

Report from Financial Management Services/Director

Date of Report: February 2, 2017

Date of Meeting: February 6, 2017

Report Number: FMS-B016-2017

File: 10.57.99

Subject: Multi-Year Budget – 2018 to 2020

Recommendation

That the Budget Standing Committee (BSC) receives for information purposes.

Background

As part of Council's Strategic Plan under the economic pillar goal to be an affordable city for young people, families and retired older adults is an action item to implement multi-year budgeting to improve long-term financial planning. This report contains the draft budgets for the next three years with information on how staff developed these multi-year forecasts.

Report

Staff have used the draft 2017 budget as the starting point for the development of the future years forecast. The following are the estimates used in the three year forecast.

Description	Estimation	Rationale
Salaries and Wages	1.25%	Based on settled union contracts
Benefits	2.50%	Based on historical experience
Equipment Operations	5.00%	Based on historical experience and age of equipment
Materials	2.00%	Based on historical experience
Building and Maintenance	10.00%	Based on historical experience with utilities and age of facilities
Contracts	2.00%	Based on historical experience
Office and related expenses	2.00%	Based on historical experience
Property Expenditures	One-time	Based on computer replacement schedule and needs of individual departments

Other Service Charges	2.00%	Based on historical experience
Revenues	2.00%	Conservative estimate

With these estimates the City departmental expenditures expected are included in the table below.

<u>Year</u>	<u>City Departmental Expenditures (Including Debt)</u>	<u>Percentage Change from Previous Year without additional Staff</u>	<u>Percentage Change from Previous Year with additional Staff</u>
2018	\$100,908,255	5.40%	5.78%
2019	\$103,818,783	2.68%	2.88%
2020	\$106,943,526	2.91%	3.01%

Details of the various City departments' budget forecasts for 2018 to 2020 with significant changes are attached as Appendix 1.

The City's departmental expenditures forecast is the section of the Operating Budget that staff have the most control in managing. The outside boards and commissions budget information is required in order to calculate the City's tax rate. City staff will continue to work with the outside agencies, boards and commissions to obtain future budget details to enhance the multi-year budgeting forecast.

As noted in the above chart, the increase for 2018 exceeds Council's Strategic Plan objective of achieving a budgetary tax increase at or below rate of inflation by 2018. The challenge in achieving this objective is infrastructure which is not yet at an appropriate sustainable funding level and departmental requests for staff. The receipt of additional dividends may be used to offset budget pressures caused by infrastructure related items. If this is the case, it could result in a reduction of the expenditure percentage increases indicated in the forecasted amounts above.

Financial Implications

Are contained within the body of this report.

Relationship to Strategic Plan

The Economic Sustainability pillar goal of being an affordable city for young people, families and retired older adults is enhanced with the implementation of multi-year budgeting which also improves long-term financial planning of the City.

Conclusion

Staff appreciates that the forecasted budgets are above Council's Strategic Plan action item of working towards achieving a budgetary tax rate increase at or below the rate of inflation by 2018. With the generation of additional non-tax revenues and as the BSC continues its work throughout the year, there is the potential for the forecasted expenditure amounts to be reduced closer to an inflationary increase.

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Approved by:

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Attachments

Appendix 1 – Multi-year Budget Forecasts with Significant Changes

St. Catharines**2017 Operating Budget - Expenditures by Department, Board or Committee**

	2017 Budget	2018 Forecast	2019 Forecast	2020 Forecast
Office of Mayor and Members of Council	905,157	970,546	986,228	1,016,212
Grants and Committees	10,000	10,000	10,000	10,000
City Departments				
CAO	1,235,970	1,329,050	1,277,558	1,301,650
Legal Services and Clerks	2,739,565	2,825,771	2,827,772	2,873,727
Planning and Building Services	3,870,015	4,571,281	4,279,442	4,446,813
Fire Services	24,679,001	25,174,791	25,604,190	26,089,904
Economic Development & Tourism	1,017,955	1,123,798	1,141,846	1,185,371
Operations Commission				
Transportation & Environmental Services	18,640,808	19,440,457	20,102,661	20,684,430
Parks, Recreation and Culture Services	16,585,346	17,727,616	18,556,775	19,500,862
First Ontario Performing Arts Centre	1,662,192	1,734,629	1,814,775	1,901,992
Meridian Center	661,548	679,634	698,312	719,121
Corporate Services Commission				
Financial Management Services	4,100,747	4,157,335	4,227,114	4,298,201
Corporate Support Services	5,256,999	6,117,560	6,558,656	6,534,389
Contribution to Capital	1,566,000	1,616,000	1,666,000	1,716,000
Total City Departments and Commissions	82,931,303	87,478,468	89,751,329	92,278,672
Debt Repayment	12,461,990	13,429,787	14,067,454	14,664,854
Total City Expenditures	95,393,293	100,908,255	103,818,783	106,943,526
Percentage Increase from Previous Year		<u>5.78%</u>	<u>2.88%</u>	<u>3.01%</u>

City of St. Catharines**2018 Forecast****Significant Changes from 2017 Draft Expenditure Budget**

Changes	Amount	Oper Bud %
<u>Expenditures:</u>		
Base Budget Increase	1,631,165	1.71%
- includes negotiated settlements plus Fire Services estimate		
	<u>1,631,165</u>	<u>1.71%</u>
Expanded Services		0.00%
		0.00%
Subtotal Expanded Services	<u>0</u>	<u>0.00%</u>
Infrastructure Maintenance/Improvements		
Operations Equipment Allocation - TES, PRCS & Fire	250,000	0.26%
Building Improvement Reserve Allocation	150,000	0.16%
TES - Winter Control	75,000	0.08%
TES - Sidewalk Replacement	25,000	0.03%
PRCS - Tree contracts/stumping	150,000	0.16%
Capital out of Revenue - annual Capital project commitment	50,000	0.05%
Subtotal Infrastructure Maintenance/Improvements	<u>700,000</u>	<u>0.73%</u>
Staffing:		
TES - Traffic - 1 FTE	100,000	0.10%
CSS - Information Systems - 2 FTEs	200,000	0.21%
PRCS - Administration - External Funding Coordinator (contract)	60,000	0.06%
Subtotal Staffing Changes	<u>360,000</u>	<u>0.38%</u>
Other :		
TES StreetLighting - pole condition replacement	100,000	0.10%
CSS - Information Systems - service contracts-new software	350,000	0.37%
CSS - Information Systems - technology	50,000	0.05%
CSS - Information Systems - IT Implementation	48,000	0.05%
CSS - Telecommunications - hardware replacement	45,000	0.05%
FEMS - Auto Extraction Equipment	45,000	0.05%
LCS - New Lektriever for City Documents	45,000	0.05%
PBS - Planning - Creative Cluster Master Plan Update	150,000	0.16%
PBS - Planning - Official Plan Update	100,000	0.10%
PBS - Planning - Heritage Recognition Program	10,000	0.01%
PBS - Planning - Heritage Grant Program	40,000	0.04%
PBS - Planning - Glendale/Welland Canal Secondary Plan	120,000	0.13%
PBS - Planning - West St. Catharines/4th Ave Secondary Plan	130,000	0.14%
PBS - Planning - Project Manager (contract)	102,900	0.11%
CSS - Human Resources - Skills Development Training	45,000	0.05%
CSS - Human Resources - 1 FTE	75,000	0.08%
CAO - Communications - website editor	75,000	0.08%
PRCS - St Catharines Cultural Investment (SCCIP)	48,500	0.05%
PRCS - Festivals (no longer funded through CPF)	116,100	0.12%
PRCS - Museum Special Exhibits (partial through CPF)	17,500	0.02%
EDTS - Physician Recruitment (partial through CPF)	30,000	0.03%
EDTS - Office Space Rent	66,000	0.07%
Civic Receptions (no longer through CPF)	50,000	0.05%
Debt Repayment estimate	964,797	1.01%
Subtotal Other Items	<u>2,823,797</u>	<u>2.96%</u>
Expenditure Increase	<u><u>5,514,962</u></u>	<u><u>5.78%</u></u>

City of St. Catharines**2019 Forecast****Significant Changes from 2018 Expenditure Forecast**

Changes	Amount	Oper Bud %
<u>Expenditures:</u>		
Base Budget Increase	941,961	0.93%
- includes negotiated settlements plus Fire Services estimate		
	941,961	0.93%
Expanded Services		0.00%
		0.00%
Subtotal Expanded Services	0	0.00%
Infrastructure Maintenance/Improvements		
Operations Equipment Allocation - TES, PRCS & Fire	250,000	0.25%
Building Improvement Reserve Allocation	150,000	0.15%
TES - Winter Control	75,000	0.07%
PRCS - Tree contracts/stumping	50,000	0.05%
Capital out of Revenue - annual Capital project commitment	50,000	0.05%
Subtotal Infrastructure Maintenance/Improvements	575,000	0.57%
Staffing:		
CSS - Information Systems - 2 FTEs	200,000	0.20%
Subtotal Staffing Changes	200,000	0.20%
Other :		
CSS - Information Systems - service contracts-new software	200,000	0.20%
CSS - Human Resources - Skills Development Training	45,000	0.04%
PBS - Planning - Creative Cluster Master Plan Update	80,000	0.08%
PBS - Planning - Official Plan Update	50,000	0.05%
PBS - Planning - Heritage Recognition Program	15,000	0.01%
PBS - Planning - Heritage Grant Program	50,000	0.05%
PBS - Planning - Project Manager (contract)	105,900	0.10%
PRCS - Market Festival/Openings (no longer funded through CPF)	10,000	0.01%
Debt Repayment estimate	637,667	0.63%
Subtotal Other Items	1,193,567	1.18%
Expenditure Increase	2,910,528	2.88%

City of St. Catharines**2020 Forecast****Significant Changes from 2019 Expenditure Forecast**

Changes	Amount	Oper Bud %
<u>Expenditures:</u>		
Base Budget Increase	1,436,343	1.38%
- includes negotiated settlements plus Fire Services estimate		
	1,436,343	1.38%
Expanded Services		0.00%
		0.00%
Subtotal Expanded Services	0	0.00%
Infrastructure Maintenance/Improvements		
Operations Equipment Allocation - TES, PRCS & Fire	250,000	0.24%
Building Improvement Reserve Allocation	150,000	0.14%
TES - Winter Control	75,000	0.07%
TES - Sidewalk Replacement	25,000	0.02%
PRCS - Tree contracts/stumping	50,000	0.05%
Capital out of Revenue - annual Capital project commitment	50,000	0.05%
Subtotal Infrastructure Maintenance/Improvements	600,000	0.58%
Staffing:		
PBS - Planning - Project Manager (contract)	107,000	0.10%
Subtotal Staffing Changes	107,000	0.10%
Other :		
CSS - Human Resources - Skills Development Training	45,000	0.04%
Civic Celebrations (no longer funded through CPF)	14,000	0.01%
EDTS - Physician Recruitment (no longer funded through CPF)	25,000	0.02%
PBS - Planning - Heritage Grant Program (no longer funded through CPF)	85,000	0.08%
PBS - Planning - Official Plan Update	50,000	0.05%
PBS - Planning - Heritage Recognition Program	15,000	0.01%
PBS - Planning - Civic Square Design Start	150,000	0.14%
Debt Repayment estimate	597,400	0.58%
Subtotal Other Items	981,400	0.95%
Expenditure Increase	3,124,743	3.01%