





Type of Decision									
Meeting Date	October 20 th , 2020			Report Date	October 16 th , 2020				
Decision Requested		Yes	X	No	Priority		High		Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title
2021 Budget Update – Seeking Consensus on Budget Direction

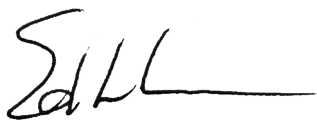
Resolution	Relationship to the Strategic Plan/Health Impact Assessment
For information only.	This report refers to operational matters.
Resolution Continued	Background Attached

Report Summary	Financial Implications
<p>This report provides information regarding the 2021 Budget and discussion points from the October 13th, Finance and Administration Committee meeting.</p>	<p>There are no financial implications associated with this report.</p>

Report Prepared By	Division Review
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Recommended by the Department	Financial Implications
<p> Name: Kevin Fowke Title: General Manager of Corporate Services</p>	<p> Name: Steve Facey Title: Manager of Financial Planning & Budgeting</p>

Recommended by the C.A.O.



Ed Archer
Chief Administrative Officer

Executive Summary

During the October 13th Finance and Administration Committee meeting, Council was presented with a report identifying major themes that emanated from individual interviews with Councillors. Based on the feedback provided, staff prepared discussion points highlighting the themes and were directed to return with a report.

The intent of this report is to receive direction on initiatives that staff should take into account when developing the budget direction report.

Background

During the meetings with individual members of Council, the following five themes emerged:

- Facility rationalization
 - Initiatives under this theme may not result in significant operating savings, however, future capital costs may be avoided
- Not competing with the private sector (fitness centres, trailer parks and ski hills)
 - These initiatives may result in minimal tax levy savings and future capital cost avoidance. If directed, the financial impact could be included in the budget document.
- Revisit the Junction West project
 - This initiative would not result in any direct tax levy savings in 2021, however other capital projects could proceed. As this project is financed by external debt, other projects would have to take its place and an amendment to the debt by-law is required. Projects with similar life cycles (30 years) are recommended.
- Enhancements to Active Transportation
 - These initiatives would increase operating and capital costs.
- Climate change and Community Energy and Emissions Plan initiatives
 - Initiatives under this theme may result in future tax levy savings which would occur after capital investments. A prime example of this is the LED Streetlight project which will result in levy savings once the funding source is paid back.

Analysis

During the meeting on October 13th, staff developed the following discussion points based on Councillor's comments:

1. User fee adjustments with offsets to allow for continued support low income citizens such that fees do not become a barrier to access
 - With direction, staff could return with a business case which will analyze all user-fees, including a capital recovery component, and present a recommendation with alternatives to the Finance and Administration Committee for consideration.
 - The miscellaneous user fee by-law currently separates the 'Senior' category from other age groups. If directed, more analysis would be done pertaining to a needs test to identify subsidy levels. The business case(s) will address the sensitivity of low income citizens and those with fixed incomes and incorporate this analysis with the recommendation.
 - The Water/Wastewater Division is legislated to operate at a full cost recovery. Included in preliminary 2021 Budget data is \$126.6 million worth of user fees. Of which, \$86.3 million apply to W/WW. This leaves \$40.3 million of user fees which

are subsidized by the property tax levy. These non W/WW user fees have varying subsidy percentages. For example, an underutilized facility or service will represent a higher level of subsidy due to the costs to deliver that service. Analysis would be required on each fee and service to calculate the current level of subsidy for Council's consideration.

2. Underutilized leisure services and facilities, with a view to increasing overall facility utilization levels
 - Included in Appendix A is an excerpt from the Parks, Open Space & Leisure Master Plan. This information provides the Finance and Administration Committee with benchmarking data from MBNCanada.
 - Currently, Leisure Services does not have approved utilization targets for facilities and programs. This was a directive of the Core Service Review, however, this has not yet been completed to date.
 - Work is required, and remains ongoing, to measure facility utilization levels. With ongoing changes to facility usage levels, the potential to consolidate facilities exists. For example, with a work from home policy coming online in 2021, the potential to reduce administrative space requirements can be evaluated in detail.
 - With direction, staff could return with a business case with a recommendation and alternatives for all facilities and options to either repurpose or sell underutilized assets.
3. Grants to third parties, such as Community Improvement Plans (CIP) and Art Grants among others
 - The organization currently provides a number of grants to third parties, some of which are funded by senior levels of government and the City is simply a flow through of funds.
 - Third party grants funded by the tax levy in the 2021 Budget include items such as:
 - CIP Program - \$460,000
 - GSDC - \$1,000,000
 - GSDC (Arts & Culture) - \$575,000
 - Art Gallery of Sudbury - \$200,000
 - Place des arts - \$150,000
 - Leisure Grants - \$580,000
 - It should be noted that Planning Services will be providing a report to the Finance and Administration Committee in November. This report will outline the history of the CIP program accompanied with an analysis of commitment and spending on the individual programs.
 - If directed, staff could return with a business case with a recommendation and alternatives for the Finance and Administration Committee's consideration. This business case would include analysis on all community and third party grants from all operating departments.
4. Adjustments to financing plans, such as applying Safe Restart Agreement funding and the 2020 Special Capital Levy, among others, to address anticipated one-time impacts related to the COVID-19 virus response
 - Currently, the amounts included in the 2021 Budget total approximately \$9.3 of one-time impacts due to COVID-19. This includes approximately \$7.1 million of lost revenue, predominantly Leisure and Transit Services. Additional expenses

total \$2.2 million with a large portion from the Linear Infrastructure Services division (\$1.4 million). The additional expenses include items such as incremental cleaning costs, personal protective equipment and additional labour costs to screen and maintain social distancing protocols. A summary of this has been provided in Appendix B.

- Council has the following financial alternatives for these potential one-time implications:
 - Residual Safe Restart Agreement funding - \$3.9 million
 - 2020 Special Capital Levy - \$4.1 million
 - Canceled Capital (earlier in 2020) - \$5.2 million – this item would require further authority, as the resolution currently states that this is to offset the 2020 deficit, if required.
 - If the financial pressures of COVID-19 continue into 2022 and beyond, the use of these one-time funds defers the impact to subsequent years and is not sustainable.
 - The Ontario Big City Mayor's group (OBCM) has called on senior governments to provide additional financial support to municipalities to further address 2021 COVID-19 financial pressures.
5. Reductions in capital spending
- The capital program has been decreased to meet the budget direction target provided by Council, when required. Still, current capital investment levels remain relatively high, which has helped produce marked improvements in the current state of City assets and reflect Council's efforts to directly address long-standing asset renewal needs. Such renewal needs remain high.

Conclusion

Staff continue to seek direction from the Finance and Administration committee for budget direction consensus. This report has highlighted a number of alternatives that if directed, could result in business cases for user fee changes or service level changes.

Based on the feedback and direction provided, staff will incorporate the items discussed into the budget direction report in November, 2020.

Service Category	Sub Service	Inventory	Parks, Open Space & Leisure Master Plan			MBNCanada			
			Recommended Provision Level	Current Provision Level	Surplus / Shortage	Measure	CGS Result	MBNCanada Average	Difference
Arenas	Ice Pad Provision	16	One ice pad for every 405 youth registrants	One ice pad for every 368.25 youth registrants (5892 youth registrants for 2019-2020 season)	1.5 pad surplus	Number of Operational Indoor Ice Pads per 100,000 Population	9.91	5.09	4.82
Parks	Ball Diamonds	73	One baseball diamond (unlit equivalent) for every 80 active participants.	One diamond for every 68.5 participants (5476 active participants during 2016 season)	2 diamond surplus	Number of Premier Diamonds per 100,000 Population	1.62	2.67	-1.05
Parks	Maintained Parkland	1400 hectares	<ul style="list-style-type: none"> •1.0 ha/1000 residents (Neighbourhood Parks) •1.25 ha/1000 residents (Community Parks) •1.75 ha/1000 residents (Regional Parks) •4.0 ha/1000 residents (All Maintained Parkland) 	<ul style="list-style-type: none"> •2.3 ha/1000 residents (Neighbourhood Parks) •1.3 ha/1000 residents (Community Parks) •3.6 ha/1000 residents (Regional Parks) •7.3 ha/1000 residents (All Maintained Parkland) 	3.3 ha/1000 surplus maintained parkland	Hectares of Maintained Parkland in Municipality per 100,000 Population	866.87	320.55	546.32
Parks	Outdoor Basketball Courts	31	One full court equivalent court per 750 youth ages 10 to 19 years with 1.0 km service radius considerations.	One court per 567.4 youth ages 10 to 19 years (17,590 youth ages 10 to 19)	8 court surplus	Not a MBNCanada Measure	n/a	n/a	n/a
Parks	Outdoor Rinks	56	Distribution-based provision target of one outdoor rink within an 1.0 km radius of all urban residential areas	One outdoor rink per 2,884.5 persons	Service gap in Val Caron. Overlap in outdoor rink distribution within Sudbury (Don Lita and Lebel; Cedar Park and Ridgecrest; Antwerp and Ryan Heights)	Number of Outdoor Manmade Ice Rinks per 100,000 Population	34.70	11.9	22.8
Parks	Playgrounds (Structures)	190	Distribution-based provision target of one play structure within an 800-metre radius of every urban residential neighbourhood, without crossing a major arterial road or physical barrier.	No notable gaps in playground distribution within the urban portions of the City's settlement areas.	77 playgrounds within 400m of another playground location	Number of Playground Sites per 100,000 Population	117.28	73.03	44.25
Parks	Soccer Fields	93	One soccer field (unlit equivalent) for every 65 active participants.	One field for every 53.1 participants (4942 active participants during 2016 season)	17 field surplus	Number of Premier Sports Fields per 100,000 Population	1.62	3.96	-2.34
Parks	Splash Pads	14	Distribution-based provision target of one splash pad within an 1.5 km radius of all urban residential areas	One splash pad per 11,538 persons	Service gaps in Azilda, Val Caron.	Number of Spray Pads per 100,000 Population	8.64	4.75	3.89
Parks	Tennis Courts	53	One court per 5,000 persons with 1.0 km service radius considerations.	One court per 3047.7 persons	20.8 court surplus	Number of Operational Tennis Courts per 100,000 Population	34.67	17.89	16.78
Recreation	Pools	5	One indoor aquatic facility for everyone 25,000 residents (includes CGS, YMCA and University facilities)	One aquatic facility for every 23,075.9 residents	0.5 aquatic facility surplus	Number of Operational Indoor Pool Locations per 100,000 Population	3.10	2.05	1.05
Recreation	Ski Hills	2	As per ANCAM Solutions there is an annual comfortable carrying capacity of 59,430 visits. • (Adanac Ski Hill 700 users x 70 days)	12,802 visits (2018-2019 season) • (Adanac Ski Hill 11,239 visits) • (Lively Ski Hill 1563 visits)	Capacity exceeds demand by 3.4 times.	Not a MBNCanada Measure	n/a	n/a	n/a

Summary of Covid Expenses & Loss Revenue			
	EXPENSES	REVENUES	Grand Total
Community Development			
Leisure-Recreation Summary	108,681	3,117,637	3,226,319
Long Term Care-Senior Services	483,259		483,259
Transit Summary	85,917	3,933,430	4,019,347
Corporate Services			
Finance, Assets and Fleet	137,000		137,000
Executive and Legislative			
Office of the C.A.O. Summary	6,580		6,580
Growth and Infrastructure			
Linear Infr Maintenance Summay	1,380,193		1,380,193
Community Safety			
CLELC Section	(49,500)	95,000	45,500
Emergency MNGT		3,500	3,500
Fire Services		1,500	1,500
Emergency Medical Service		6,795	6,795
Grand Total	2,152,129	7,157,862	9,309,992