



... Memo

To: Members of the Committee of the Whole - Budget
From: Joan Ford, Director of Finance
Cc: Tim Commisso, Acting City Manager
Date: February 15, 2019
Re: Budget Information Follow-up items

A handwritten signature in blue ink, appearing to read "Joan Ford", is located to the right of the "From:" line.

This memo provides a consolidation of responses to budget questions requested by members of Council at the following meetings:

- COW-Budget meeting of January 17th, 2019,
- Capital Budget Information Session of January 24st, 2019
- Operating Budget Information Session of January 29th, 2019

F-02-19 Budget Overview Report Follow-up

As a follow-up to the Committee of the Whole Budget meeting on January 17th, 2019 additional information with respect to the 2019 proposed operating and capital budgets was requested by members of council. The following is a consolidation of the questions and responses. Where appropriate, page references from the Proposed budget books have been referenced.

Capital Budget Questions

Project: Angela Coughlan Renovations (Page 148)

Question: Will staff be bringing this project back to Council for discussion?

Response: Based on tight timelines and community input received to date, this was originally not a part of the plan. Council was made aware of the project through two memos with approval of funds during the budget process.

Staff are meeting on this project over the next couple of weeks to determine next steps. Based on the feedback received to date through community consultation, staff will determine which approach would be best to ensure Council remains updated.

To note, a portion of the budget requested is part of the 2019 capital budget submission.

Project: Angela Coughlan Renovations (Page 148)

Question: Can you divide out the allotments for the three pools as part of the Capital Budget Submission under Repair and Renewal – Pool Facilities as found on page 148 of the capital budget book?

Response: The total funding for 2019 is \$1,171,000. This includes needed funding for three pools.

- Angela Coughlan: \$767,500 (top up funds required to complete this project)
- Aldershot Pool: \$370,000 (soft costs required to prepare the 2020 Aldershot Pool project)
- Centennial Pool: \$33,000 (minor equipment requirements – e.g Lifeguard chairs)

Angela Coughlan pool requires a significant amount of structural and mechanical work as a part of this project. Funds are required no matter the design chosen for the changerooms.

Operating Budget Questions

Service: Recreation (Page 73)

Question: Business Case 2019-033– Service Growth Strategy for Adult / 55+ Staff had named a couple of locations indicating where we would expand into if the business case was considered (e.g. Mountainside). Would staff also consider other locations like Aldershot Arena or Tyandaga Clubhouse?

Response: This business case noted at Committee does not appear in the proposed 2019 operating budget. If approved, staff would consider these locations, and others, based on where the needs are greatest.

Service: Recreation (Page 73)

Question: Securing Sponsorship Funds by Naming Corporate Assets
Who is responsible for generating sponsorship funds through the naming of corporate assets?

Response: To date, naming opportunities have been done on a project by project basis with Parks and Recreation staff usually taking the lead. A sponsorship package is approved by council and potential sponsors are sought. Most recently the city was successful in securing a naming opportunity for the Haber Recreation Center; unsuccessful in securing a sponsor for the renovated Nelson Outdoor Pool.

Funds secured are placed in a reserve to support future capital renewal of the asset that was named. There have been differences of opinion on whether the city should

secure sponsorship for the overall name of an asset, with there being more comfort with naming components within an asset.

A review of the corporate sponsorship policy will be undertaken later in 2019, early 2020

Capital Budget Council Information Session Follow-up

As a follow-up to the Capital Budget Council Information Session meeting on January 24th, 2019 additional information with respect to the 2019 proposed capital budget was requested by members of council. The following is a consolidation of the questions and responses. Where appropriate, page references from the Proposed Capital Budget book have been referenced.

Project: General

Question: What would be the impact on the overall 20-year asset management plan if the increase in the infrastructure renewal levy was decreased to 1% instead of 1.25% for this year, and what is that amount worth?

Response: A 0.25% decrease would reduce \$400,000 of funding to the capital program in 2019 and \$8 million of funding over the next 20 years (\$24 million over the 60-year Asset Management Plan). \$4 million of projects would need to be removed from the 10-year capital budget and forecast.

The capital projects impacted by the reduction risk higher costs in the future to complete and additional costs by the way of minor maintenance expenditures until the work can be done. The projects timing in the capital program is based on assessed condition, warranting the required work, deferring work can impact the resident's experience and derived quality with the asset.

Project: General

Question: Provide a list of statutory and discretionary development charge exemptions and a list of ineligible services.

Response: **List of statutory and discretionary development charge exemptions and list of ineligible services:**

The *Development Charges Act* along with regulation O.Reg. 82/98 provides legislated statutory development charge exemptions for the following:

- Industrial building expansions up to 50% of the gross floor area
- Intensification within existing residential developments with up to 2 additional dwelling units permitted within existing low-density dwellings and 1 additional dwelling unit permitted within medium and high-density dwellings
- Municipalities (City and Region)
- Board of Education and local board, as defined in the *Education Act*

The City's existing DC by-law (46-2014) also provides non-statutory exemptions from payment of development charges with respect to:

- Hospital, excluding any portion of the lands, building or structures occupied by the tenant of the hospital
- A place of worship
- Conservation authority
- Seasonal structure and temporary venues
- Parking garages
- Agricultural uses
- Canopy (structure with one or no walls, ie. Gas pump islands)

Ineligible services:

In accordance with the *Development Charges Act* and O. Reg 82/98, a development charge by-law may not impose development charges to pay for increased capital costs, prescribed as ineligible service listed below:

- Cultural or entertainment facilities, including museums, theatres and art galleries
- Tourism facilities, including convention centres,
- Acquisition of land for parks, including woodlots
- Hospitals, as defined in the *Public Hospitals Act*
- Landfill sites and services
- Facilities and services for the incineration of waste
- Headquarters for general administration of municipalities and local boards
- Lands for parks, includes land for woodlots and land because it is environmentally sensitive

Project:	Funding for Capital Projects from Parks and Recreation Reserve Funds
Question:	How are the reserve funds managed and what amount of funding is coming from them for capital projects?
Response:	The Parks and Recreation Department utilizes reserve funds to partially support capital initiatives for the repair and renewal of facilities and associated program amenities/enhancements in the Organized Sport Support, Recreation and Culture service areas. Reserve Funds related to facilities and programs are funded by a 5% surcharge place on user fees. Funds from these Reserve Funds are used to offset a portion of capital costs related to repair, renewal and enhancement of facilities and programs in the asset type, for example; surcharges collected at Angela Coughlan Pool would be placed in the "Pools" Reserve Fund and used for pools asset renewal projects. Projects presented through the capital budget that are funded or partially funded through Reserve Funds illustrate details as such under the budget summary.

Operating Budget Council Information Session Follow-up

As a follow-up to the Operating Budget Council Information Session meeting on January 29th, 2019 additional information with respect to the 2019 proposed operating budget was requested by members of council. The following is a consolidation of the questions and responses. Where appropriate, page references from the Proposed Operating Budget book have been referenced.

Service: Tree Management (EAB Program) Business Case 2019-026 (Page 60)

Question: Provide a detailed breakdown of what is included in the \$620,000 business case request for EAB.

Response: The original request as submitted in the business case was \$620k. This request for additional funding was to address an estimated budget shortfall over the council approved funding of \$850,000.00 annually. Within the \$620,000 there was a provision for \$100,000 to deal with priority removals in woodlots.

We have since revised the estimate to the absolute minimum budget required to maintain tree replacement planting goals for 2019. This is \$345,000 which assumes no additional increases from the existing vendor's negotiated unit price, and no contingency. An additional \$100,000 would be required for removal of high priority woodlot work.

Service: Municipal Law Enforcement (additional By-law Enforcement BC-2019-028) (Page 63)

Question: Bylaw: getting from 6 (proposed budget) to 8: I understand Parks and Recreation have a parks enforcement office, and parking enforcement is also separate from bylaw. Can we redeploy a parks and rec, and a parking officer to bylaw to bring the total bylaw complement to 8 officers? Or redeploy one officer from animal control to bylaw to achieve one of the 2.

Response: Parks and Recreation have Park Ambassadors who work with sports groups on proper park etiquette and problem-solving issues (lights on, lights off etc). These are part-time staff who work in summer months.

Parking Enforcement is contracted out to a 3rd party provider (Core Commissionaires) and the enforcement officers are not City employees.

Moving an animal enforcement officer would result in service reductions to customers and Animal Control Enforcement overall. This would impact the work the animal enforcement officers do on investigations, ticketing, and coyote management (as examples).

Service: Road and Sidewalk Maintenance (Page 93)

Question: What would be the cost of plowing the pathway at Brant Hills Community Centre? Are there any other locations not currently maintained in the winter?

Response: The additional cost to maintain this pathway is minimal and could be accommodated however there are significant safety concerns during freeze/thaw conditions given the hilly nature of the pathway.

There is a further 57 km of footpaths not in the road allowance that are not maintained in the winter. To maintain all of these pathways in the winter would require significant resources including additional staffing and capital equipment.

Given the significant amount of work and resources required to partially implement the new minimum maintenance standards on sidewalks adding additional footpaths is not recommended at this time.

Service: Transit (Page 104)

Question: What is the cost to provide seniors with free transit between 9:30 am and 3:30 pm Monday to Friday?

Response: The estimated cost is \$300,000 for conventional transit and \$60,000 for para-transit service.

Service: Recreation (Page 112)

Question: What expansion have we done to the pickleball program to address demand?

Response: We have been successful at obtaining grant funding to support a program expansion at various locations throughout the city. To date, we have also considered partnering to maintain this program expansion as well as looking to convert outdoor tennis courts, in specific target areas, to outdoor pickleball courts. Funding ends after this year. To date, all program expansions have had to be funded by grants which is not sustainable.

Service: Recreation and Organized Sports (Pages 111 & 112)

Question: Have we been able to meet the community need in terms of fee assistance and other similar type requests?

Response: To date, we are able to meet the demand we receive through the various funds available such as Community Matching Fund, Fee Waiver and Fee assistance programs. Financial assistance is supported in part by the tax base and also by external funders / donors.

Service: Local Boards (Pages 149 – 156)

Question: What savings would be achieved by holding the boards and Committees to 1.5% across the board instead of 2%?

Response: The total savings of reducing the city's contribution to the local boards to a 1.5% increase instead of a 2% increase would be \$75,457 as detailed below:

Local Board	2018 Budget	2% increased provision	1.5% increased provision	Savings
Burlington Public Library	\$ 10,715,757	\$ 214,315	\$ 160,736	\$ (53,579)
Burlington Economic Development Corporation	\$ 1,341,225	\$ 26,825	\$ 20,118	\$ (6,706)
Burlington Performing Arts Centre	\$ 953,093	\$ 19,062	\$ 14,296	\$ (4,765)
Art Gallery of Burlington	\$ 990,628	\$ 19,813	\$ 14,859	\$ (4,953)
Burlington Museums	\$ 698,975	\$ 13,980	\$ 10,485	\$ (3,495)
Tourism Burlington	\$ 391,722	\$ 7,834	\$ 5,876	\$ (1,959)
Total	\$ 15,091,400	\$ 301,828	\$ 226,371	\$ (75,457)

Service: Corporate Expenditures (VDRF) (Page 161)

Question: Can the provision to VDRF be reduced? Showing a \$402K increase.

Response: The Vehicle Depreciation Reserve Fund is used to fund the replacement of the city's Fleet vehicles (excluding conventional buses). The policy approved in 2018 is to increase the provision by 4% annually. In addition, \$270,000 of tax supported funding previously required for debt charge repayment (see \$500k reduction in debt charges) was restated to support the Handi-van renewal requirements. Handi-vans were previously replaced using funding from gas taxes.

Service: General

Question: Provide a table that shows funding sources of the capital and operating budgets.

Response:

Operating Budget

	2018 Actuals	2019 Proposed Base	2019 Proposed Total
Total Gross Expenditures	\$ 252,368,668	\$ 254,545,278	\$ 259,750,177
Net zero operations (Tyandaga, Parking, Food Services) and one-time funded projects	\$ 9,689,049	\$ 9,377,181	\$ 11,177,181
Adjusted Gross Expenditures (Tax supported only)	\$ 242,679,619	\$ 245,168,097	\$ 248,572,996
Organized Sport Fees and Revenues	\$ (6,113,936)	\$ (6,338,746)	\$ (6,338,746)
Parks and Recreation Fees	\$ (6,000,434)	\$ (6,133,132)	\$ (6,133,132)
Parking Revenues	\$ (1,609,791)	\$ (1,563,000)	\$ (1,563,000)
Transit Revenues	\$ (5,536,495)	\$ (5,576,000)	\$ (5,743,000)
Animal Control Fees	\$ (283,192)	\$ (295,800)	\$ (295,800)
Permit Revenues	\$ (5,540,778)	\$ (7,048,622)	\$ (7,048,622)
By-Law Fees	\$ (782,384)	\$ (795,000)	\$ (795,000)
Cemetery Revenue	\$ (185,459)	\$ (236,000)	\$ (236,000)
Corporate Facilities Revenue	\$ (354,101)	\$ (304,000)	\$ (304,000)
Tax Fees and Charges	\$ (421,625)	\$ (461,125)	\$ (461,125)
Rental Revenue	\$ (115,212)	\$ (148,000)	\$ (148,000)
External Recoveries	\$ (1,180,313)	\$ (933,200)	\$ (933,200)
Recoveries from the Province	\$ (758,472)	\$ (616,475)	\$ (616,475)
Recoveries from the Region	\$ (866,214)	\$ (926,623)	\$ (926,623)
Recoveries from other Municipalities	\$ (1,083,208)	\$ (1,425,469)	\$ (1,425,469)
Other Fees and Charges	\$ (1,048,770)	\$ (992,936)	\$ (992,936)
Total Controllable Revenues	\$ (31,880,385)	\$ (33,794,128)	\$ (33,961,128)
Tax Levy	\$ (160,103,799)	\$ (164,312,208)	\$ (167,556,586)
Payments in Lieu	\$ (4,094,055)	\$ (3,669,401)	\$ (3,669,401)
Supplementary Tax Payments	\$ (1,227,823)	\$ (1,000,000)	\$ (1,000,000)
Penalty and Interest on Taxes	\$ (2,174,575)	\$ (2,100,000)	\$ (2,100,000)
Senior Government Grants	\$ (250,845)	\$ (128,400)	\$ (128,400)
Investment Income*	\$ (10,399,270)	\$ (9,016,000)	\$ (9,016,000)
Hydro Proceeds*	\$ (5,686,476)	\$ (4,900,000)	\$ (4,900,000)
Internal Recoveries*	\$ (5,988,591)	\$ (6,033,578)	\$ (6,052,099)
Transfers from Reserves & Reserve Funds	\$ (11,624,811)	\$ (9,252,957)	\$ (9,227,957)
Recoveries from Capital	\$ (3,181,810)	\$ (3,137,801)	\$ (3,137,801)
Federal Gas Tax*	\$ (5,598,729)	\$ (5,561,056)	\$ (5,561,056)
Provincial Gas Tax*	\$ (2,355,959)	\$ (2,262,568)	\$ (2,262,568)
Total General Revenues	\$ (212,686,744)	\$ (211,373,970)	\$ (214,611,869)

*A portion or all of these revenues are offset by provisions to reserve funds or internal expenses

City of Burlington
2019 Proposed Capital Budget
Consolidated Annual Funding Sources
 (Numbers are in \$ Thousands)

Funding Source		2019
Recoveries	Hamilton	\$ 24,487
	Halton Hills	\$ 348
	Halton Region	\$ 45
	Milton	\$ 475
	Oakville	\$ 348
	Investing in Canada Program	\$ 1,022
	External/Other	\$ 334
Tax Supported	Capital Funding from Operating Budget	\$ 4,374
	Debt	\$ 6,978
	Infrastructure Renewal Levy	\$ 22,145
Senior	Federal Gas Tax (Roads/Transit)	\$ 6,316
	Provincial Gas Tax (Transit)	\$ 2,220
Reserve Funds	Development Charges	\$ 3,816
	Burlington Hydro	\$ 4,153
	Capital Purposes	\$ 4,997
	Future Services	\$ 1,100
	Park Dedication	\$ 6,068
	Parks & Recreation Reserve Funds (various)	\$ 543
	Parking	\$ 1,150
	Senior Government Funding	\$ 877
	Vehicle Depreciation Reserve Fund	\$ 4,861
	Other	\$ 110
TOTAL		\$ 96,765

* Numbers may not add due to rounding

Service: General – HR Budget Summary (Page 170)

Question: Why is HR up 7.1%? Is this the head count increase?

Response: 7.1% HR increase includes business case requests as well as the base budget. Base budget increase is 4.8% and when you exclude the regulatory/contractual obligations as well as the 2 staff for Halton Hills fire communications and the road patroller that is funded by the Region, the base budget increase for HR is 3%.

Service: General

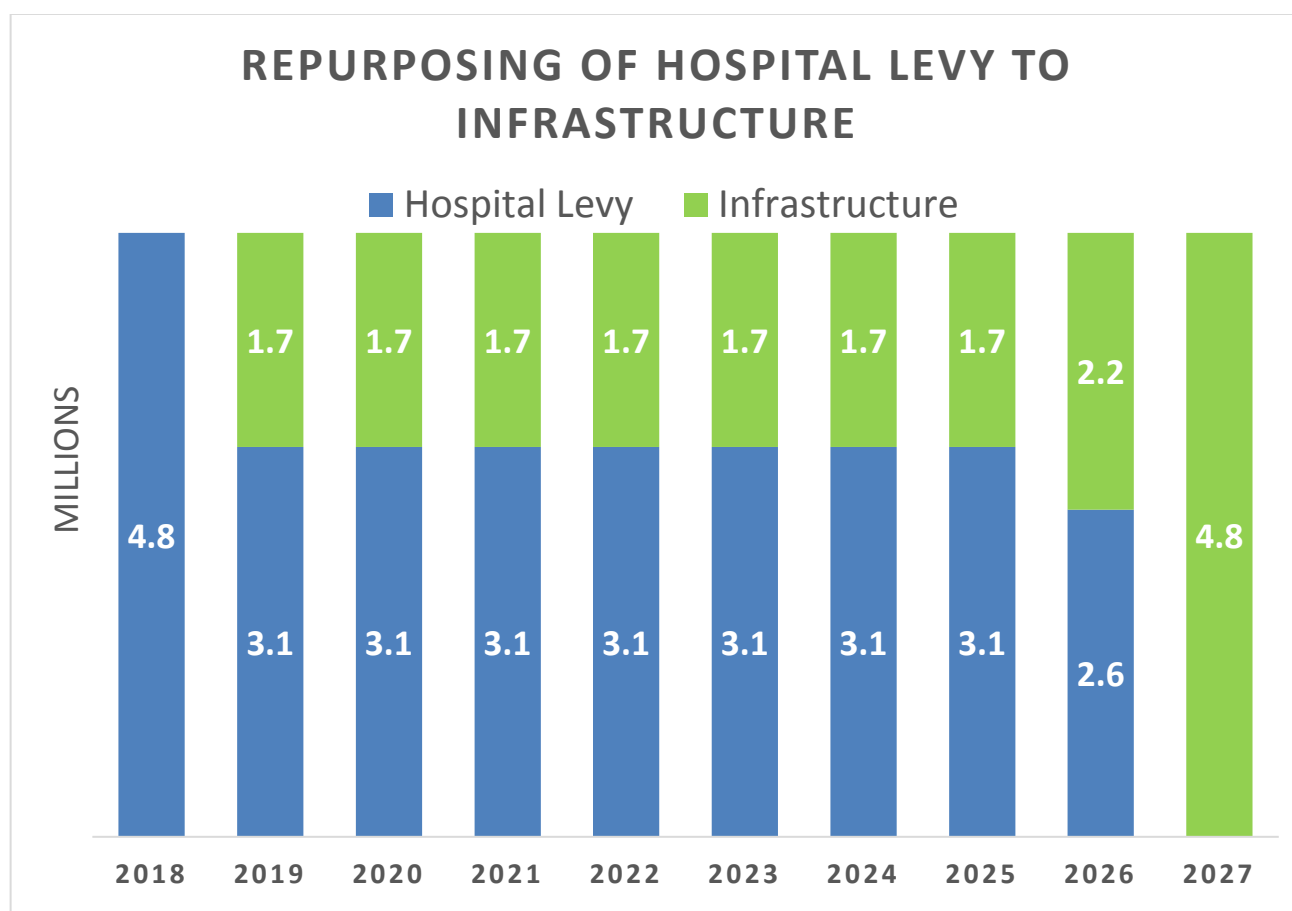
Question: What is the total amount of budget reductions required to get the increase to 2.99%?

Response: \$1.6 million of on-going savings would be required to reduce the proposed budget from 3.99% to 2.99%.

Service: General

Question: Provide a chart showing how the hospital levy is transferred to infrastructure over time.

Response:



Service: General

Question: Provide a chart showing how the hospital levy has been raised over time and used to fund the \$60M commitment.

Response: See Appendix A

Service: General

Question: Provide a continuity schedule for the Hydro Reserve Fund

Response: See Appendix B

Service: General

Question: Provide the balances in the following reserve funds: Tax Rate Stabilization, Policy Initiatives, Forestry, Culture Initiatives, Public Art

Response: The uncommitted balances (rounded) as of December 31, 2018 are as follows:

Tax Rate Stabilization - \$4,150,000

Policy Initiatives - \$1,090,000

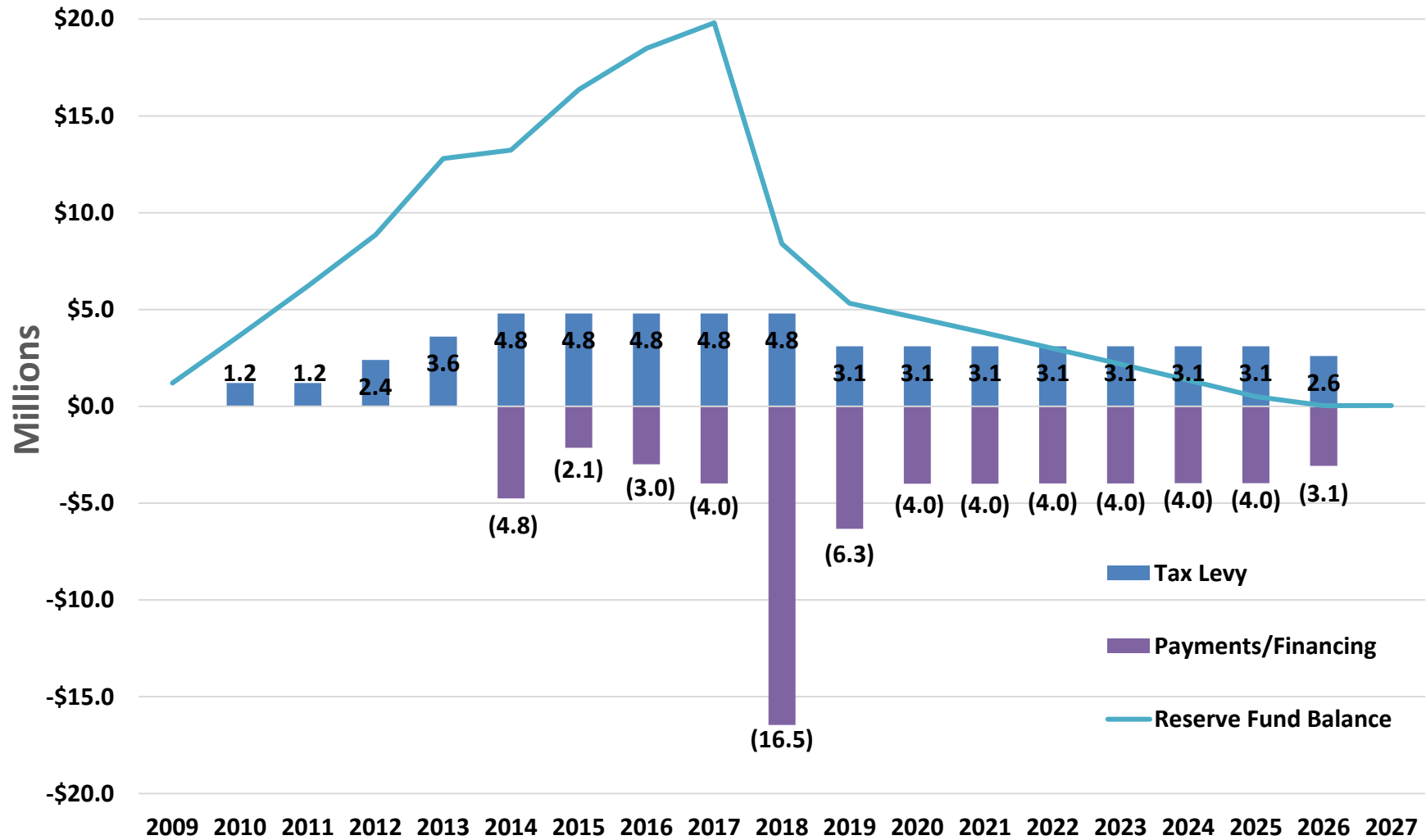
Forestry - \$580,000

Culture Initiatives - \$119,000

Public Art - \$626,000

HOSPITAL RESERVE FUND

Appendix A



Note: Reserve Fund balance includes one-time funding

Burlington Hydro Reserve Fund Continuity Schedule

	Forecast										
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	
Opening Balance	\$ 13,628,222	\$ 11,107,738	\$ 10,635,959	\$ 8,069,308	\$ 5,976,255	\$ 4,851,690	\$ 4,511,384	\$ 5,761,090	\$ 7,050,940	\$ 8,660,861	
Hydro Revenues (Annual Dividends, Interest on City's Promissory Note)	\$ 4,930,000	\$ 4,930,000	\$ 4,590,000	\$ 4,590,000	\$ 4,590,000	\$ 4,590,000	\$ 4,590,000	\$ 4,590,000	\$ 4,590,000	\$ 4,590,000	\$ 4,590,000
Interest on Reserve Fund	\$ 440,000	\$ 360,000	\$ 350,000	\$ 260,000	\$ 190,000	\$ 160,000	\$ 150,000	\$ 190,000	\$ 230,000	\$ 280,000	\$ 280,000
Total Revenues	\$ 5,370,000	\$ 5,290,000	\$ 4,940,000	\$ 4,850,000	\$ 4,780,000	\$ 4,750,000	\$ 4,740,000	\$ 4,780,000	\$ 4,820,000	\$ 4,870,000	
Infrastructure Renewal Allocation	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)	\$ (2,100,000)
Current Budget Allocation	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)	\$ (325,000)
Repayment of Issued Special Circumstances Debt (SCD)	\$ (3,195,164)	\$ (2,038,041)	\$ (2,033,473)	\$ (2,028,679)	\$ (1,714,107)	\$ (1,580,227)	\$ (280,215)	\$ (280,071)	\$ -	\$ -	\$ -
Repayment of Forecasted SCD	\$ (217,248)	\$ (217,248)	\$ (785,079)	\$ (785,079)	\$ (785,079)	\$ (785,079)	\$ (785,079)	\$ (785,079)	\$ (785,079)	\$ (785,079)	\$ (785,079)
Storm Water - Flood Mitigation	\$ (2,053,072)	\$ (1,081,490)	\$ (2,263,100)	\$ (1,704,294)	\$ (980,380)	\$ (300,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ (7,890,484)	\$ (5,761,779)	\$ (7,506,651)	\$ (6,943,052)	\$ (5,904,566)	\$ (5,090,306)	\$ (3,490,294)	\$ (3,490,150)	\$ (3,210,079)	\$ (3,210,079)	
Closing Reserve Fund Balance	\$ 11,107,738	\$ 10,635,959	\$ 8,069,308	\$ 5,976,255	\$ 4,851,690	\$ 4,511,384	\$ 5,761,090	\$ 7,050,940	\$ 8,660,861	\$ 10,320,783	
<i>Commitment Floating Wave Break at LaSalle Park Marina</i>	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)
Balance net of Commitments	\$ 7,107,738	\$ 6,635,959	\$ 4,069,308	\$ 1,976,255	\$ 851,690	\$ 511,384	\$ 1,761,090	\$ 3,050,940	\$ 4,660,861	\$ 6,320,783	