

Council Information Session Follow-up

As a follow up to the Committee of the Whole Budget meeting on November 4 and Council Information Sessions on November 12-14 additional information with respect to the 2020 proposed budget was requested by members of council. The following is a consolidation of the questions and responses. Where appropriate, page numbers from the Proposed 2020 Budget book have been referenced.

Budget General

Question: What would be the impact of changing the split of the Federal Gas Tax from the current 75% Roads / 25% Transit to 70%/30%?

Response: The current FGT split is 75/25 on a revenue of \$5,561,056. Amending the gas tax split to 70/30 would increase Transit portion by \$278,053 to \$1,668,317, and a corresponding reduction of \$278,053 to the Roadways program.

As part of report F-23-18, staff recommended and council approved the most current FGT split of 75/25, from 80/20 based on immediate funding needs within the Transit program. This recommendation was predicated on the introduction of certain tax supported funding such as the reallocation of the hospital levy (\$1.7 million) that would partially supplement the funding loss to the roadways program as a result of the amended split. However, due to reductions in the 2019 capital program the additional funding did not all come to fruition. A further change to the FGT split (70/30) will further impact the delivery of roadway projects over the ten years. As part of this report (F-23-18) staff committed to re-evaluating the FGT split once the Transit 5-year Plan was completed. As staff works towards the development of a financing plan for the Transit BP, the FGT will be reviewed at that time along with other funding options, to get an understanding if a further change in the FGT is warranted and the resulting impacts to both the Roadways and Transit program.

Question: P17 Can you please provide the total capital program amount for 2018 and 2019, after the cuts (it did go up, just not up as much as expected) and proposed 2020, showing total millions increased in the three years, as well as the percentage increase. (Part A)

For 2019, we had the choice to “repurpose” the hospital levy to infrastructure or “return” some of it. We chose to return some/all of it by reducing the capital program by roughly \$929,000. Please provide some data to show what was repurposed and what was returned. (Part B)

Also, please provide an updated asset management plan chart with the \$929k removed. (Part C)

Also, please show how much of the projects in the \$964k that we cut were eventually funded with upper level government monies (for example, the Elgin promenade). (Part D)

Response: Part A

	Total Capital Program	Change	% Change
2018	\$687.5 M		
2019	\$819.0 M	\$131.5 M	19.1%
2020	\$809.7 M	\$(9.3M)	(1.1%)

Part B – the capital funding was reduced by \$929,000 in 2019

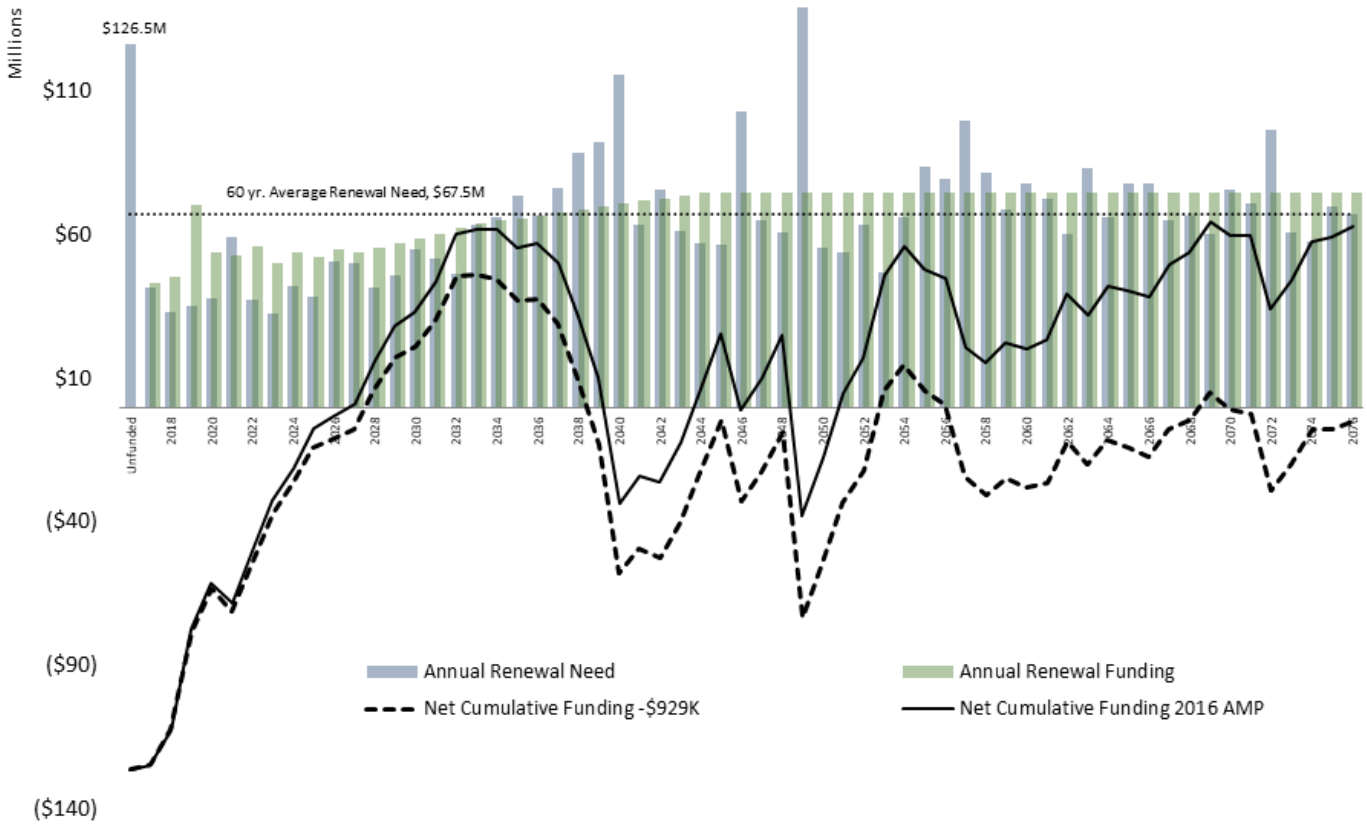
	Levy Amount	Hospital Repurpose	Capital Reduction	Net Hospital Repurposed	Net
2018	\$1.9 M				\$1.9M
2019	\$2.0M	\$1.7M	(\$0.929) M	\$0.771M	\$2.771M
2020	\$2.075M				\$2.075M

Part C

The 60-year 2016 Asset Management Financing Plan is represented by the solid line in the chart below. As a result of the \$929,000 budget reduction in 2019, the financing plan is no longer sustainable as shown by the dotted line.

The annual loss equates to \$18.6 million over 20 years and \$55.7 million over the 60-year plan. The 2020 proposed budget includes an infrastructure levy of 1.25%. An updated Asset Management Plan and Financial plan will be provided to Council in Q2-2021 which will be updated for asset inventories, overall condition of city assets, cost escalations and any recommended changes to the financial plan.

Impact of \$929K reduction in 2019



Part D

The following is a listing of projects which were removed or reduced in 2019. The total reduction was \$929,000.

Project	2019 Proposed	Council Amendments	2019 Approved
Brant Street at Elgin Street Right Turn Elimination	\$ 314,000	\$ (164,000)	\$ 150,000
Elgin Promenade Construction	\$ 680,000	\$ (680,000)	\$ -
Fire Emergency Response Drone	\$ 50,000	\$ (50,000)	\$ -
New Support Vehicle - Supervisor of Bylaw Enforcement	\$ 35,000	\$ (35,000)	\$ -
		\$ (929,000)	

Of these projects, Elgin Promenade received \$700,000 of funding from the one-time Federal gas tax funds received in 2019. (CM-7-19)

Question: P17 I believe it's important to educate the public that city costs don't go up by inflation, the same as household costs do, given that a large part of our budget is construction, and/or materials subject to tariffs/exchange rates, and the inflationary index for that is significant. Can you provide a total dollar amount (general, ballpark figure) of these costs in 2019, and the amount that they are increasing (% increase based on inflation) so we can get an idea of the cost pressure for the 2020 budget? Same exercise for utilities? I think it would help to show the percentage increases, and the total dollar/percentage increase on the budget for 2020.

Response: The City's scope and volume of operations results in different price pressures than an average household may face. As we operate in smaller market place with a limited number of qualified contractors, we are susceptible to supply shocks. For example, with Metrolinx now constructing a third rail line, the City's construction costs are estimated to go up as many contractors are now at or above capacity. Some price pressures we face are due to the different types of inputs, for example asphalt or cement, then a household would use. Lastly, in many City processes, we cannot take advantage of substitution away from higher priced materials, as a household may do.

Utility costs such as Electricity often increase at a higher rate than they do for normal households, due to many of our facilities being in a different rate class. For example, a residential customer will expect an increase at or around inflation, whereas our Class B facilities (Appleby Arena, Tansley Woods, Mainway) are forecasted to see a 3.0% increase in Electricity prices. Due to the higher volumes here, the dollar impact on budget is significant. Other utilities such as Natural Gas and Water should increase in line with consumer markets as there is not much difference in pricing structures here. Fuels, however, are bought as part of the Halton Co-operative Purchasing Group and will fluctuate on a) the underlying commodity price and b) the volume discounts we are able to negotiate. Overall commodity costs are increasing 1.75% (\$157K) over 2019. This increase was partially mitigated from continued savings realized in Hydro from the LED Streetlight conversion program.

Construction inputs also vary more than goods included in CPI. For example, Asphalt prices increased on average 7% in 2018 and 5% in 2019. There are many variables in the price paid for asphalt; Haulage distance to site, quantity tendered, time of the year and type of project. An example of where we are facing high price pressures would be asphalt Arterial Road Type projects. In 2019, price per unit of asphalt increased 26%. An equivalent project that used 2500 tonnes of asphalt in 2018, would cost the City \$65,000 more in 2019.

Quantifying total dollar budget increases specifically in construction or utilities can be done, however we wouldn't be comparing like for like. For example, construction projects will have different scopes and requirements year over year. With utility budgets, forecasted consumption volumes are updated each year, so the dollar increase we see is a combination of price increases and volume change.

Overall contracted services has experienced considerable increases. As an example, in Roadway Maintenance these costs were increased by 22% (\$630K) with the largest of this increase resulting from the recent tender for the sidewalk snowplowing contract.

Overall base budget salary and wage increases are averaging close to inflation at 2.2%.

Question: P17 are all decisions from 2019 that were one-time now included in the base budget (e.g. Seniors transit off peak, bylaw officers, museum staff, etc) what is the total amount?

Response: The 2020 budget does not include any one-time funded items from 2019.

The by-law officers were an ongoing expense in 2019 and therefore form part of the 2020 base budget.

The 2019 budget approved 18 months of funding for the Free Senior Transit pilot (to Dec 31, 2020).

The Museum staffing was one-time funded in 2019 and is proposed to be one-time funded again for 2020 until such time as ongoing revenue sources can be determined to offset some or all of these costs.

Question: P21 Reserves: why don't reserves "earn interest" same as "reserve funds"?

Response: Reserves are generally used in for in-year expenses such as insurance. Since they are short-term in nature interest is not allocated. Reserve funds are restricted to meet a specific future purpose. We are obligated through legislation and bylaws to allocate interest to them.

Question: P22. Of the \$121m in reserve/reserve funds, how many of these are stabilization funds (in dollar figure amount) that we are targeting to achieve 10-15% balance? All of it? Can you provide the formula for calculating the % of stabilization reserves, including the dollar amounts this year?

Response: Of the \$121 million total reserve fund balance for 2019 noted on page 22, \$19.7M is for stabilization reserve funds. The formula calculates the balance in the city's stabilization reserve funds over the city's net revenues for the previous year. The city's stabilization reserve funds as a percentage of net revenues is 8.3% ($\$19.7M / \$237M$).

Question: P23, the narrative says our debt charges as a percent of revenue is 10.3% currently, but the chart has us at 8.8%. How to reconcile?

Response: The city's total debt charges as a percentage of own source revenues is 10.3% as indicated in the city's financial status report. This 10.3% capacity limit is calculated

based on the 2017 FIR (financial information return) and is inclusive of long-term liabilities as required by the Province. The data in the graph is based on the city's most recent 2018 FIR and excludes long term commitments to reflect only true debenture repayment costs.

Question: P24 Can you provide a detailed breakdown of what's included in the city services and corporate revenues/expenditures lines, in dollar values, over \$50k, or if easier, by category, e.g. Under Human Resources, impact of reorganization, union and non union increases, etc.

Response: The breakdown is as follows:

Base Budget Increase:

Major drivers	Amount	Comments
Human Resources	\$ 2,643,866	The increase in human resources costs includes annual performance adjustments, range movement, payroll taxes (EI, CPP, EHT), WSIB, OMERS and group benefits (please see breakdown on pg 651).
Contracted services	\$ 1,005,841	\$624K increase in Winter Maintenance as a result of increased contracted services pricing . Other increases represent inflationary pressures to maintain existing service levels.
Corporate IT Infrastructure and Software growth	\$ 431,569	Increase due to the growth of existing business applications and technologies, as well as the introduction of new business solutions as a result of previously approved capital programs
Provision to Local Boards	\$ 269,381	A Budget increase of 1.75% was provided to Local Boards
Vehicle Depreciation Reserve Fund contribution	\$ 148,365	4% increase in VDRF contribution
Transit Fare Commission Expense	\$ 104,328	Commissions paid on Presto fares increasing by 2%
Commodities	\$ (55,289)	Decrease in Commodities mainly as a result of savings in Hydro costs (re LED).
Development revenues	\$ (275,289)	Increase in revenues mainly in Building Permits as a result of the anticipated implementation of the new Building Permit By-law fee schedule with associated indexing
Transit revenues	\$ (48,500)	Increase in Transit revenues as per actual trends
Recoveries from the Region of Halton and other Municipalities	\$ (236,066)	Increase in recoveries reflecting work performed on behalf of other municipalities
Miscellaneous costs	\$ 36,839	
Total	\$ 4,025,045	

Question: What is the projected “surplus” for 2019? How much of the “one time” costs of \$1.1m will this cover? Are we dipping into Tax Rate or other funds (and if so, which ones) to cover these one-time costs?

Response: The city is projecting a \$900K - \$1.1M retained savings (\$900K shown as of September 30th) depending on winter maintenance costs, capital gains, development revenues, etc. The \$1.1M of one-time expenses are all proposed to be drawn from the Tax Rate Stabilization Reserve Fund (where the retained savings would go).

Question: P616 what is the \$390k increase in purchased services in Information Technology?

Response: The \$390K in purchased services is made up of the following items:

Computer software maintenance: Increased costs are due to the ongoing impact of capital projects on the operating budget, projects include the following:

- Business Intelligence (BI) program phased in costs
- Database architecture licenses renewal
- Other minor capital project impacts

Vendor hosted maintenance costs: Increased costs are due to the ongoing impact of capital projects on the operating budget. Projects include:

- backup and disaster recovery infrastructure,
- ongoing phase in of the Office Automation Upgrade (Office 365 subscriptions)
- net impact of the corporate POS (point of sale) solution
- a number of smaller service specific solutions being implemented

On-going annual software maintenance and support cost increases.

Question: P641 what does the proposed business cases of \$453k relate to? Is that the HR range adjustment amount? It says, “financial expenses”.

Response: This is the business base related to Market Competitiveness. It is temporarily categorized under financial expenses until such time as the costs can be distributed across the various impacted services. This will happen prior to the publishing of the Approved 2020 Budget book.

Business Cases

Business Case: Expansion of Conventional Bus Service BC# 2020-016 page 36

Question: p38, how much funding is assumed from ICIP for the transit costs? Is this just for the capital purchase, and does this potentially reduce the need for “capital from operating” amounts, to free up dollars for other projects or tax relief?

Response: ICIP funding is only applied to capital projects and not ongoing operating impacts. Of the \$2.6M cost for 4 expansion conventional buses, \$1.9M is funded under the ICIP program, \$118K from development charges and \$576K from city funding. The ICIP

funding has displaced the use of provincial gas tax which has been redirected towards the bus replacement program (which is underfunded). The conventional bus replacement and expansion programs are traditionally funded from gas tax.

Business Case: Bay Area Climate Change Partnership BC# 2020-030 page 44

Question: What value does the Bay Area Climate Change Council provide to Burlington and what is the budget for the organization?

Response: The Bay Area Climate Change Council is a collaboration between the cities of Hamilton, Burlington and the Centre for Climate Change Management at Mohawk College. It is modelled after the Bay Area Restoration Council but with a focus on climate action. The council is made up of a number of stakeholder organizations, including BurlingtonGreen, Conservation Halton, Burlington Economic Development Corporation, the Sustainable Development Committee as well as Sustainable Hamilton Burlington. The council is working to set up task or working groups of experts, particularly in the area of buildings and transportation to help develop low carbon actions for these sectors. Staff envision the council's strength to be in community engagement and to provide support for the new Climate Action Plan for Burlington where it makes sense to pool implementation/program resources across the Bay area.

The structure for the council and office was originally to be supported by provincial Cap & Trade funds, which was cancelled with the change in provincial government. The annual budget for the office is estimated to be approximately \$190,000, which would support two staff and resources for the office to be located at Mohawk College.

Business Case: Urban Forestry Management Update BC# 2020-031 page 47

Question: P33 Please provide a detailed breakdown of what the \$200k to update the urban forestry master plan includes, on top of the \$100k from last year (total \$300k). Has any of the \$300k been spent from last year? Ongoing software/licenses to track canopy?

Response: The \$100k provided in 2019 is insufficient to complete the full scope of work including a woodlot management plan and a comprehensive tree canopy survey which will provide a higher level of detail. As such an additional \$200k is required. The 2019 one-time funding has not yet been spent.

Business Case: Steps to Safety Home Visit Program BC# 2020-005 page 49

Question: P31/34 Says \$100k for four-year home fire safety program. Didn't we fund \$25k last year, thus only \$75k left? So, a 5-year program in total, 2019 plus four more years?

Response: In 2019, \$35,000 of one-time funding was provided for the first year of this 5-year program. Fire has indicated that the remaining 4 years of the program will cost \$25,000 per year (\$100,000). This brings the total cost of the program to \$135,000.

Business Case: Staffing for Joseph Brant Museum Expansion BC# 2020-006 page 52

Question: P34 What is the revenue offset for the \$120k in museum staff? Some/all was expected to be offset with exhibits/fundraising, etc. (May be too early to tell I suppose)

Response: The revenue offset is Tax Rate Stabilization Reserve Fund. This will extend the current contract staff another year. The museum will bring forward a business case in 2021 to convert these contract positions to permanent. At that time, they will be in a better position to estimate the revenues that can be achieved to offset these costs.

Business Case: Market Competitiveness BC# 2020-009 page 58

Question: P34 please provide a breakdown of the \$630 market competitiveness? I understand that \$450k is for range adjustment and movement to get into range. What is the \$180k in one time? Consulting for the job evaluations? Is that for one year or over two years?

Response: The \$630,000 is broken down between \$450,000 of on-going funding for the first phase of the market competitiveness initiative and \$180,000 of one-time funding for consulting costs related to the creation of a new job evaluation system. It is anticipated that the new job evaluation system will be created within the next year.

Item: Health and Safety Associate BC# 2020-010 page 61

Question: What are direct WSIB costs over the past four years and what is the ROI for this position.

Response: WSIB Costs:

The City is “self-insured”, so we pay out of pocket for all claims plus a WSIB administration fee (numbers in table include admin. fees).

2019 at month end, August	\$720,636 (projected to be over \$1 million at year end)
2018	\$927,823
2017	\$824,227
2016	\$808,880

Return on Investment:

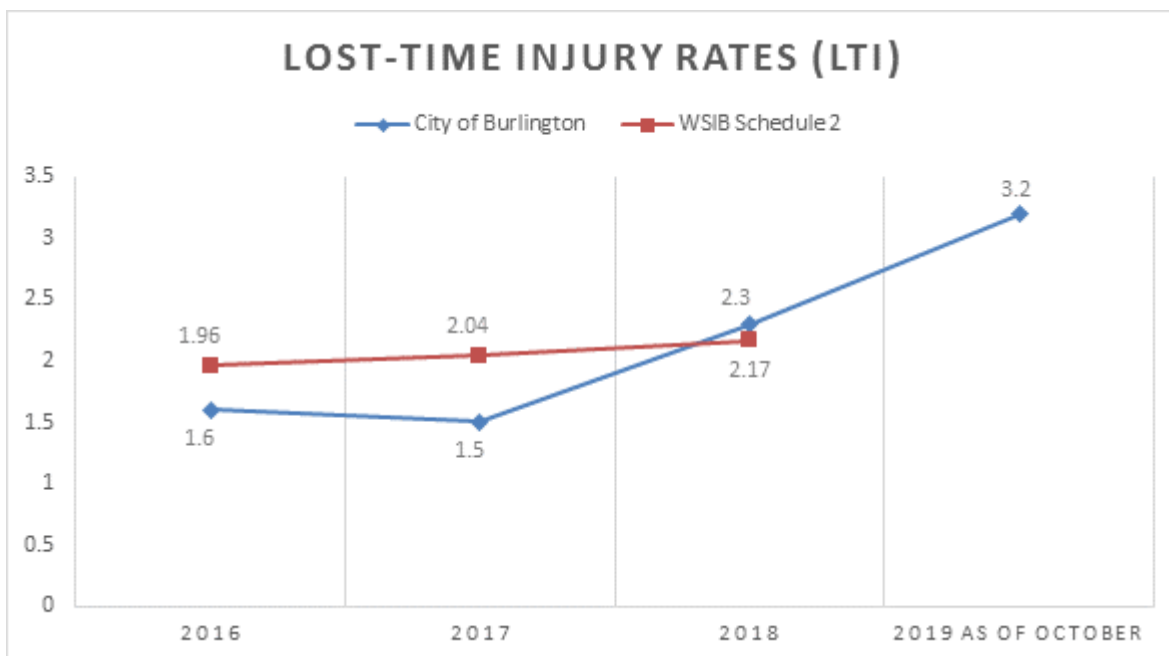
There’s been a number of studies over the years on the ROI of safety management and prevention. The [National Safety Council](#) suggests that based on the research, for every dollar invested in injury prevention, there will be a return of anywhere for \$2-\$6 (depending on the study that you reference). This is because indirect costs of a safety incident/loss are estimated to be 4x the cost of the direct WSIB/Compensation costs (source: [MOL](#)). Indirect costs include: backfilling with overtime or re-training costs, lost productivity/reduction in service, damage/repairs to equipment, regulator

prosecution/investigations, etc. Since we are self-insured (through WSIB), every claim prevented is money saved!

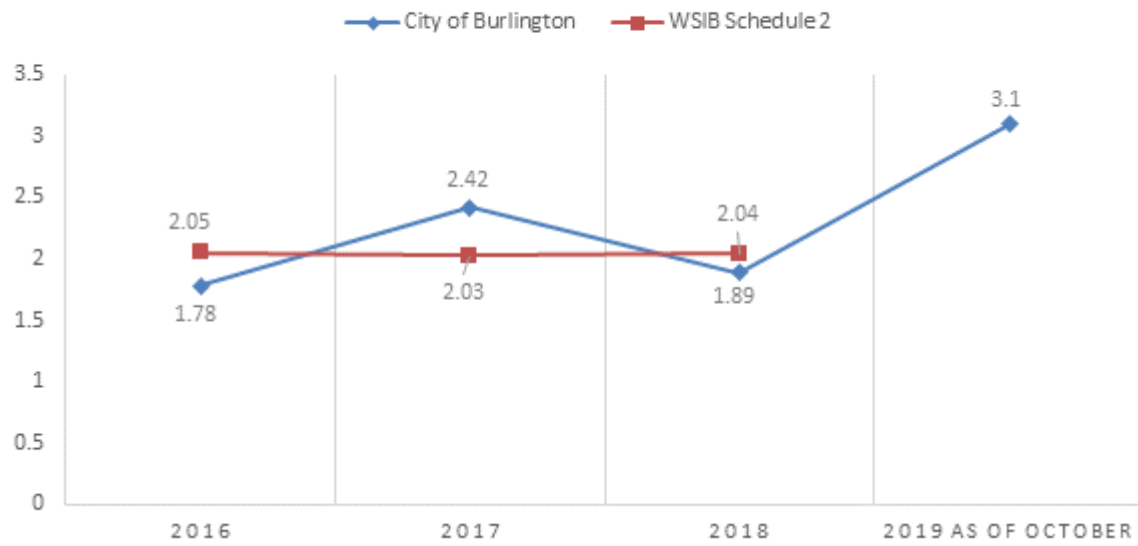
Injury Rates/Trending:

These frequency rates are per 100 full-time employees (the standard for measurement of injury rates internationally). We are benchmarking against Schedule 2, which is “self-insured”, large public sector employers. WSIB doesn’t calculate Total Reportable Rates (third graph), therefore that’s an internal metric with no WSIB Schedule 2 benchmark.

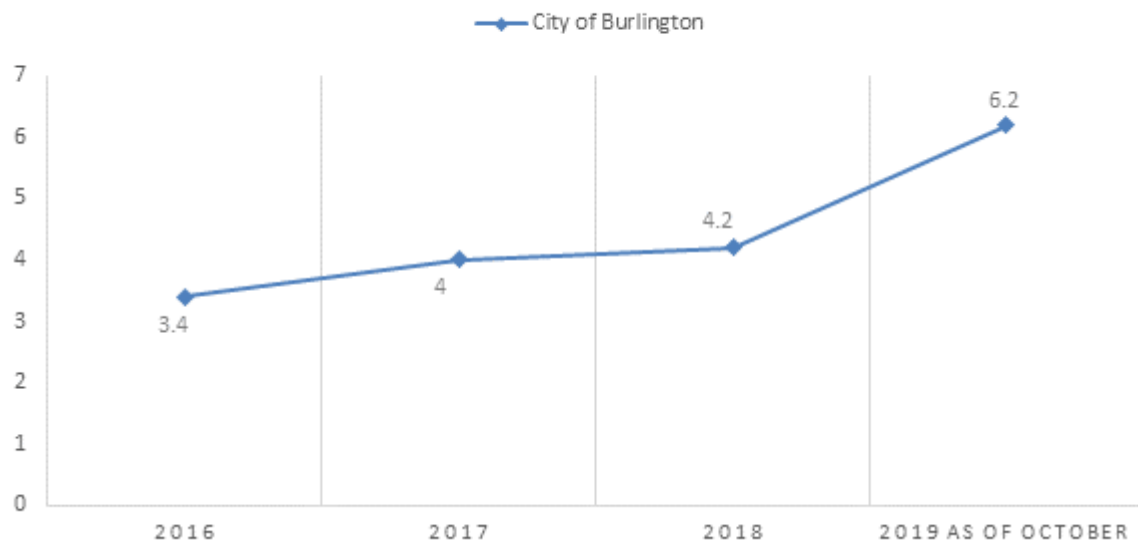
Prevention efforts may take years to translate into effects on these lagging indicators. In addition, an increased safety culture may actually increase staff’s awareness (of work-related musculoskeletal disorders, for example) and willingness to report or seek early treatment; while it has a negative impact on injury rates in the short-term, it could result in reduced severity of losses long-term. Lagging injury rates don’t always paint the full picture, thus we are looking at more leading/positive safety performance indicator options.



NO LOST-TIME INJURY RATES (NLTi)



WSIB TOTAL REPORTABLE INJURY RATES



A City that Grows

Item: Housing Strategy and Action Plan – Preliminary Budget Request Not Accommodated (Appendix D of Report F-46-19)

Question: Could the preparation of the Housing Strategy and Action Plan be phased? If so, what funding would be required in 2020?

Response: Yes, it could be phased with the first phase starting in Q3. Funding required would be \$150,000. (Total funding required for the project will be \$300,000).

A City that Moves

Item: Automated Vehicle Location (AVL) Replacement page 199

Question: How much of the project is legislated versus expansion?

Response:

Legislatively required costs	Capital - \$339,000 Operating - \$45,000
Asset Management and Green Fleet related Expansion	Capital - \$1,375,275 Operating - \$98,400

The legislatively required components of AVL must be replaced as the City would be subject to significant risk should we be unable to prove that we are meeting legislated requirements. Additionally, our current system is no longer meeting the needs of the business and will not allow us to incorporate service improvements and efficiencies.

The Asset Management & Green Fleet related Expansion of AVL will allow for enhanced functionality that aligns with the City's Strategic Plan and V2F including:

- Route Optimization (winter control and patrol related equipment only)
- In-cab Hardware (Hardware will be multi-used by frontline staff for EAMS maintenance management, ERP time recording, CRM customer response, etc). Making in-cab hardware available has corporate alignment with the IT Corporate Strategic Plan, Mobile Worker Strategy, Business Intelligence Project, and Records Management Policy.

The in-cab hardware is a significant part of the capital costs for the project (\$872,000).

- Pre-trip Inspection automation and automated reporting of vehicle fault codes
- Integrations with other software eg. Burnside, EAMS

The installation of AVL was recommended by both consultants for Provincial Reviews on Winter Control and Greening the Fleet as a key component for efficiency moving forward.

A Healthy and Greener City

Item: Energy Conservation Initiatives Capital Budget page 340

Question: What is the breakdown of \$220,000 dollars for 2020 for the 5 projects listed in the description of the capital budget.

Response:

1. Lighting retrofits and controls at Brant Hills, Nelson Recreation Centre, Burlington Seniors, Aldershot Pool (\$75,000)
2. Facility recommissioning at Burlington Operations Centre and Transit Operations Centre (\$25,000)
3. Interval metering installations at City Hall and Burlington Operations Centre of Natural Gas, Electrical and Water submetering systems (\$15,000)
4. Solar Photovoltaic Feasibility Studies of City wide, for facilities as well as ground mounted systems, and City-Wide Energy Training Plan Development (\$30,000)
5. Measures from sustainability and energy audits such as building envelope sealant repairs to various locations to improve facility energy conservation (\$75,000)

Item: Elgin Promenade Phase 4

Question: Should Phase 4 of the Elgin Promenade be delayed given all of the construction currently happening in the downtown?

Response: Despite construction currently happening in the downtown, the Elgin Promenade Phase 4 project should proceed as scheduled. This final connection is a vital pedestrian and cycling link and will address existing conflicts between cars and people. Unlike major development projects, construction traffic generated by this build will be low. There is no guarantee that it will get any better in the downtown for a number of years so postponing the project most likely will not be a benefit and will cost more.

Item: Salt Dome

Question: Should the purchase of the new salt dome be cancelled given the use of salt is not in aligned with the Climate Emergency?

Response: We have a greater need now for salt storage due to the changes to the Minimum Maintenance Standards. We are now required to treat sidewalks for icy conditions. The additional space allows the city to secure salt at a lower rate ahead of the season starting and to be better prepared in the event of labour disruptions at the salt mine or winter weather causing problems with deliveries from Goderich.

Enabling Services

Item: City sponsored daycare

Question: Can the City look into providing city sponsored daycare as a way to attract and keep employees – instead of increasing wages all the time.

Response: We can look into the cost/models other employers have.

Item: Citizen Committees

Question: Is it possible to combine the budgets for all citizen committees into one budget?

Response: Combining advisory committee budgets is a recommendation that is being put forward by the working group reviewing advisory committee structure and will be considered by Council early in 2020.
