Transportation & Environmental Services		
Equipment maintenance-router, scanners	\$8,000	Deferral of new equipment to improve efficiency with fleet maintenance
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
Corporate Support Services		
HR - Recruitment advertising	\$9,000	Will limit job advertising avenues and in turn affect the pool of qualified job applicants
IT - Telecommunications - Service & Replacement	\$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.
In Camera Discussion Items		
	\$145,513	
Total Reductions	<u>\$237,513</u>	
Expenditure Increase with Boards and Commissions	1.70%	
City Impact on Median Household	3.17%	
Estimated Total Impact on Median Household	2.88%	

Level 3		
Budget Reductions	AMOUNT	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
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
In Camera Discussion Items		
	\$491,000	
Total Reductions	<u>\$817,110</u>	
Expenditure Increase with Boards and Commissions	0.94%	
City Impact on Median Household	2.34%	
Estimated Total Impact on Median Household	2.52%	

Level 4	AMOUNT	
Transportation & Environmental Services		
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
In Camera Discussion Items		
	\$350,000	
	<u>\$969,000</u>	
Expenditure Increase with Boards and Commissions	0.05%	
City Impact on Median Household	1.36%	
Estimated Total Impact on Median Household	2.09%	