

Report from Financial Management Services, Director

Date of Report: November 21, 2017

Date of Meeting: November 29, 2017

Report Number: FMS-B060-2017

File: 10.57.99

Subject: 2018 Corporate Revision Options List

Recommendation

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

Background

On October 2, 2017 staff presented the City's Departmental Expenditure Budget to the BSC with an increase of 2.77% from 2017. Since then the BSC received presentations from all City departments, Boards and Commissions, including these outside boards and commissions the total expenditure increase was 2.78%.

At its meeting of November 20, 2017, the BSC approved motions to reduce the amount provided to the Library Board by \$250,000 and that this reduction could be funded by its reserve funds, to add the crosstown transit route with half hour service and Sunday service. These changes boost the expenditure increase to 2.89% and the City's portion of the tax levy for the median household to 2.05% from 1.92%. In addition, BSC directed staff to present possible reductions to the 2018 operating budget which would lead up to an overall expenditure increase of 1.6%.

Report

Senior staff have prepared the revisions list collectively and although prioritizations have been made, none of the listed reductions are being recommended. The revisions have been proposed in distinct levels which reflects their impact on operations and services.

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

Appendix 1 shows the impact of implementing Level A and B reductions. The City tax levy increase is estimated to be 1.64% with an expenditure increase of 2.51%.

Appendix 2 has a complete list of the revisions options which still require consideration by the Budget Committee.

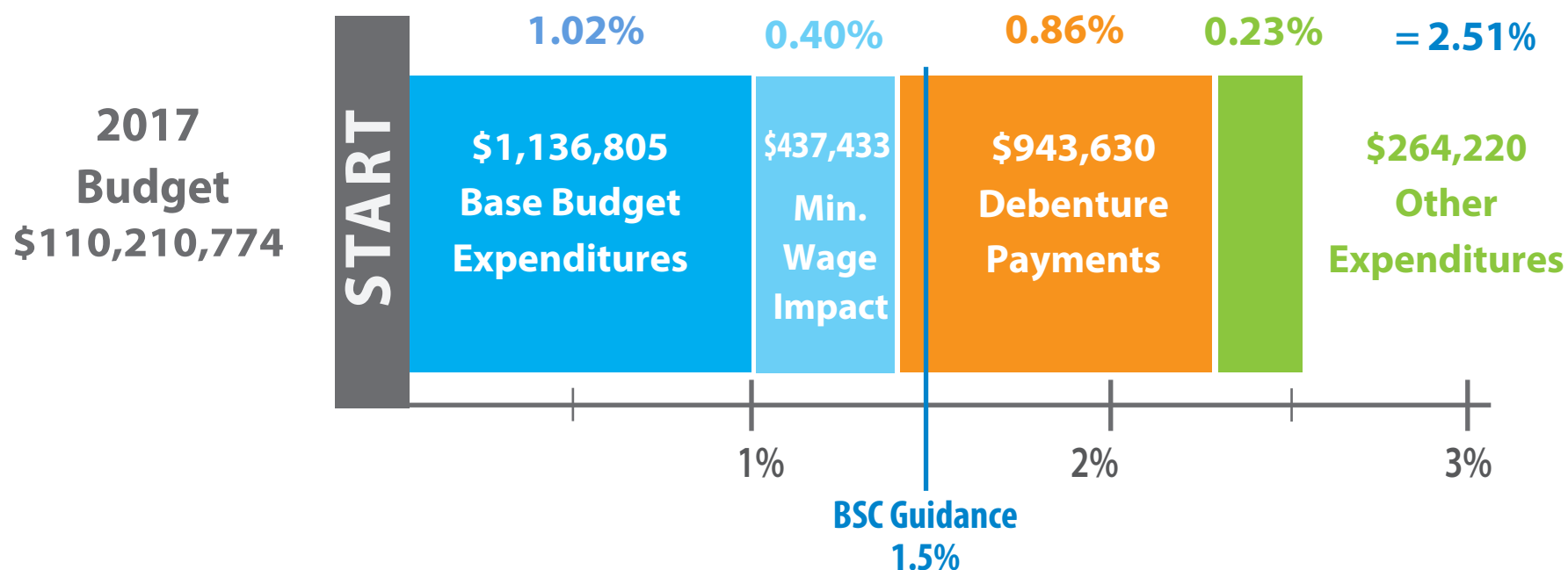
Prepared, Submitted and Approved by: Kristine Douglas, Director Financial
Management Services / City Treasurer

2018 Operating Budget - DRAFT

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Significant changes from 2017 with A & B Revisions

Estimated Impact on Median Household City Only = 1.64%*



*Estimated Impact on Median Household with Region and Education is 2.57%



<u>Budget Reductions</u>	<u>Reduction Amount</u>	<u>Impact Statement</u>
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Option A

CAO - Prior contract fulfilment, wage and benefit increase obligations	\$20,000	Use funds from the Tax Stabilization Reserve for this one time expense
CAO - Administrative Amendment	\$18,000	No impact, current CAO early in contract. Not at maximum salary.
FEMS - Improvements - Firehall Painting Phase 1	\$35,000	Deferral of aesthetic improvements to City Firehalls
FMS - Administration recovery	\$10,000	Increase in administration revenues-outside board
PRCS - Seymour Hannah - Small Tools and Equipment	\$20,000	Defers costs, new tools required for maintenance and upkeep of arena.
TES - LSSC Service Contracts (Post-Renovations)	\$25,825	Affects service implementation of new products /processes and maintenance requirements after implementation.
TES - Streetlight Maintenance	\$50,000	Street light maintenance costs reduced
TES - Traffic Calming Measures (1/2)	\$17,500	Reduction by half of funding to traffic calming measures across the city
Option A reductions	<u>\$196,325</u>	

Expenditure Increase with Boards and Commissions	2.71%
City Impact on Median Household	1.86%

Option B

PBS - CIP Façade Grants	\$100,000	Faster depletion of funds from the Civic Project Fund for CIP façade grant improvements
PRCS - Cemetery - Section EE new foundations	\$12,000	Defers costs, new foundations required for cemetery growth
PRCS - Memorial Benches Reinstallation Costs	\$40,000	Sensitive issue to those involved. Costs are required for relocation.
PRCS - Community Gardens Funding	\$12,400	Community program - recommend that it be funded from the Civic Project Fund.
TES - road maintenance contract	\$5,000	Reduce increase to contracts for 2018
FEMS - amend equipment provision	\$50,000	Bring allocation for fire equipment reserve to 2017 levels
Option B Reductions	<u>\$219,400</u>	
Total Reductions	<u>\$415,725</u>	

Expenditure Increase with Boards and Commissions	2.51%
City Impact on Median Household	1.64%

<u>Budget Reductions</u>	<u>Amount</u>	<u>Impact Statement</u>
Option C		
PRCS - Municipal Golf Course (Run as a Passive Park)	\$220,000	Significant impact to PRCS staff and the community. The land will still require maintenance and upkeep.
FEMS - Management Training	\$20,000	Human Resource skills training and development to assist FEMS leaders
TES - Facilities - Corporate Energy Mgmt Plan Upgrade	\$50,000	Required to locate efficiencies and reduce the Corporations' carbon footprint
TES - Snow Clearing Wayside House	\$69,000	Impacts seniors and less fortunate residents who are not able to clear snow themselves
Option C Reductions	<u>\$359,000</u>	
Total Reductions	<u>\$774,725</u>	
Expenditure Increase with Boards and Commissions	2.19%	
City Impact on Median Household	1.29%	

Option D		
In-Camera Item	\$260,000	
Reduce students for minimum wage differential increase	\$190,000	As a responsible employer this is not recommended, negatively affects the integrity of our pay structure for our student workforce.
TES - Road Improvement Program	\$200,000	Reduction in Road Program - Will lead to accelerated road deterioration
Option D Reductions	<u>\$650,000</u>	
Total Reductions	<u>\$1,424,725</u>	
Expenditure Increase with Boards and Commissions	1.60%	
City Impact on Median Household	0.66%	