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Oct 30, 2024 · 100 tweets · [adamadonaldson/status/1851608499429548122](https://twitter.com/adamadonaldson/status/1851608499429548122)

Coming up at 9 am, it's the budget presentation meeting. Before we begin:



City Council Preview – What's on the Agenda for the October 30, 2024 ...

It's the most wonderful time of year for the Excel spreadsheet and fiscal discipline crowd: Budget Time! As with last year, this is the mayor's budget, and his fingerprints are all over...

<https://guelphpolitico.ca/2024/10/18/city-council-preview-whats-on-the-agenda-for-the-...>




Budget 2025 included a rate review in all water area. As well there's security upgrades, invasive species management and growth being factored into those water costs.

Expense category	2025 adopted	2025 update	2026 forecast	2027 forecast	2028 forecast
Base budget inflationary	\$1,283,350	(\$694,015)	\$1,298,130	\$(241,338)	\$3,318,525
Operating impacts from capital	\$156,680	\$86,180	\$71,520	\$121,050	\$391,580
Growth	\$153,620	\$153,620	\$153,766	\$96,383	\$14,908
Service enhancement	\$44,700	(\$50,300)	\$992,570	\$87,513	\$88,477
Service reduction	0	(\$749,710)	\$(347,000)	0	0
Net investment	\$1,638,350	(\$1,254,225)	\$2,168,986	\$63,608	\$3,813,760
Capital funding	\$7,628,580	\$6,692,319	\$8,118,190	\$9,874,153	\$6,834,252
Net impact before growth revenue	11.52%	6.56%	11.03%	9.59%	9.27%
Growth revenue	(\$1,050,619)	(\$998,139)	(\$1,098,054)	(\$1,205,531)	(\$1,288,386)
Total City rate impact	10.21%	5.36%	9.85%	8.43%	8.15%

Increase in capital reduced by \$900k, most in the field of brownfield remediation. Here's the impact on utility bills:

	2025 adopted	2025 update	2026	2027	2028
Rate increase	10.21%	5.36%	9.85%	8.43%	8.15%
Average monthly impact to the median residential homeowner (City services only)*	\$9.17	\$4.82	\$9.32	\$8.77	\$9.20

* for the average 3-person household consuming 180m³ with an average impervious area of 188m²

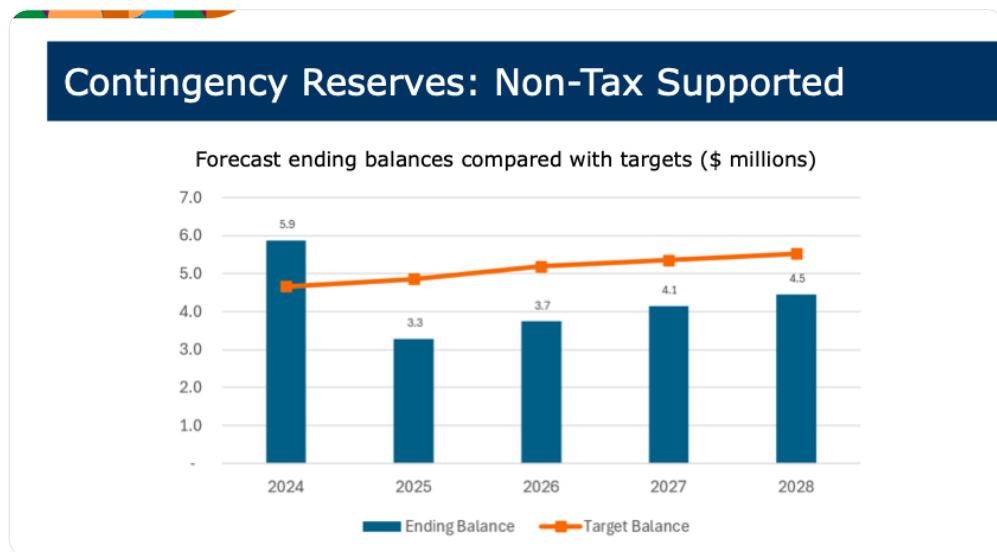
		
Fixed \$0.02 Volumetric \$0.07	Fixed \$0.02 Volumetric \$0.09	\$1.20

Rates come into effect on January 1, in each year.

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Fun fact: Guelph's portion of the GRCA funding comes out of the water rates.

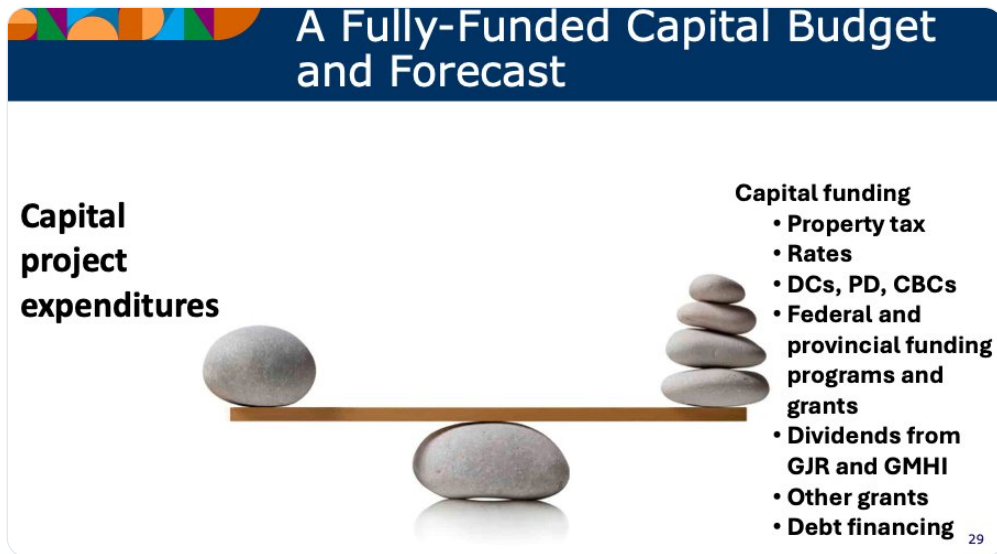
Non-tax supported reserves looking a little healthier:



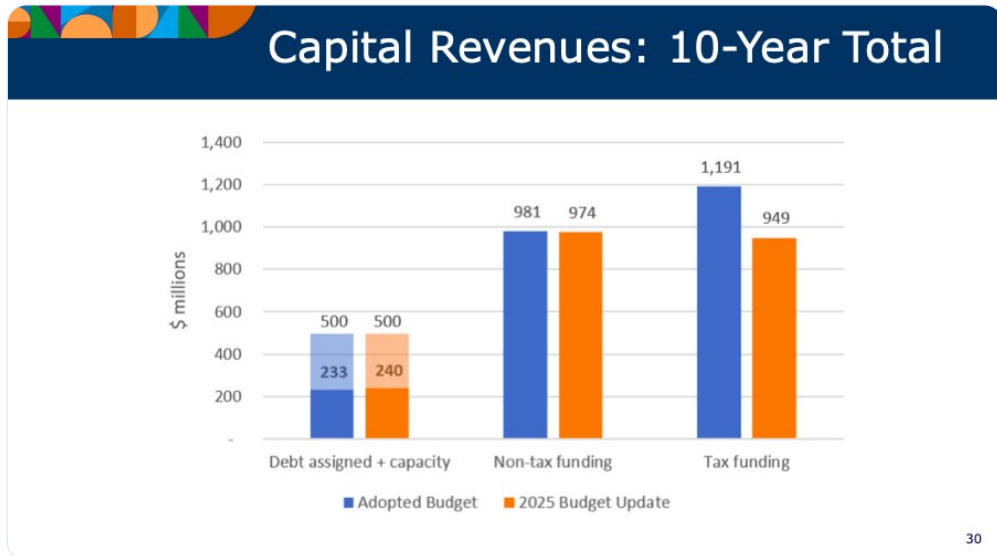
Capital plan: In the last few years, staff have updated the Official Plan, zoning, approved Clair-Maltby, and new or update a number of servicing master plans. They did as much as possible to defer a lot last year, but they were able to get to fully-funded forecast for '25.

O'Dwyer: A number of projects were delayed or deferred, but doing them all in the next 10 years was not always practical or likely anyway. Still, we're not "here to set it and forget it."

Balancing the capital budget be like:



Revenues! Significant increases were built in based on inflation and renewal costs. To meet mayor's directive, the budget was reduced by \$5 million for 2025, and staff believe the capital costs will continue to increase.



Other assumptions:

- funding for renewal would be protected as much as possible
- service enhancements, brownfield and 100 RE were reduced
- rate supported capital funding and debt funding will remain the same.

Result: \$482 million less over 10 years.

Priorities:

Capital Prioritization

High priority – remaining in 10-year

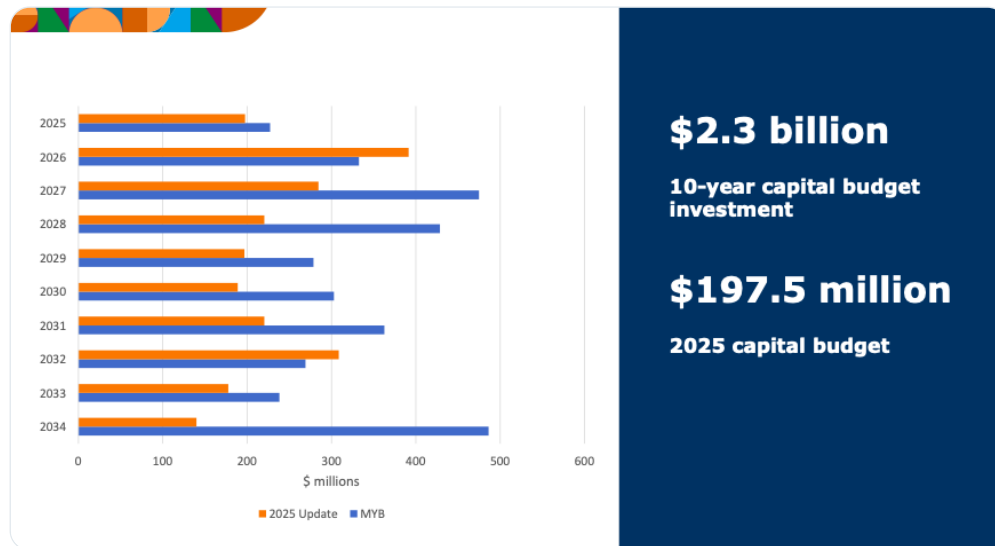
- Maintaining state of good repair – high and medium priority projects
- Housing-enabling infrastructure in priority areas
- Mandated or legislated projects
- Projects eliminating safety concerns
- Projects with a grant commitment or specific funding source

Low priority – deferred within or outside 10-year

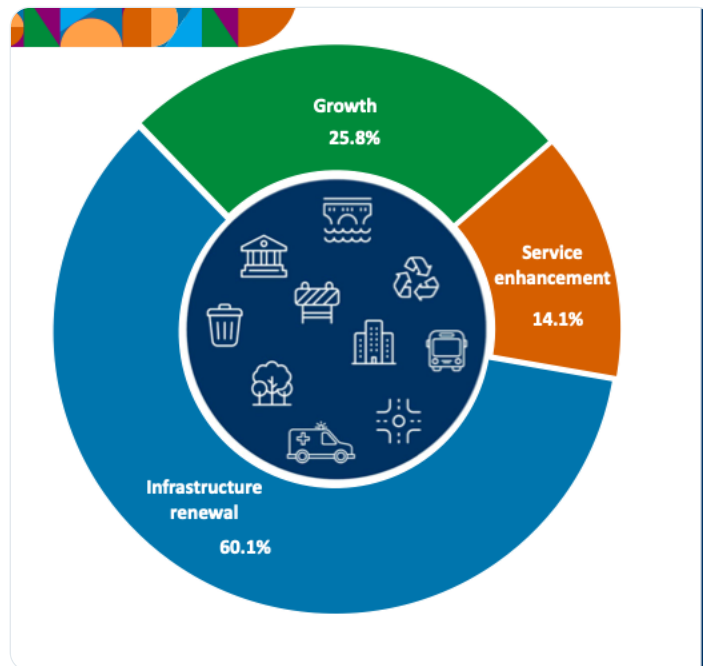
- Maintaining state of good repair – lower priority projects
- Housing-enabling infrastructure outside priority areas
- Amenities that support a growing community
- Service enhancements without a grant commitment

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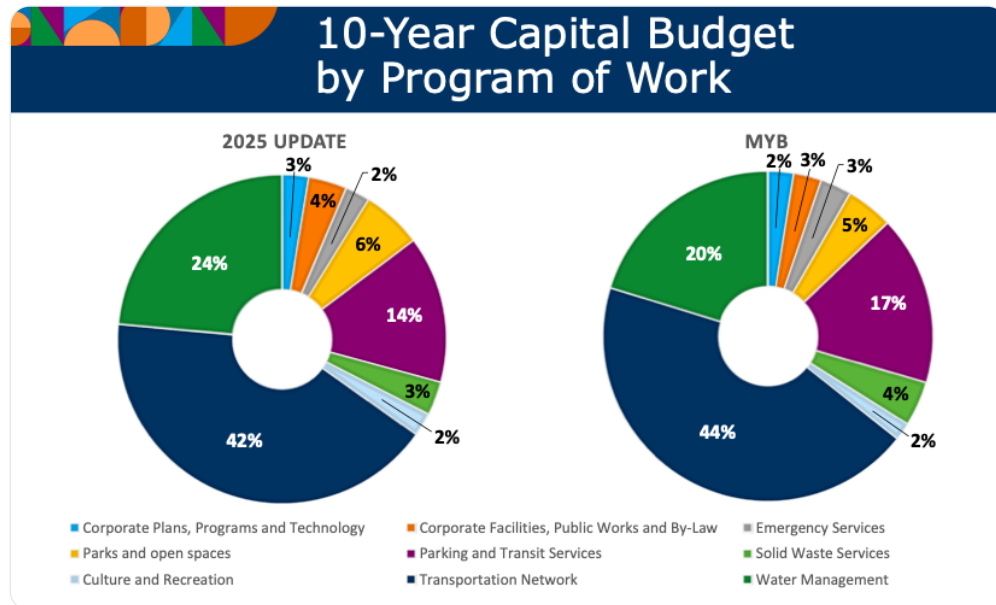
Capital budget for 2025 and the next 10 years. Orange is current proposed spending, blue is what was approved last year. Still spending about \$232 million per year, which is still double the average.



10-Year Capital Budget by Investment Category:



10-Year Capital Budget by Program of Work, left is 2025 and right is 10-year:



The transit and parking portion in purple is mostly the new transit fleet facility, which has been cut way back.

Next, Corporate Plans, Programs and Technology which is 3% of budget:

- Technology initiatives for critical applications and infrastructure
- Asset management assessments
- Advancement of contaminated siteprogram

(cont'd)

- Continued Planning and Building policywork to support new housing units
- Continued implementation of ClimateAdaptation Plan
- Work to maintain current Growth revenue by-laws

Culture and Recreation is 2%. DCAO Lee notes that they've invested big in rec in last few years, and by that he means South End Rec Centre. What's next...

- Repairs and maintenance for 11 main culture and recreation buildings, including asset management work that also improves energy efficiency (replacement of HVAC, pool pumps, ice equipment etc.)

- Maintain state-of-the-art technical theatre and event equipment
(cont'd)

- Modernization of museum exhibitions and restoration of artifacts

- Market Square place-making

(Culture 2030 plan is paused until further notice, and so are a number of other directives.)

Emergency services spending:

- Paramedic vehicles and patient care equipment

- Investment to reevaluate future paramedic needs and plan for future

- Fire truck replacements

- Firefighter self-contained breathing apparatuses, bunker gear and PPE replacements

Parking

- Maintenance of public parking assets

- Investments into parking technology improvements to optimize essential systems

Transit

- Expanding and enhancing transit network resulting in 90,000 additional service hours and 22 additional electric buses (funded in part from ICIP)

- Annual bus stop amenity upgrades and replacements which is slowed.

- Lifecycle replacement of essential transit technologies

Parks and Open Spaces:

- Maintain park infrastructure in state of good repair

- Replacement and renewal of equipment and facilities that support park operations

- Investments in Guelph's urban forest

- Design and Construction of seven new growth-funded parks

(Much of this has been slowed to near 20 year plan including new skateboard park and seven new sports fields.)

Corporate Facilities, Public Works and Bylaw:

- Maintain 70+ facilities' assets and equipment in a state of good repair

- Asset lifecycle activities for Bylaw and Building

- Maintain systems for safety, security and emergency management

(cont'd)

- Replacement of public works vehicles and assets related to servicing the road, sidewalk and active transportation network including winter control as well vehicles used to provide maintenance activities at parkades, parking lots and stormwater facilities.

Inventories and building asset evaluations guided how this work is prioritised starting with water treatment. No new construction being approved in 2025 and the next fleet facility update will be coming in May.



City Facilities: Long-Term Overview

Asset Management Policy

- Maintain state of good repair and levels of service

Needs Assessment

- Building Condition Assessments
- 2019 Operations Facilities Needs Assessment
- 2023 Fire and Paramedics Needs Assessment
- End of Life Infrastructure/ Lifecycle Renewal

Facility Replacements and Expansions to meet existing and future needs

- Water / Wastewater Expansion to support growth
- Support operational requirements for growth, master plans, levels of service, corporate efficiency targets

Major Facility Projects

Project (\$millions)	2025-2028	2029-2034	Total 10-year
Guelph Transit and Fleet Services Facility (TC0059)*	162.4	10.0	172.4
Electric bus charging stations (TC0090)	5.0	-	5.0
Operations administration facility replacement (GG0267)*	-	31.0	31.0
Parks Marilyn Drive Site Operations Renovation (PO0059)*	0.6	15.0	15.6
50 Municipal Street Renovations and Expansion (PO0060)*	-	16.2	16.2
Paramedics facility replacement – Elmira Rd (PM0015)	7.5	-	7.5
FM Woods station upgrade (WT0064)	6.2	-	6.2
Clythe water treatment plant (WT0060)	29.2	-	29.2
Water Resource Recovery Centre - Biosolids facility upgrade (ST0003)	62.5	-	62.5
Water Resource Recovery Centre – Plant #2 Expansion (ST0004)	14.0	-	14.0
Water Resource Recovery Centre - Tertiary treatment process (ST0043)	45.2	0.8	46.0
Solid waste site operations centre (WC0045)	-	5.5	5.5
Material Recovery Facility Retrofit for Collections Operations Centre (WC0046)	1.5	5.3	6.8
Total	334.1	83.8	417.9

* Project will come back to Council for approval prior to construction

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Solid Waste:

- Maintenance of assets in state of good repair
 - Maintaining diversion of waste from landfill through program- related recommendations of the Solid Waste Master Plan
 - Retrofit Administration Building
- (cont'd)

- Needs and Feasibility studies for waste disposal alternatives, energy from waste, circular economy policy levers
- Maintain critical building systems at MRF to support site maintenance shop and repurpose as Collections Operation Centre

Transportation is 42% of capital, the biggest category. It contains:

- Higher priority bridge/structure rehabilitation and replacement, bridge/structure preventative maintenance

-Higher priority full road reconstruction based on overall corridor asset condition scores

(cont'd)

-DT Infrastructure Renewal Program

-Housing enabling infrastructure

-Linear asset renewal programs

-Asphalt and sidewalk renewal program, new sidewalk gap infill

-Priority trail and active transportation projects (funded in part from ICIP)

(cont'd)

-Signal upgrades, replacements and new

-Road safety initiatives

Several projects in the Transportation Master Plan will now be done over 30 years instead of 10.

Water Management:

Critical investments in infrastructure maintenance, renewal, expansion and security to ensure on-going availability of drinking water supply and treatment needs and wastewater capacity to...

(cont'd)

...effectively process wastewater to meet regulatory requirements and support future growth

-Address backlog of aging stormwater infrastructure

There are operating impacts from 2025, \$3.9 million. This includes a sander, 911 software, 6 new buses, and Conestoga route.

2025 Capital Projects with Operating Impacts	
Program of work	Total operating impact \$
Corporate Plans, Programs and Technology	38,400
Corporate Facilities, Public Works and By-Law	175,000
Emergency Services	250,000
Parks and Open Spaces	54,800
Parking and Transit Services	2,508,451
Solid Waste Services	469,400
Transportation Network	356,350
Water Management	71,520
Total operating impact	3,923,921

86% of capital is infrastructure renewal: Keeping assets in good repair and facilitate more housing.

City engineer Terry Gayman takes over to talk about "Capital Concepts: Maintaining a State of Good Repair and Levels of Service."

What is LOS:

Defines what you do, how you do it, when you do it, how you spend your staff time & money

to provide what the residents want

Examples: clean water, safe roads in good condition.

#Standards.

LOS – Roads

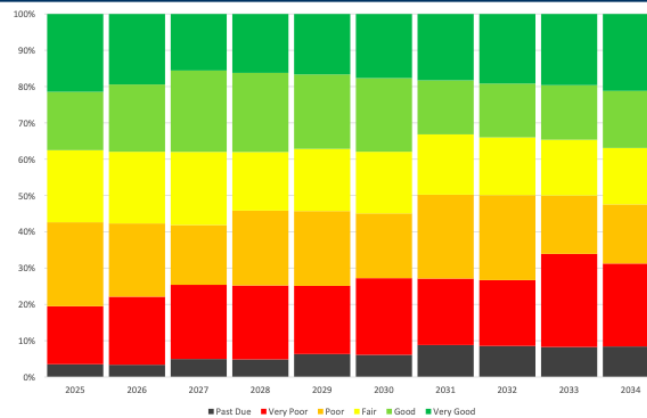


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Next year, council will be asked to establish expectations of service levels to hopefully help eliminate the backlog and prevent it from growing further.

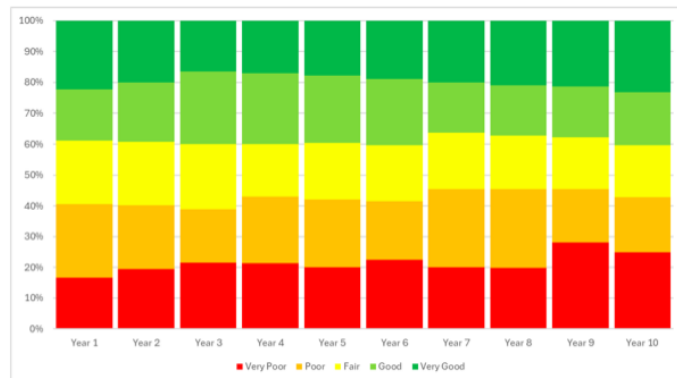
Asset management now vs asset management with sustainable funding:

2025 Budget Update: Projected LOS for Core Assets



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Desired State of Good Repair Based on Condition *

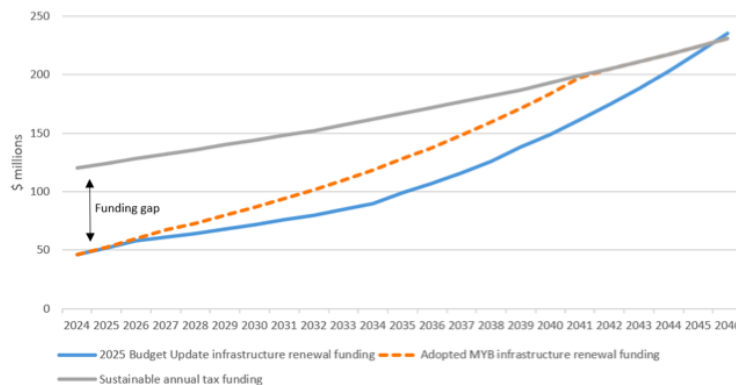


*Hypothetical Scenario

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Blue line is the 2025 budget, orange is MYB, and grey is the annual tax funding. The point where the line converges is now further out.

Gap in Annual Sustainable Funding Level: Tax-Supported



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Next steps for LOS:

Next Steps for LOS

February 2024: Community Engagement

- Use to validate approach informed by previous community engagements (2024-2027 MYB and 2024 Citizen Satisfaction Survey)

2025 Asset Management Plan (AMP)

- Present an update to the AMP and the City of Guelph targeted levels of service

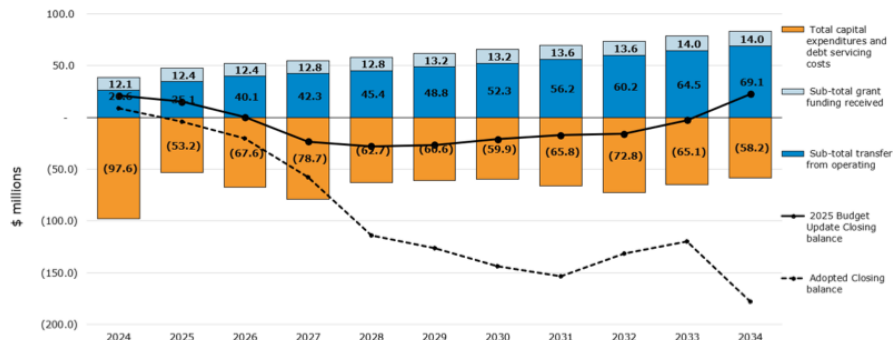
2026 Levels of Service – Reevaluation

- Engage the community and council on current progress and invite input into the next budget cycle

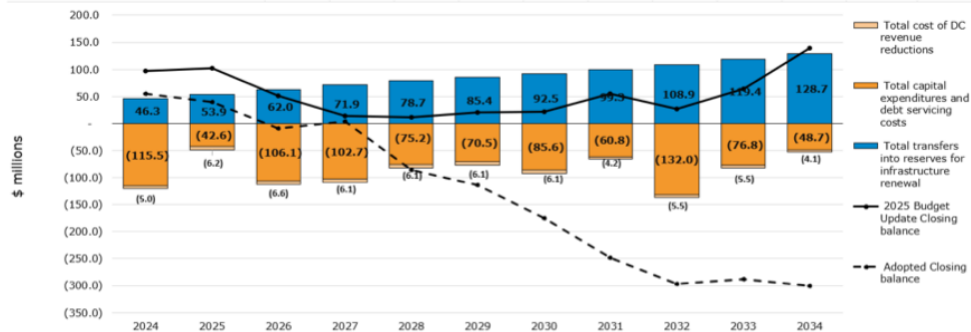
Next, Housing Enabling Infrastructure. We're going to look at projects that will help "unlock" more housing. Adjustments to project timing have been made where appropriate and prioritised for strategic growth areas like downtown, Clair-Maltby, and GID.

O'Dwyer's back to talk about the financial strategy to achieve this. The City uses a suite of tools. In this chart: blue is investment and orange is expenditures:

Infrastructure Renewal: Property Tax-Funded Services



Infrastructure Renewal: Utility Rate-Supported Services



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Legislated capital funds dedicated to growth. In '26 and '27 there's a dip because that's when stormwater projects get rolling. Also, O'Dwyer notes that DCs, as a revenue source, are highly volatile.

Growth: Dedicated Growth Capital Funds (Legislated)

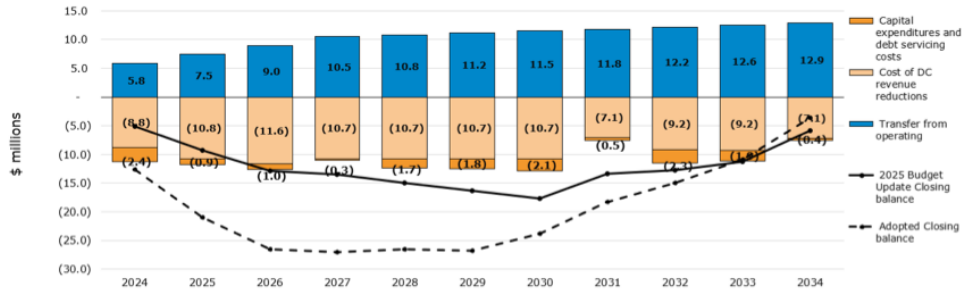
Data below in \$ millions

Ending balance:	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Parkland dedication cash-in-lieu	18.5	17.8	18.4	19.1	19.9	20.7	21.5	-0.7	-0.2	0.2	0.7
Community benefits charges	1.4	1.7	2.0	2.5	2.9	3.4	3.9	-0.8	-0.4	0.0	0.4
Development charges	33.7	67.6	-0.1	-19.8	3.2	43.7	81.6	97.7	60.5	104.8	117.4
Total 2025 Budget Update	53.6	87.1	20.3	1.8	26.1	67.8	107.0	96.2	59.8	105.1	118.5
Adopted budget	55.1	79.1	51.2	-100.1	-124.1	-115.8	-80.7	-112.4	-85.2	-49.9	-122.5
Change in Balance through 2025 Budget Update	-1.5	8.0	-30.9	101.9	150.1	183.5	187.7	208.6	145.0	155.0	241.1

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Tax supported funding has been maintained, but new legislative changes have any an impact to the revenue that can be collected over time. Growth studies are now allowed to be covered by DCs again thanks to Bill 185 so Guelph may recoup that cost.

Growth: Property Tax Funding for Growth

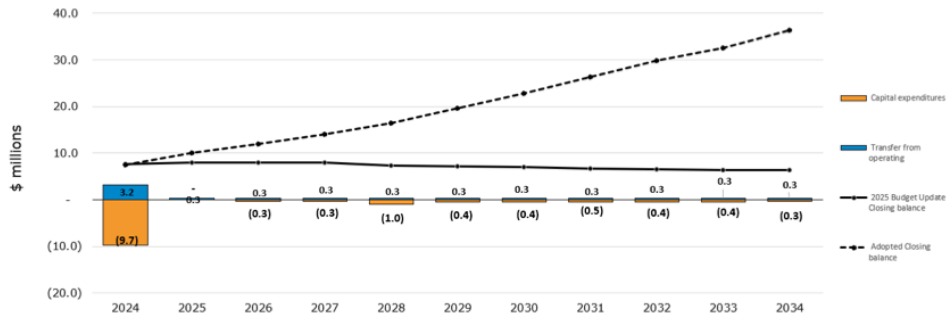


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Brownfield renewal. Anything not a regulatory obligation has been deferred. Fountain Street will be monitored.

Brownfield Renewal

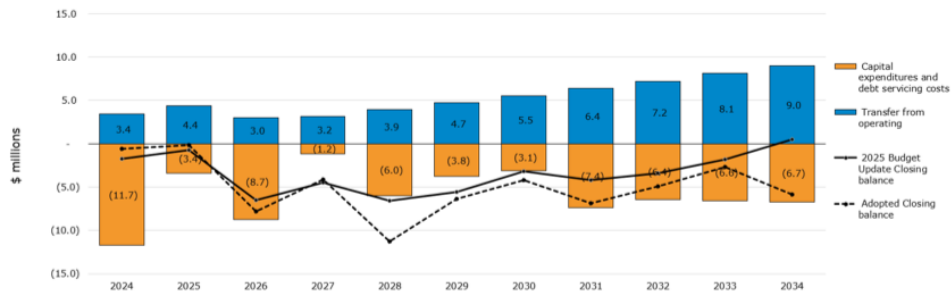
Liability of \$26.4 million as of 2023



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There is less financial capacity to look at projects in the research phase, which means the long-term goal to get to 100RE will be longer. Mostly, it's just the purchase of EV buses in the short term.

100 Per Cent Renewable Energy



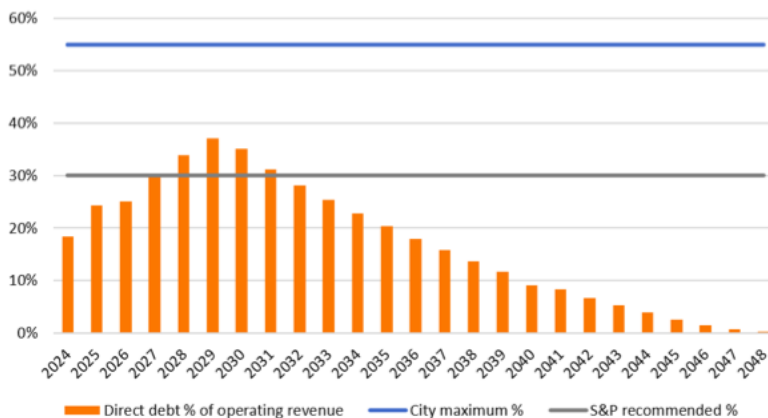
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Debt forecast:

- Refinance existing debt (balloon payments)
- Debt for projects approved in previous budgets
- Debt for projects included in 2025 to 2034 Budget Update
- Debt reserved for growth projects (not included in chart)

Could see the credit rating impacted in the next few years since S&P draws the line at 30% and Guelph will inch closer in the next few years. Staff will monitor. While they want that credit rating, it's just a tool to get best possible borrowing rate.

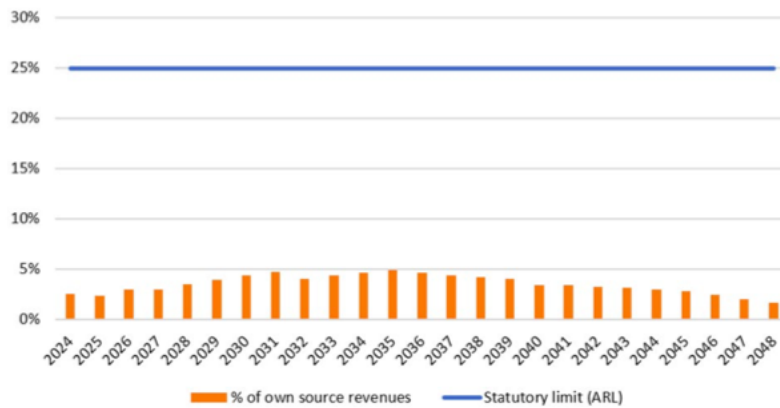
Direct debt to operating revenue



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Having said that we're well below the debt repayment limit, which is 25%.

Debt servicing costs as a percentage of own-source revenue



And now for some final thoughts: Over next 10 years, city will be increasing vulnerability with more debt levels and more capital work underway. Staff will continue monitoring and make changes as needed, plus upper levels of gov have made big grants available too.

DC future is uncertain based on rate of construction and other outside factors like applied exemption. \$230 million debt capacity has been set aside in case DC levels don't match forecasts.

Baker: Today is the beginning of a process, we know there will be tough convos and there will be public engagement next week with town halls and other engagement opportunities. The budget board is open. Timeline:

Budget board

- Thursday October 17, 2024 through Sunday November 24, 2023

Mayor-led townhalls

- Monday November 4, 2024 through Tuesday November 12, 2024

Mayor's budget update released

- Wednesday November 13, 2024 through Friday November 15, 2024

Public budget delegation night

- Wednesday November 19, 2024: 6 p.m.

Special Council: Budget amendments

- Wednesday November 27, 2024: 9 a.m.

Mayoral veto and Council override period (if required)

- Thursday November 28, 2024 through Sunday December 22, 2024

Local boards and shared services agencies budget approval

- Wednesday January 22, 20245

Baker says all hands are on deck to guide council through this process. She hopes all questions will be answered by Nov 27.

Also, thanks to city staff for getting things this far.

Now council questions.

Goller asks about increases in future years, does council need to give direction each year to keep 4% max. O'Dwyer says that would be helpful and maybe next MYB, if the goal is to have 4% year-over-year, they should set that in advance.

Guthrie says he does not want to do Strong Mayor Directive every year to keep things affordable for the community, so council direction is his preferred option. He would council to send message about affordability.

Goller asks about the impacts of reductions, at what point to we get an update about reaching goals? O'Dwyer says there's info about that in the capital budget doc, and there's a Q about his on the budget board that will be getting a table to answer.

Downer also asks about implementation timelines, need to be transparent when we're talking about 20 and 25 year timelines now. O'Dwyer says that's the chart that's coming.

Downer says they're looking at affordability but there that goes beyond the levy increase. Good transit is an affordability issue, for example. O'Dwyer says that has been taken into account, transit is prioritised, and they tried to take a balanced approach.

Downer asks for clarity, wasn't transit strategy now a 13 year plan now. Clack-Bush says they can get into that level of detail but says no plans have been cancelled.

Downer asks about pickle ball, how long beyond 10 years for that? Other projects beyond 10 years too? O'Dwyer says pinning an exact year is not well-developed right now. Pickle ball is '37, but that may change with future budget cycles. Downer says we need that transparency.

Gibson says so many of his questions are comments, he likes where this conversation is going, but he will wait to confirm at the end of the day.

O'Rourke says this doesn't feel good to anyone, so when we do master plans in the future will they be based on affordability? Baker says she's heard that a lot and would like to talk about that more, but she doesn't know what that will look like now. Answer is yes though.

O'Rourke: How does budget line up with KPIs of the Strat plan?

Sales: That work is underway and will depend on final budget decisions. Will see that as part of regular reporting cycle.

O'Rourke: What about changes in ICIP funding, or advocates saying DCs is a tax on housing? What if that changes?

O'Dwyer: DCs are very important revenue streams, if there were significant changes they would have to adapt and there's a list they're working from.

O'Dwyer: We have a report coming out tomorrow that supports the continued use as DCs, there's no alternative at this time, and w/o that convo we need their continued existence.

Baker: There's lots of opportunity to watch and react, built in contingencies like debt.

Sales: grant landscape is unstable right now, and DC replacement funding is complicated. Also, communities have a very different reality for funding post-COVID and there's good communication there. From ONgov, housing enabling funding is also unstable/uncertain.

O'Rourke asks about revenue generation, sponsorships for the new rec centre for example? Clack-Bush says they just complete sponsorship policy, which is more geared to events, but can be used for this purpose too.

O'Rourke asks about ridership increase on transit? O'Dwyer says they've budgeted for additional ridership in relations to new expenses.

Caron asks about community benefit agreements, will City be taking on some of the work when funding falls short b/c that plugs into Strat plan? O'Dwyer says \$2.4 million was scheduled for 2025, and there will be more precise info on the board, they were able to meet all renewals.

Caron asks if the conversation about being "made whole", is that even happening anymore? O'Dwyer says AMO and FCM made that a priority but in different ways. They talk about it every time they do advocacy, but its not getting a lot of traction.

Caron says she's seen projects added and deferred since the aughts. Is there anyway we can see that impact, how costs have changed. She wants to know what the cost of deferral is.

Baker says putting that together would be a *significant* amount of work and believes that they don't even have the system to put it together. Project evolve over time too, and there's a lot found out in planning and design. It's not even apples to apples.

Caron: How about I choose 1 project?

Baker: On a micro level, we could give it a whirl.

Caron asks about additional resources when CTS closes. and ONgov funding? Clack-Bush says social services report said we don't know impact and can't predict, but they know that they will need to be prepared to respond. Additional info coming to JSSLAC in Nov.

Caton asks how accessibility goals are impacted. Gayman says they're trying to do as much as they can at an affordable pace, they might need to develop more detailed response.

Caton asks if there's a list of accessibility cuts/deferrals.

Clack-Bush says they can get that info.

Caton asks if there will be a line by line outline of cuts for all departments. O'Dwyer says it would be an update of overall implementation timeline for the master plans.

Caton: Can we get risks and impacts for cuts?

Baker: In terms of line-by-line changes a council email had a summary of changes. Staff did risk assessment but they don't have a line-by-line document that can be shared. Best place to start is capital plan & then reach out to dept.

Gibson asks if this capital budget truly is "fully funded". O'Dwyer says it is, all the projects here are funded in the reserve strategy, but not every project in every master plan is funded.

Gibsons asks if the last stretch of York Road from Watson to Starwood is connect to unlocking housing. Gayman says it is, and it's infrastructure renewal, so the work is quite important.

Busuttil asks about the 4 pm or 5 pm on the transit pilot. Staff recommendation is 5 pm, and mayor's original request was 4 pm. So it's 5 pm.

Busuttil: So this was a strong mayor directive?

Clack-Bush: yes.

Allt says he's it seems like they're establish a budget and forcing the Strat plan into that, we've also lost the notion of good/better/best.

Sales says on sequencing, the Strat plan played a role, but there are matters that are deferred or slowed because of budget restrictions.

Baker says staff has always made it clear that budget sets the pace, and that's what we're seeing here. it's a cycle. Maybe it's good to see these things in process, and so much work has been done on master planning in last 5 years, plus COVID, maybe good to pause.

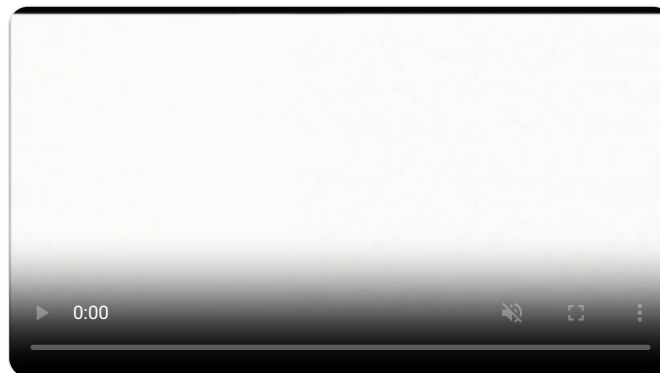
No more questions. Guthrie notes there's an in-camera session coming up, and is now thinking about break.

Gibson asks about making comments, and Guthrie tells him to proceed.

Gibson says they've spent the last 100 years building the city and asking this generation to pay for their replacement, that's unsustainable. He's much more comfortable now and thanks staff for their work.

Gibson says he also appreciates the tone "fully funded and realistic". He knows it won't be easy to see a project in the next few years, but this is an affordable approach.

So that's break! Back at 12:20 pm!

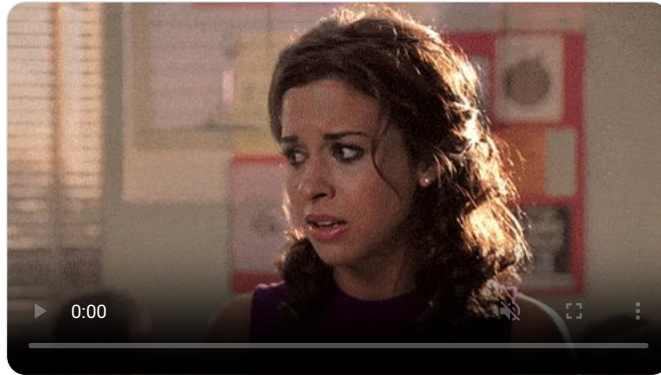


Guthrie calls the meeting back to order.

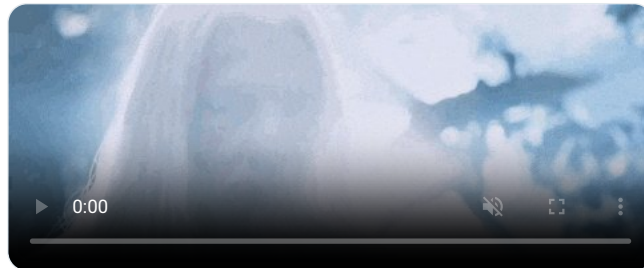
Any Disclosure of Pecuniary Interest and General Nature Thereof for the closed agenda?
Nope.

Council will note go in-camera under Section 239(2)(d) of the Municipal Act, regarding labour relations or employee negotiations.

Back in... Uncertain.



So we're about 30 minutes into the closed session. Waiting for the return...



Staff and council are emerging from the camera. So to speak.



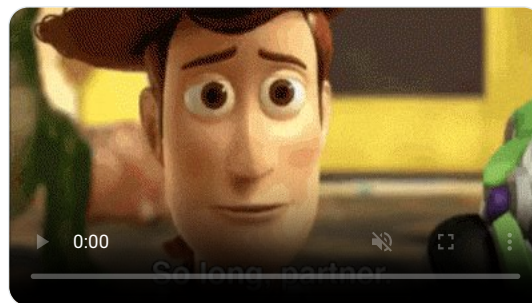
Guthrie calls meeting back to order.

Summary: Council received info, but no direction was given.

For the record there's also a slate of motions that will have to be approved by council because they fall outside the mayor's powers on budgeting. They will be voted on at the Nov 27 meeting.

1. That the 2025-2027 rates fees and charges be readopted, subject to any amendments in budget confirmation years 2026 and 2027.
2. That the Development Applications Fee By-law be amended to reflect the changes in Attachment-1.
3. That in accordance with the General Reserve and Reserve Fund Policy, total transfers to and from reserves and reserve funds for 2025 are approved.
4. That a one-time transfer from the Library Capital reserve fund (#157) to the Infrastructure Renewal reserve fund (#150) to properly align funding and expenditures for Baker District debt servicing costs is approved.
5. That Appendix A of the General Reserve and Reserve Fund Policy be amended to reflect the creation of a Housing Accelerator Fund (HAF) reserve fund (#304) and a Building Faster Fund (BFF) reserve fund (#306) in accordance with the terms and authority identified in the 2024-457 2025 Draft Budget Update Companion Report – Council Budget Decisions report, dated October 30, 2024.
6. That Council acknowledges the City's reserve strategy deployed in the 2025 budget update results in operating contingency reserve balances that continue to be below approved targets, and that staff continue to be directed to replenish these reserves as a first priority through the allocation of year-end surplus until such point that they reach a minimum of 75 per cent of target over the multi-year budget period.
7. That Council acknowledges that the 10-year capital budget and forecast included in the 2025 budget update will significantly draw down the City's capital reserve funds and rely on inter-reserve fund borrowing, and that this is expected to result in balances below policy targets at times during the budget and forecast period.
8. That Council acknowledges that the 10-year capital budget and forecast included in the 2025 budget update will be supported by debt financing at the same level as the debt strategy proposed in the 2024-2027 multi-year budget, and that the projected debt levels are in excess of the credit rating agency criterion, which will likely impact the City's future credit rating.
9. That given the sustained increase in the size of the capital budget and forecast, the projected drawdown of reserve funds and increased reliance on debt, staff be directed to undertake a sustainability analysis on the overall level of tax supported capital funding, and report back to Council with any recommendations prior to the next multi-year budget cycle (2028 – 2031).
10. That staff be directed to assess the long-term capital needs of the water and wastewater services, and the impact on customers of adjusting utility rates between the services to achieve a balanced capital reserve fund forecast for each service; and that proposed adjustments resulting from this assessment are presented as part of the 2026 budget confirmation process.

That's a wrap!



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