

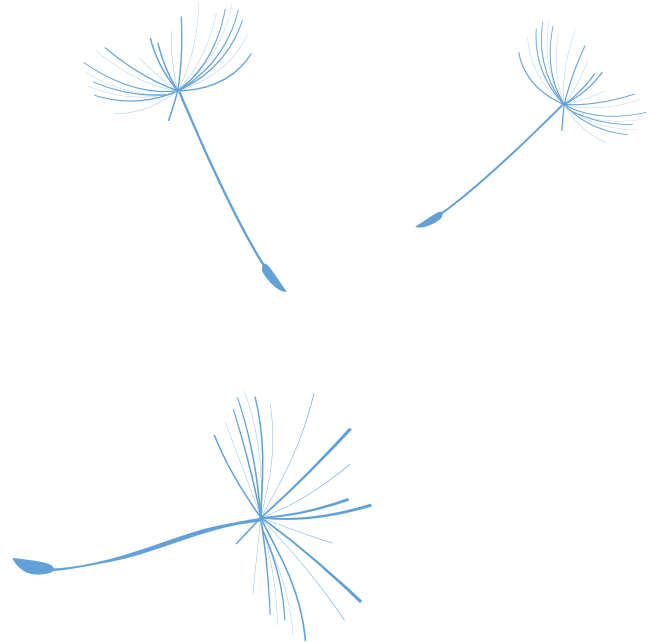
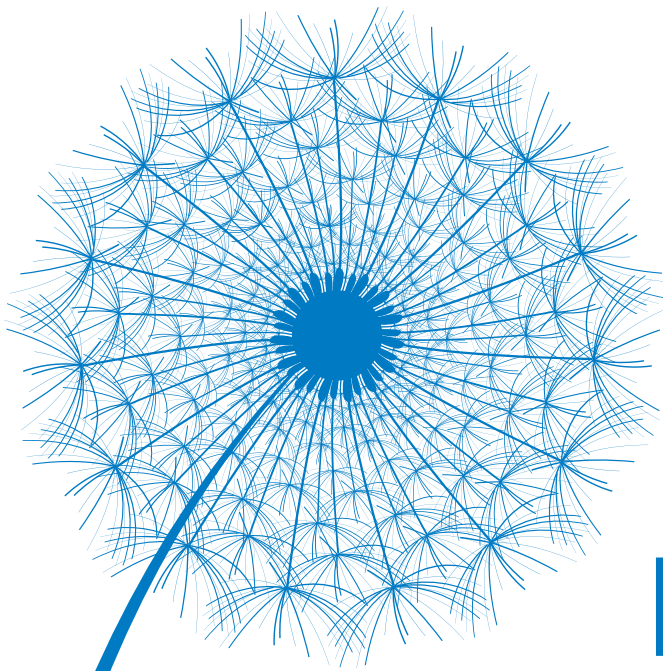


Greater Grand
Sudbury

Budget 15

Toward Fiscal Sustainability

Over the next few years, the City will face a number of challenges that will require us to rethink some of the ways we work. As an organization, this is a call to action to ensure that we continue to deliver the excellent services we provide. It is an opportunity for us to rethink, refocus and rebalance what we do, why we do it, and how we do it.



Rethink Refocus Rebalance

Toward Fiscal Sustainability



Fiscal Sustainability

- Generate reliable and predictable revenues sufficient to meet current and future expenses
- Build and replace capital assets to support City's infrastructure requirements
- Provide expected level of municipal services efficiently and effectively
- Achieve stability in property taxes increases and intergenerational equity
- Ensure sound financial management and health

The Challenges

- Need for additional capital funding;
- Ontario Municipal Partnership Fund Grant at risk;
- Desire to maintain low property taxes;
- Program expansion and growth-related expenditures;
- Council priority projects;

Strategic Documents

- Healthy Community Strategy
- Official Plan
- Digging Deeper: Economic Strategic Plan
- Long-Term Financial Plan

There is no doubt the challenges are significant, but fiscal sustainability is achievable by looking to the City's Long-Term Financial Plan (LTFP), which was approved by Council in 2002 and is a foundational document of the City of Greater Sudbury.

The LTFP is designed to be flexible and adaptable; it fits within the framework of established strategic plans, and it works to promote a healthy and sustainable service delivery model for our community.

Much of the groundwork has already been completed to determine a way forward for our corporation. The LTFP identifies nine key principles that promote a strategic review of corporate practices. Progress has already been made in many areas but there is more to be done to realign budget expectations, refocus activities and streamline operational priorities and procedures.

The next step is to integrate identified priorities and action items within a corporate-wide business strategy that will target the following areas:

- cost efficiencies and service delivery
- revenue streams,
- capital assets,
- social equity objectives,
- government partnerships,
- debt financing, reserves and quantification of long-term liabilities.

Your municipality is prepared to manage fiscal challenges. Action items have been identified for short, medium and long-term implementation and delivery. A regular business cycle will invite ongoing review, management and creative solutions. (figure 1) Regular updates to Council and citizens have been built into the cycle to ensure transparency and accountability.

While the following action items are directed to corporate practices, long-term sustainability of our City as a whole rests with each of us. Collectively, we must adopt a new perspective that requires us to rethink, refocus and rebalance our fiscal outlook.



Figure 1

Key Principles and Action Items

1. Ensure long-term financial sustainability

- Regular review of the City's finances
- Prepare regular budget variance reports
- Update Long-Term Financial Plan and multi-year forecasts
- Implement Dividend Policy with Greater Sudbury Utilities Inc.
- Update financial policies and processes, including:
 - operating budget policy
 - capital budget policy
 - procure to pay process reviews

2. Deliver services in a cost-effective and efficient manner

- Review shared or common services to find synergies
- Review benchmarking indicators to identify areas where improvements can be made
- Identify efficiencies in cost and service delivery in each department and develop proposals
- Review operating contracts to identify savings
- Ensure city is maximizing value of human resources
- Implement Green IT strategy
- Investigate options for energy management
- Revisit corporate program support costs, including fleet rental rates
- Review results of Auditor General reports and implement recommendations

3. Ensure operating revenues are sustainable and consider community-wide and individual benefits

- Identify opportunities to increase revenue streams
- Explore service provision to other municipalities to increase revenues
- Enhance tax collection efforts for failed tax sales

4. Meet social equity objectives through specific programs

- Identify grants to community groups across the organization and standardize process for approval, streamlining and monitoring
- Identify activities that can and should be aligned with existing corporate strategies such as the healthy community strategy to promote social and environmental well-being
- Integrate the Healthy Communities Strategy in financial decision making processes

5. Manage the City's capital assets to maximize long-term community benefit

- Implement recommendations from the Green Space Advisory Panel and dispose of surplus parkland
- Identify and dispose of underutilized land
- Review fleet to identify and implement efficiencies
- Identify and dispose of surplus equipment and assets
- Identify municipal facilities for potential consolidation or disposal
- Update Long-Term Capital Financing Plan and recommend options to achieve sustainability

6. Recognize that funding from senior governments is a crucial element of financial sustainability

- Develop business case to support maintaining or increasing the Ontario Municipal Partnership Fund grant
- Allocate the Federal Gas Tax grant to eligible funding envelopes (2011 – 2014)
- Continue to lobby provincial and federal partners for grants

7. Use debt financing where appropriate

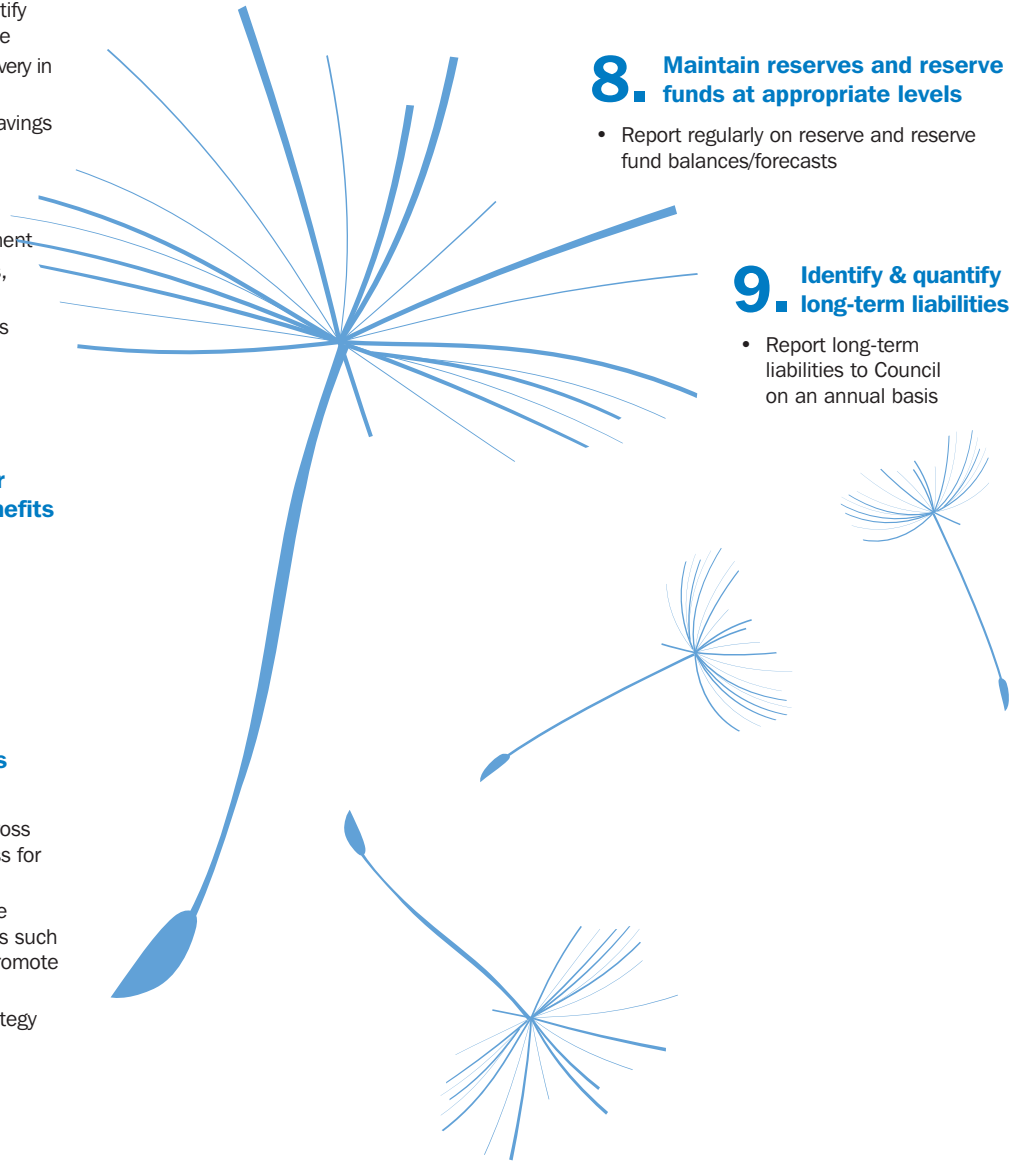
- Investigate use of debt financing in financial plans for specific projects

8. Maintain reserves and reserve funds at appropriate levels

- Report regularly on reserve and reserve fund balances/forecasts

9. Identify & quantify long-term liabilities

- Report long-term liabilities to Council on an annual basis



FISCAL SUSTAINABILITY

The following fiscal sustainability initiatives were incorporated in the 2015 Budget:

Efficiencies, Cost reductions or Cost avoidances for 2015	Included in 2015 Budget
Reduction in corporate advertising due to consolidation of advertising	\$ 10,000
Reduction in professional assistance costs and contingency budget in Admin Services and Finance	\$ 48,000
Reduction in telephone costs as a result of transition to VOIP technology and consolidation of lines	\$ 140,000
Reduction in cell phone costs as a result of negotiated reduction in monthly plan costs	\$ 70,000
Reduction in Contribution to Election Reserve Fund as a result of reduced costs for 2014 election through increased use of technology, reduction in polling stations and increased utilization of municipal staff	\$ 32,000
Reduction in Human Resources legal costs through increased utilization of grievance mediation and decreased reliance on external legal counsel	\$ 50,000
Reduction in pensioners benefits costs due to fewer retirees under 65 years of age	\$ 60,000
Develop long term funding strategy for pensioners liabilities	\$ 155,000
Renegotiation of benefit premiums with benefit carrier	\$ 200,000
Reduction in WSIB Schedule 2 rates as a result of proactive return to work policies	\$ 225,000
Enhanced collection efforts on failed tax sale properties	\$ 200,000
Actively protect municipal assessment base	\$ 200,000
Forego inflation on Insurance Reserve Fund and elimination of insurance broker due to improved risk management processes	\$ 107,000
Reduction in Economic Development general office costs	\$ 4,000
Reduction in Economic Development marketing funds	\$ 17,000
Reduction of part time hours in the Web and Marketing office	\$ 7,000
Reduction In Physician Recruitment marketing budget	\$ 15,000
Reduction in landfill costs for hauled sewage as a result of the opening of the biosolids plant	\$ 5,000
Reduction in contracted services at Tom Davies Square (TDS) as a result of doing work utilizing own crews with specific skill sets	\$ 15,000
Reduction in part time hours in TDS parking garage as a result of increased use of technology	\$ 47,000
Reduction of one building inspector through attrition as approved by previous Council	\$ 80,000
Reduction of profession development budgets in Community Development	\$ 25,500
Reduction of part time hours at main library as a result of redistribution and streamlining of mail duties	\$ 13,400
Reduction of Leisure Administration fleet vehicles	\$ 14,600
Savings generated by upgrading Arena ticketing system	\$ 13,900
Reduction of Winter Control budget based on 7 year average accomplishments from 2006-2012	\$ 181,642
Reduction in Roads budget for fleet and underutilized equipment	\$ 92,000
Efficiencies gained through competitive process for Transit rider cards	\$ 20,000
Reduction of 2015 water budgets as a result of the zero percent water rate increase	\$ 36,000
Savings absorbed by not applying general inflation unless contractually obligated*	\$ 1,100,000
Subtotal Cost Reductions	\$ 3,184,042
Increases to Revenue	
Increase in Taxi Licensing fees	\$ 10,000
Negotiated increase in communications tower lease revenue	\$ 13,000
Negotiated increase in Coniston Turn Key Clinic lease revenue	\$ 5,000
Increase in Transit user fees to full cost recovery for charter services	\$ 15,000
Increase draw from reserve for Land Reclamation	\$ 4,000
Increase in revenue from Bistro Services at Pioneer Manor to fully recover costs	\$ 11,000
Subtotal Revenue increases	\$ 58,000

Total 2015 Fiscal Sustainability Budget Reductions

\$ 3,242,042

Consists of:

Tax Levy Savings

\$ 3,115,042

Savings contribution to Reserves for Parking and Building Services:

\$ 127,000

\$ 3,242,042

*Please Note: Inflation has only been provided for contractual obligations and known commodity increases since 2011. Departments were directed to maintain their accounts at the 2010 levels and absorb any inflationary increase within their budgets.

Other Fiscal Sustainability Initiatives to be Reviewed in 2015

Department	Budget Reductions Requiring more Analysis/ Policy Discussion during 2015:	Description
All Departments		
	Review the current user fees in place and evaluate them using the User Fee Framework.	Finance, in consultation with operating departments, will evaluate the cost recoveries from user fees for certain areas. The balance of funding from user fees and taxation will be reviewed in accordance with the User Fee Framework Policy, developed by the Northern Leadership Group.
	Facility Rationalization Study	The results of a Facility Rationalization Study initiated in 2014 will be tabled in early 2015. The scope of the project included all park depots, public works depots and yards, and related administrative offices. The report will outline opportunities to reduce the current footprint used to deliver these services.
Administrative Services		
	Review of mail delivery practices and schedules	Currently Clerks Services has two staff and vehicles dedicated to the sorting and delivery of all CGS mail, including to many CGS facilities at which traditional postal delivery is not available. There may be opportunities to move to less frequent mail delivery, make better use of technology and/or consolidate this service with other corporate resources. Service level changes would be required to achieve savings.

Other Fiscal Sustainability Initiatives to be Reviewed in 2015

	Reduction of cell phone fleet	CGS currently has approximately 500 mobile devices (primarily cell phones) in the IT fleet. Working in conjunction with operating departments, a review of the needs for devices and alternative means of providing quick and direct communications with staff, could be considered and those devices identified as none-essential might be phased out of the fleet as their contract periods expire. There could be impacts on service levels if it becomes difficult to reach staff, particularly outside traditional hours of work.
Finance		
	Electronic pay stubs	Finance and HR will continue to explore strategies to issue employee pay stubs electronically, via Epost.
Growth & Development		
	Discontinue the collection or acceptance of leaf and yard collection in plastic bags	Leaf and yard trimmings are currently collected or accepted in approved bundles, approved clear plastic bags or approved paper bags. The plastic bag must be removed prior to composting the leaf and yard trimmings. The debagging process is labour intensive and could be avoided if plastics were banned.

Other Fiscal Sustainability Initiatives to be Reviewed in 2015

	Reduce the residential garbage bag limit from 3 units per week to 2 units per week and then move towards bi-weekly curbside garbage/leaf and yard collection	This matter is to be reviewed to determine the pros, cons and financial implications. If Council approves the new system, then the changes would be incorporated in the next collection contracts.
Community Development		
	Review fitness facility user fees	An updated report on Fitness facilities user fees (as previously presented to the former Council) will be presented to Community Services Committee scheduled for April 20 th , 2015. The report will include an update on options originally presented and a summary of the two public input sessions held at the Dowling Leisure Centre and the Howard Armstrong Recreation Complex. The report will request direction from Council.
	Review of the viability of Capreol Ski Hill	<p>The 2015 base budget to operate the Capreol Ski Hill is \$41,674 (net cost).</p> <p>The following is a summary of the Capreol Ski Hill opening season:</p> <ul style="list-style-type: none"> 2015 – January 24th 2014 – January 8th 2013 – February 2nd 2012 – January 25th 2011 – January 21st

Other Fiscal Sustainability Initiatives to be Reviewed in 2015

	<p>Review of the viability of Capreol Ski Hill (continued)</p>	<p>The Capreol Ski Hill relies solely on natural fallen snow and favorable snow conditions. Sufficient packed base at entry/exit to the ski lift and along the lift line are critical for citizen safety. The following is a summary of number of skiers for the years 2008 to 2014:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Year</th> <th style="text-align: center;">Operational Days</th> <th style="text-align: center;">Total Visits</th> <th style="text-align: center;">Avg</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td style="text-align: center;">33</td> <td style="text-align: center;">650</td> <td style="text-align: center;">19.7</td> </tr> <tr> <td>2009-10</td> <td style="text-align: center;">30</td> <td style="text-align: center;">753</td> <td style="text-align: center;">25.1</td> </tr> <tr> <td>2010-11</td> <td style="text-align: center;">22</td> <td style="text-align: center;">433</td> <td style="text-align: center;">19.7</td> </tr> <tr> <td>2011-12</td> <td style="text-align: center;">31</td> <td style="text-align: center;">416</td> <td style="text-align: center;">13.4</td> </tr> <tr> <td>2012-13</td> <td style="text-align: center;">36</td> <td style="text-align: center;">334</td> <td style="text-align: center;">9.3</td> </tr> <tr> <td>2013-14</td> <td style="text-align: center;">55</td> <td style="text-align: center;">660</td> <td style="text-align: center;">12.0</td> </tr> </tbody> </table>	Year	Operational Days	Total Visits	Avg	2008-09	33	650	19.7	2009-10	30	753	25.1	2010-11	22	433	19.7	2011-12	31	416	13.4	2012-13	36	334	9.3	2013-14	55	660	12.0
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	<p>Review of park security contract</p>	<p>The budget allocation for Park Security is \$140,000. The program operates as per the following:</p> <ol style="list-style-type: none"> 1. Bill Park/Amphitheatre and Jim Gordon Boardwalk <ul style="list-style-type: none"> - mid-May to end of September - approx 2,144 hours (2 guards) - hours of operation 7 days per week, 6:00 p.m. to 2:00 a.m. - approx cost \$31,000 2. Roving Security as per mobile patrol <ul style="list-style-type: none"> - visit at various former City of Sudbury sites - mid-May to mid-September - approx 3,840 hours (4 guards) 																												

Other Fiscal Sustainability Initiatives to be Reviewed in 2015

	Review of park security contract (continued)	<ul style="list-style-type: none"> - hours of operation 7 days per week, 7:00 p.m. to 3:00 a.m. - approx cost \$57,000 <p>3. Roving Security as per mobile patrol</p> <ul style="list-style-type: none"> - visit various sites outside former City of Sudbury (area Municipalities) - mid-May to mid-September - hours of operation 7 days per week, 7:00 p.m. to 3:00 a.m. - approx 1,920 hrs (2 guards) - approx cost \$28,000 <p>Total Costs - Security Cost \$116,000 Mileage <u>24,000</u> \$140,000</p>
	Review of geese management contract	<p>The annual budget allocation for the geese management contract is \$85,000</p> <ul style="list-style-type: none"> - 2015 session will run from May 11 to October 23 - Hours of operation – Site visits generally occur early mornings (plus late afternoons when 2 visits occur) <p>Site visits include:</p> <ul style="list-style-type: none"> - Robinson - 2 site visits per week - Nepahwin - 5 site visits per week - Bell Park, James Jerome, Moonlight = 6 site visits/week (2 per day = 1 hazing + 1 canine) <p>Contractor is DST Consulting Engineers Tools used: Canine Control, Hazing (laser + noise/pyrotechnics)</p>

Other Fiscal Sustainability Initiatives to be Reviewed in 2015

Infrastructure Services	
	<p>Culvert User Fee</p> <p>CGS currently subsidizes the cost of replacing culverts to private residential driveways on a 50/50 split. Staff will evaluate the benefits and possible negative consequences of increasing the private residential contribution.</p>
	<p>Reduction in winter sidewalk maintenance to one side of the street only</p> <p>Winter sidewalk maintenance is performed in accordance with levels of service established prior to amalgamation in the former municipalities. Staff will investigate the possible savings that could be derived from changing the service standard to maintain sidewalks on one side only in certain situations.</p>
	<p>Reduction in private road maintenance</p> <p>As a consequence of convenience for maintenance of public roadways, the City provides varying levels of maintenance to private roadways, such as to accommodate convenient locations for a winter plow to turn around. Staff will investigate alternatives to these established practices such as eliminating the service, establishing user fees for the service, and alternative forms of delivery.</p>
	<p>Fleet Rationalization Review</p> <p>The City owns, operates and maintains an extensive fleet of light and heavy duty vehicles. As part of an ongoing continuous improvement initiative, City Staff evaluate vehicles to ensure that the right vehicle is used to perform specific business functions, that the vehicle is the right size and age, and whether alternative forms of ownership such as leasing or rental are more appropriate.</p>

Other Fiscal Sustainability Initiatives to be Reviewed in 2015

Emergency Services Department	
Fire Optimization	Apparatus, Station & Equipment Placement and Service Level Types – work undertaken over 2015 and 2016 for different phases.