

Council Operating Budget Information Session Follow-up

At the Operating Budget Council Information Session on December 12, 2017, additional information with respect to the 2018 proposed operating budget was requested by members of council. The following is a consolidation of the questions and responses. Where appropriate, page numbers from the Proposed 2018 Operating Budget Book have been referenced.

Base Budget General

Question: Provide an itemized breakdown of the reduction in senior government grants? Page 15, \$330,148

Response: The overall reduction in senior government grants is the result of an increase in federal gas tax of \$254,488 offset by reduced provincial grants of \$584,636 mainly the healthy kids funding program of \$496k and reduced transit provincial gas tax of \$111k.

Question: Overall, user fees are going up, page 15. Can you provide a breakdown of where the increase came from based on? New users or increase in fees? Separate these two categories. Total increase \$1.093M

Response: The majority of the increases in user fees are a result of fee increases and volume changes. We are unable to provide a breakdown between new fees vs increases to fees and/or volume increases. New fees generally are a small portion of the overall increase. The largest revenue contributors are as follows:

- \$181k increase in registration and rental revenues to reflect increased volume of participants as well increases to fees
 - \$186k increase in building permit fees to reflect increase in the costs to administer and enforce the building code (fee increase)
 - \$140k increase planning fees to reflect increase volume and fee increase
 - \$215k increase in parking fines and \$150k increase in parking revenues more reflective of actuals (volume increase)
 - \$170k increase in transit advertising revenues as a result of new advertising contract.
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Question: The external recoveries, page 16: \$1.1m from Oakville and Region of \$2.2m - what's in here?

Response: Oakville recovery is largely fire dispatch services plus some boundary road and traffic signal recoveries. Region recoveries are largely road and traffic signal maintenance as well as the regional portion of council salaries that are paid by the city.

Question: What is the cost that the city pays to the parking reserve fund for employee parking?

Response: The city pays \$256k to parking revenues. Any excess of revenues over costs in the downtown parking then gets contributed to the reserve fund.

Question: What is the increase to the salary portion city wide (pay packet) excluding benefits? i.e. how much is pay going up - 1.9%, more? I noticed a lot of variations in the HR lines across different services. Just trying to get a corporate wide picture.

Response: Compensation increase is generally 2-3% and includes movement through the ranges. Excludes Bill 148 impacts, arbitration costs, additional staffing/conversions (ie. transit), etc.

Transit (page 24)

Question: Do you anticipate any increase in ridership due to the addition of 5 bus operators to better meet schedules? Are you forecasting more people will take the bus because it is more reliable? So, some of the cost of adding the new drivers might be offset with revenue?

Response: The additional operators would be used for increased reliability which would improve on time performance. Increased reliability would hopefully improve the reputation and demand for transit service and lead to increased revenue (fares and gas tax). This change would occur gradually over time while the costs for operators are immediate. We would increase budget revenue estimates as ridership improves.

Question: Regarding the reduced \$111k from provincial gas tax due to funding, how much did ridership go down to cause this reduction (number of riders)? How much would ridership need to increase to have avoided this reduction (number of riders)?

Response: Gas tax revenue is difficult to predict as the amount of gas tax to allocate depends on how much gas is purchased (fuel sold). The allocation is based on ridership and population (relative to other municipalities). Ridership has declined significantly from 2012-2016. The \$111k budget reduction was made based on the 2017 actual gas tax revenues received. We had not previously adjusted this revenue based on recent ridership levels and reporting a negative variance.

However, we recently received confirmation of our actual 2018 gas tax funding. For 2018 this amount was confirmed at \$2,262,568. This is \$134,439 above our 2018 budget estimate. It is important to note that increase is driven by the overall gas tax collected (5% increase) and not an increase to our allocation based on ridership or population - which did not change very much in 2016.

Normal practice is to transfer gas tax received to the reserve fund for capital funding.

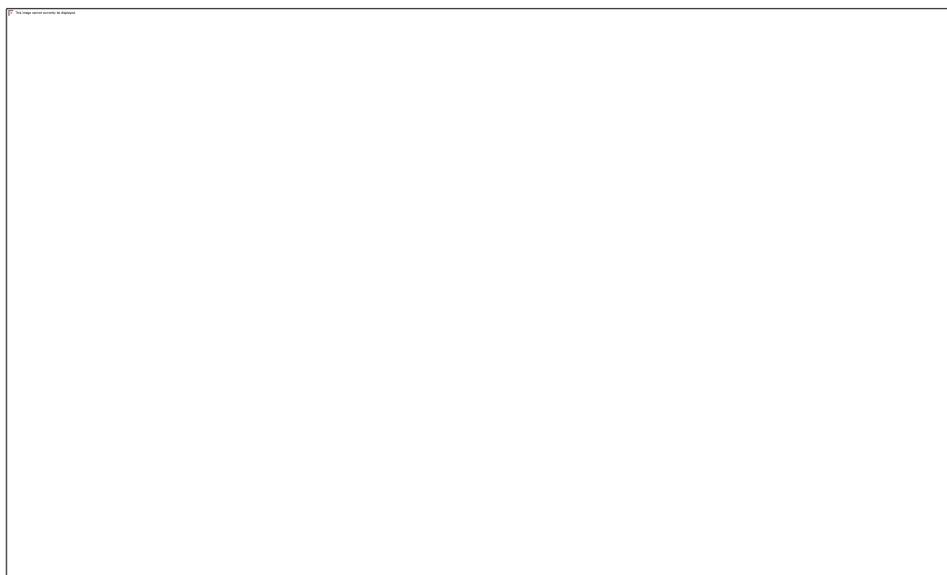
There is potential that this additional funding could be used to offset the impact business case for the 5 additional operators.

Question: If we had free transit one day a week (eg. For everyone, or just for seniors on Monday) and ridership went up, would that cancel out the revenue loss from fees, since we'd lose that money anyway with gas tax if the ridership stays down?

Response: Previous calculations estimated ridership portion of gas tax as 27 cents per ride (will change depending on the amount of gas tax collected) I would not recommend offering free ridership for gas tax revenue as the incremental cost for passengers greatly exceeds \$0.27 in revenue. There are also administrative costs for these programs and experience in other agencies do not directly show long term ridership benefits. Investments focused on improving convenience, frequency and reliability would be a greater driver for sustained transit ridership and revenue. We would recommend pricing that would drive ridership but be at an affordable level based on service offered.

Question: What are the 2017 counts for ridership? Can you provide a previous 5 year history?

Response: 2012 ridership peaked at 2.25M rides. 2013 to 2016 reflects a decrease in ridership. For 2017 we are predicting ridership of 1.95M (final figures to be confirmed). This would be the first ridership increase since 2012.



Question: Can you provide the cost of adding holiday service to Dec. 25 and Jan. 1 when there are no buses currently running?

Response: Statutory Holiday Service \$10.3K

By-law Enforcement (page 29)

Question: What would the cost be to add 24-hr bylaw enforcement? (Weeknights and all day Sat.Sun)

Response: Staff would have to double immediately due to shifts, with 2 people working the night shift together for safety as well as their weekend off. Our business model would have to change, meaning no assigned officers per Wards.

To go to 7 day coverage (not 24/7) with 2 additional officers would cost approximately \$230,000.

Roads and Sidewalk - Design and Construction (page 44)

Question: Looking at the HR line for roads and structures, the increase is 4.9%. What is the salary increase, why so high, are there union contracts here?

Response: There are unionized staff in this service as well as an increase in part time for summer students to better reflect actual costs.

Transportation Planning (page 47)

Question: I was wondering why the actuals for HR are so much lower in 2017 (\$268K v budget of \$418k)

Response: The variance between the 2017 budget and actual HR costs is attributed to an on-going vacancy within the Transportation Planning group. A Transportation Planning Technologist position has been vacant since October 2016 and we had difficulties recruiting through 2017. We were successful in finding and hiring a candidate so the 2018 HR costs will now be in-line with budgeted costs.

Organized Sport Support (page 17 & 51)

Question: The Enhanced Playfield Sports Maintenance, if I recall, was \$200k per year for three years at \$600k; we approved \$200k last year, this year the request is \$320K, for a total of \$520k which leaves a difference of \$80k. Have the maintenance costs gone down? Also, page 21 of the business case says this is a "partial" implementation. Is there more? Is there any plan to go to LED lighting for sports fields, save some money?

Response: Last year Council provided \$200K during the 2017 budget process to start the improvements on the sport field service standards. At that time, full implementation was estimated at \$600K. More detail costing was provided in report PR-01-17 which requested an additional \$385,825 to finish the program as outlined in the report.

In the business case the word partial was used to reflect that some funding was provided for partial implementation in 2017 and additional funding requested in 2018.

There are other items related to sports field such as updating the irrigation systems, improving the lighting, etc. that require additional attention. Those items will be included in the capital budget as they come up for renewal.

Recreation (page 52)

Question: What is the additional resource at the Bistro - and the cost; normally anything over \$25k would come to us as a business case. What is the cost of the conversion from FT to PT at the Bistro? What are the increased revenues at the bistro related to? What costs are rising at the bistro, and why? Can you provide a breakdown?

Response: The net cost of the changes at the Bistro were \$16K so were below the threshold of a business case.

- We have added 1.3 FTE: this is the “additional resource at the Bistro” as indicated on p. 52 and is separate from the conversion of contracted staff to PT. We have hired on the Chef as our own City Staff person and have also incorporated a few part time hours to help support the operation.
- The revenue from the Bistro is from concession revenue (sale of food). We have budgeted \$125K in 2018 for this.
- The costs arising at the Bistro are for food supplies (budget of \$67,300), as well as staff (1.3 FTE already mentioned)

Question: In purchased services, why are independent contractors converted to PT, and what's the cost? Which contractors?

Response: The conversion of contracted staff to PT was in the Adult program following a review of employment conditions. We formerly retained instructors as independent contractors. This review determined that these contractors should be reflected as part time city employees. The conversion is cost neutral from a wage perspective as they have just moved from contracted services into part time staff hours. There were minor incremental costs for training and fringe benefits.

Question: Is the Healthy Kids challenge over (if I recall it was a three year grant)? How much of the budget does this represent as a removal?

Response: When the budget was developed, the Healthy Kids challenge was ending at the end of March 2018, as reflected. We have received word that it will be extended until the end of September 2018 but are awaiting official confirmation. This does not affect the budget as it nets to zero as it is fully funded by the Province.

Community Design and Development Review (page 56)

Question: The savings related to completion of the contract, which contract was this?

Response: This was a contract related to the Official Plan.

Planning Policy (page 59)

Question: The \$360k in purchased services. Can you break down what that is? What is the \$312k in corporate expenditure/provisions?

Response: The \$360K in purchased services is the annual cost for the Mobility Hubs (approved by Council).

The \$312k in corporate expenditure/provisions is to transfer funding received in 2017 from Halton Region for environmental studies related to the Mobility Hubs

Question: Re the \$426k for the zoning bylaw - wouldn't that be in next year's budget, since it comes after approval of the Official Plan? The increase in \$398k in fees - shouldn't that offset any increase needed in HR? The policy initiative reserve fund: wouldn't that pay for any required contract staff to complete the zoning bylaw, or other contracted services (eg. Transit master plan)?

Response: Budgeted expenditures are \$398,100 with recoveries of \$398,100 from the Policy Initiatives Reserve Fund. This is the cost / revenues for 3 years of a staff resource related to the zoning by-law (net zero impact). If the expenditures do not occur as planned for the full year, neither would the revenues.

Corporate Management (page 68)

Question: Complete breakdown of what was spent, and on what, for the \$550k project management item approved at last year's budget. What remains? I will include that amount as a reduction in the budget for 2018.

Response: Project Management Office

2017 Budget	\$550,000
2017 spending to date	\$57,000 part year salary, benefits and supplies for 1 staff person

The PMO budget is largely staffing costs (\$400,000). The leadership role was filled mid-year with the remaining two staff positions filled at the end of 2017. The office is now fully staffed. The PMO is focusing on project management of major corporate projects (Customer Relationship Management project program implementation; Maintenance

Management System project management including project scoping; ERP project management including project scoping); developing and implementing the business decision making model for corporate priorities and projects; aligning the corporate workplan/service plans/business plans to Council's strategic plan (including gap identification and resolution); expert leadership support for ongoing corporate projects (e.g. AMANDA implementation; PRISM implementation); and business process improvements. The balance of the funding for the office is used for business process improvements and specialized expertise for projects managed by the office.

Question: HR costs were way down v budget, at \$795k ; why the significant increase to \$1.4k? (\$289k increase). Can this amount can be accommodated within the existing \$1.19m

Response: 2017 HR costs are underspent given the variance in the project management budget staffing (see above).

2018 HR increase is to reflect the addition of the Deputy City Manager position (salary and benefits), full staffing of the project management office, as well as annual adjustments for range movement, payroll taxes, etc.

Financial Management (page 69)

Question: Why are in-house printing costs going up? What did we do before?

Response: Over the last few years we have been transitioning from having the tax bills, arrears notices and inserts printed, sorted and mailed using an external printing company (purchased services) to our digital copy centre at city hall (operating/minor capital). More efficient service.

Human Resources (page 72)

Question: What is the new coaching implementation for? Is this coming from a reserve? Which one? (Increasing from \$163k to \$250k)

Response: The new coaching implementation is for performance management. We are moving from the traditional performance evaluation system and implementing a coaching method of providing continuous feedback and development for our employees. The coaching training program is being rolled out to all people leaders in February/March of 2018. It is a one-time cost of \$100,000 funded from the tax rate stabilization reserve fund.

On page 72 the HR line is increasing by \$112,970 (\$100,000 for corporate training – coaching). This is an increase in general revenues and recoveries of \$87,000 of which \$100,000 is funding from the tax rate stabilization reserve fund and a reduction of \$13,000 from the benefits reserve fund in the Human Resources service which is not a sustainable funding source.

Information Technology (page 73)

Question: The additional resource for transit software: what is this amount? Is this an FT?

Response: The Transit position is a full time employee. The salary/benefit amount is \$119,100 and the related IT equipment costs are \$4,180.

Question: In purchased services can you breakdown the costs and amounts for:
- city wifi, vendor hosting, and internet provision, and any other costs in this category?

Response: The following table provides a breakdown for Purchased Services:

ITS PURCHASED SERVICES BREAKDOWN	TOTAL AMOUNT	INCLUDES
City WiFi / Internet/ Fibre	\$133,135	Public /Guest WiFi Expansion, Staff WiFi in 7 City Locations, Corporate Internet Upgrade, Fibre upgrades to all City locations
Vendor Hosting	\$179,755	Vendor Hosting (\$159,794) E-scribe Services (Voting), E-Solutions Services (Video Hosting, Forms, Mobile App), ClearPoint Strategy, Clear Risk, Office 365 --- Maintenance and Software Licenses (\$19,961) Network Equipment, Audio Visual, Service Desk
Offsetting Savings in Purchased Services	-\$98,510	Telecom Optimization, Maintenance Services, Professional Services

Additional Analysis (page 113)

Question: What is the corporate training and development, and how is that different from professional development? What is the \$81k increase?

Response: Corporate training & development is used in the Human Resources service to reflect training programs provided to the corporation at large such as the Degroote leadership training, mandatory Respect in the Workplace training, etc. The increase is for the new coaching training (see question above in Human Resources section).

Question: What is “performance excellence” for \$152k

Response: Performance excellence is a program to recognize employees throughout the year in a small way for things like excellence in public service as well as to support the implementation of efficiency initiatives brought forward by staff through the Innovation Café program.

Question: Overtime is increasing by \$161k? Which departments are using this? Can I get a breakdown of OT by service?

Response: This is largely in Transit (increase of \$174k). As part of the transit operation sustainability review we examined the actual amount spent on overtime in 2016 and 2017, adjusted this for changes made in staffing in the latter part of 2017 and determined a realistic budget (which is significantly lower than previous years actuals). Offsetting reductions were found throughout the remaining 20 services that have budgets for overtime.
