

Memorandum

*To: Committee of the Whole
From: Graham D. Inglis
Date: January 11, 2011
Subject: 2011-2015 Financial Plan*

RECOMMENDATION TO COUNCIL:

“That this report, regarding Council’s direction to staff to provide alternative financial plans based on 5% and 10% reductions on 2010 costs and phased in over 2 years, be received for information and further discussion.”

APPLICABLE BYLAW/POLICY/LEGISLATION

N/A

BACKGROUND

At its meeting held January 11, Council adopted the following resolution:

“That Council direct that responsible staff in each City department prepare a proposed budget for their respective department providing for a 5% expenditure reduction from 2010 levels over a 2 year period at approximately 2.5% per year and a further proposal with a 10% reduction from 2010 levels at 5% a year. Reductions are to be items affecting tax increases/decreases and savings should be sustainable and not merely deferrals. If possible a brief statement of possible service impacts should be noted with any significant reductions.”

DISCUSSION & ANALYSIS

Staff will present two scenarios at the COTW meeting on January 18 in addition to the original scenario which is currently under discussion. These will be called “Management” and “Management 2”. The first is based on a 5% (approx.) reduction and the second is based on a 10% (approx.) reduction. In some cases these targets have been met or exceeded and in others, due to the nature of the expenses or lack of sustainability, targets have not been met. In addition to operational expenses, staff have also made reductions in

capital projects.

The submissions from the various department heads have been incorporated in the financial model and the results will be shown on screen at the COTW meeting January 18. The results are very encouraging. The Management scenario (5% cut) shows an elimination of the deficit in all years except 2013 and 2014 and the Management 2 scenario (10% cut) shows an elimination of the deficit in all years other than 2014.

General Government

Most of the cost reductions in this department have come from Non-TCA expenditures. Several projects have been cut, deferred or reduced in scope. For example, the electronic agenda readers have been cut to save \$11,000. It was hoped that a move to paperless agendas would save costs elsewhere in terms of less paper consumed, less labour for photocopying and less wear and tear on photocopiers.

Reductions have also been made in software support services which may impact our ability to adequately support IT systems going forward.

Mayor and Council indemnities have been reduced to current actual from an inflated value that incorporated past CPI increases that have not been initiated.

Fire protection

In order to meet the target in this department, there have been significant reductions in Non-TCA expenditures. This has involved the delay or elimination of apparatus as well as the assumption that the ladder truck will be financed long term rather than on short term lease.

A comprehensive list of the adjustments that have been made and the implications associated therewith has been provided by the Fire Chief as follows:

2011 2.5%

Pressures:

1. Reduced amount for Turnouts but allows for purchase of 7 suits
2. Cancel replacement of radios and pagers
3. Funding suspended for Wildfire Protection Program
4. Cancel Aerial Platform purchase in the fall of 2011
5. Building Maintenance severely impacted
6. Computer upgrades severely impacted
7. Memberships and conferences for Fire Chief, Fire Inspector and Training Officer impacted
8. Fire hydrants maintenance reduced to 50%

2012 2.5%

Pressures:

9. Cancel Turnouts o helmets purchases
10. Replacement of 1 new SCBA or repair of several SCBA
11. Cancel purchase of Engine 2
12. Cancel replacement of Water Tender
13. Cancel radios or pagers purchase
14. Funding suspended for Wildfire Protection Program
15. Building Maintenance severely impacted
16. Computer upgrades severely impacted
17. Memberships and conferences for Fire Chief, Fire Inspector and Training Officer severely impacted
18. Staff overtime to train is reduced by 50%
19. Contracted Services for external trainers to train staff and volunteers is reduced to 1 session
20. Fire hydrants maintenance reduced to 50%

2011 5%

Pressures:

21. Cancel Turnouts or helmets purchases
22. Replacement of 1 new SCBA or repair of several SCBA
23. Hose replacement program is reduced by 50%
24. Cancel purchase of Engine 2
25. No Aerial Platform purchase in the fall of 2011
26. Cancel replacement of Fire Chiefs vehicle
27. Cancel replacement of Water Tender
28. Cancel radios or pagers purchases
29. Suspend funding for Wildfire Protection Program
30. Building Maintenance severely impacted
31. Computer upgrades severely impacted
32. Memberships and conferences for Fire Chief, Fire Inspector and Training Officer severely impacted
33. Staff overtime to train is reduced by 50%
34. Contracted Services for external trainers to train staff and volunteers is reduced to 1 session
35. Fire hydrants maintenance reduced to 50%

2012 5%

Pressures:

36. Cancel all Turnouts or helmets purchases
37. Cancel SCBA purchases and only repair of several SCBA
38. Cancel hose replacement program and allow for 1 or 2 repairs of hose
39. Cancel Engine 2 replacement
40. Cancel Fire Chiefs vehicle replacement
41. Cancel replacement of Water Tender
42. Cancel new radios or pager purchases
43. Suspend funding of Wildfire Protection Program
44. Building Maintenance severely impacted
45. Computer upgrades severely impacted
46. Memberships and conferences for Fire Chief, Fire Inspector and Training Officer severely impacted
47. Staff overtime to train is reduced by 50%
48. Contracted Services for external trainers to train staff and volunteers is reduced to 1 session
49. Fire hydrants maintenance reduced by 50%

It is probably fair to observe that these cuts have not been sustained past 2012 and have only been considered a short term approach.

Planning, Building and Bylaw Enforcement

This department was already showing a reduction in its operating expenditures before presenting these two additional scenarios. However, this was mostly due to a reduction in Non-TCA projects which were, in any event, funded by gas tax and therefore had no direct impact on property taxation. Nevertheless, planning has made further reductions in its operational area that will see a reduced level of productivity during 2011-2012. This is directed mostly at contracted services as well as casual labour.

The Director of Planning's specific comments regarding the cut backs in his department are as follows:

We have reduced the casual budget, contracted services and office supplies with following comments on service impacts:

1. Casual budget - we will have less opportunity to back up clerical staff during absences, which will mean reduced coverage or less counter and phone attention for several days of the year.
2. Office supplies - we will be more frugal concerning our office material, and hope that the City facilities plan will address overall work flow and enhancing customer service. We overspent office supplies in 2010 by about \$3000, but that was primarily due to a new filing system.

3. Memberships and conferences, Heritage and APC - reduced funding we will attempt to minimize credit maintenance impacts and cut back on other conferences.
4. Contracted services and staffing -
 - a. Primarily expended to address OCP implementation - public participation, consulting contracts for master plans, and bylaw rewrites.
 - b. In 2012 most of the contracted services funding will be gone. We believe that it is better to retain the funded building inspector position and reduce contracted services, as the building and construction activity will be pronounced for the next 2 years.
 - c. We are hopeful we can continue to seek grant funding and access gas tax funds (for matching funds too), especially the 10% scenario in 2012. In 2011 these efforts will be funded.

RCMP and Court House Services

This department has not met the target reductions set by Council. The City contracts with the RCMP to provide policing services under the 1992 Municipal Police Agreement. The cost of policing for municipalities under 15,000 is pooled and so the city has no influence on the RCMP's budget.

The City's budget does, however, eliminate the 12th officer and some casual labour.

The City provides 2.5 FTE support staff. The City is obligated to provide support staff under the 1992 Municipal Police Agreement. It has been assumed that the number of support staff will remain unchanged as to reduce them would likely be unsustainable.

Public Works

This department has made reductions in most areas of its operations which will be reflected in reduced service levels in some instances and lower expectations in others. This has been achieved by reducing staff hours allotted to certain functions, as well as material and supplies and contracted services committed to those functions. For example, street sweeping has been reduced by 40%.

The snow removal budget, in particular, has been reevaluated and reduced. In the Management 2 scenario (10% reduction), this incorporates the elimination of driveway windrow clean up.

Reduction targets have also been met by reducing Non-TCA expenditures.

The Director of Engineering and Public Works has provided the following notes regarding the potential impacts of adopting either proposal:

5%

1	2012	Public Works Admin Reduced staff hours	Impact to staff availability to the public
2	2012	Public Works Admin No Casual Staff	Impact to department's ability to hire casual staff to undertake short term project or fill short term vacancies
3	2012	Public Works Admin No approved over time	Impact on department's ability to meet time sensitive deadlines or provide clerical support to after hours meetings
4	2012	Public Works Admin Reduced Staff hours	Impact to staff availability to the public
5	2012	Public Works Admin Reduced staff training	Impact staff will not be kept current technological changes or receive training to address new government regulations in the future
6	2012	Engineering Services Reduced office supplies	
7	2012	Engineering Services No Casual Staff	Impact to engineering groups ability to hire casual staff to undertake short term project or fill short term vacancies.
8	2011	Engineering Services No purchase of new mapping and legal plans	Impact mapping will not be updated from external sources
9	2011	Engineering Services No contracted survey work	Impact Engineering group will not be able to contract out survey overload work or hire legal surveyors for right of way
10	2011	Equipment Maintenance reduced staff hours	Impact reduced maintenance of equipment leading to a risk the equipment will not be available when required.
11	2012	Equipment Maintenance No purchased Maintenance	Impact No longer have specialist mechanics periodically inspect equipment. At risk is the ability to catch potential equipment problems before they require substantial repairs
12	2011	Equipment Maintenance Bulk fuel purchase savings	

13	2011	Equipment Maintenance Bulk diesel purchase savings	
14	2011	Municipal Yards & Buildings Utilities Improved temperature controls should provide a reduction in energy consumed	
15	2012	Municipal Yards & Buildings No purchase of small tools	Impact department no longer able to replace small tools
16	2012	Street Maintenance Reduced frequency of street sweeping	Impact reduce street sweeping by 40% during summer months
17	2012	Street Maintenance Reduced contracted services	Impact reduce department's ability respond to pavement patching
18	2012	Street Maintenance Reduced material purchase	Impact reduced ability to purchase cold mix for pot holes or crack filler tar
19	2012	Sidewalk Maintenance Reduced contracted sidewalk repairs	Impact department's ability to effect required maintenance
20	2012	Drainage Ditch Maintenance Reduced external equipment rental for ditch maintenance	Impact reduced department's ability to carry out some maintenance
21	2012	Storm Sewer Maintenance Reduced materials budget	Impact may be a reduced ability to complete repairs
22	2011	Snow Removal Adjustment to wages to reflect average snow fall amount	Impact will that there will be insufficient funds in budget if higher then average snow fall occurs.
23	2012	Street Lighting Reduced contractor services	Impact delay in response time to complete some repairs.
24	2012	Street Lighting Reduced Materials budget	Impact may delay ability to make some repair if additional materials needed.
25	2012	Traffic Services Reduced materials budget	Impact department will not be able to respond to requests or needs for improved traffic control signage.
26	2012	Gravel Pit External equipment rental money used to rent screen for the production of top soil used on City projects.	Impact Department will need to contract out the production of top soil for City use.

27	2011	Boulevard Maintenance Reduction in contracted services.	Impact Reduced ability to clean of fallen branches etc after storm events
28	2012	Revit Maintenance Reduced wages	Impact Reduced maintenance and gardening services in the Downtown Core
29	2012	Parks Reduced wages	Impact Reduced staff w/ reduced support to special events and tournaments
30	2011	Parks Reduced materials budget	Impact reduced playing field maintenance resulting in poorer playing conditions
31	2011	Trails and Walkways Reduced contracted services	Impact reduced paving repair on greenway trails.

10%

All of the reductions noted for the 5% reduction scenario as well as the following:

1	2011	Snow Removal Reduce Contracted services	Impact the City will no longer carry out driveway windrow cleanup.
2	2011	Boulevard Maintenance Reduce Wages	Reduced staff with reduced mowing
3	2011	Revit Maintenance Reduced Wages	Reduced maintenance gardening services in Downtown Core
4	2012	Parks Reduced Wages	Reduced maintenance in all parks
5	2011	Trails and Walkways Reduced Contracted Services	Reduced paving repairs on greenway trails

Capital out of Revenue

2011	Playground revitalization dropped \$10,000	May not meet funding commitments made to some community groups
2011	Fencing reduced to \$5,000	Some fencing replacement project will not take place
2011	Street Pole Replacement dropped to \$12,000	Delay in the replacement of street light poles at the end of service life.
2011	City Wide Master Storm water Master plan dropped. \$150,000	Will impact the department ability to upgrade and extend City storm sewer system. Will also impact street revitalization program and sanitary sewer I&I removal program

2011	Adaptive Street Light upgrade dropped. \$420,000	BC Hydro funding insufficient for project to be viable.
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General Government

2011 City Hall Awning Remove project dropped - \$5,000. Until it is determined what steps will be taken to repair the outside of the building the removal of the awning is unnecessary. 2011 Townley Electrical Building Upgrades Project dropped until repairs become critical.

Community Economic Development

Although the budget for this department appears large, most of it relates to projects that are funded from non-property taxation revenues such as grants or the hotel tax.

This function also contains the city’s funding for the Chamber of Commerce, including the Tourism Development Coordinator. The City and the CSRD agreed to assist in the funding of this position over a ten year period in 2000. Both sources of funding were to reduce annually until they was eliminated. A few years ago the City agreed to a Chamber request to not reduce the funding but to continue at \$30k a year. The CSRD has progressively reduced its funding each year and 2010 was the last year in which the City received assistance. In the Management scenarios in the financial plan, funding for the Tourism Development Coordinator has been eliminated. There may also be an argument for reducing the contribution the City makes to the Chamber of Commerce in order to help meet the reduction targets.

Recreation

This department has reduced staff hours and maintenance in order to help meet overall reduction targets. This means that city facilities will likely be open less and maintenance issues will less likely be dealt with unless they are urgent. Revenues have also been reduced to reflect shorter opening times or lost opportunity to generate revenues as a result of staff unavailability.

Cost reductions have also been achieved by eliminating or deferring Non-TCA projects.

One project that has not been eliminated is the new Active Living program for the community centre at a cost of \$80,000. The department head believes that this is a critical component of moving the recreation department forward to achieve efficiencies and to generate additional revenues. A business case will be developed in support of this project and presented to Council in due course.

Specifically, the department head provides the following background data relating to the

proposed cuts:

2.5% Budget reductions based on 2010 budget allocations:

The changes are for 2.5 % for the PRC department operations only. The primary cutbacks are for staff hours in the community centre, the aquatic centre and the arena.

Impact of these changes at the pool:

2011

- The pool will need to be closed some of the existing operational hours. When this was tried in 2010, the public reacted very strongly to the changes and the hours were then reinstalled.
- The most likely time change will be early morning swim which is presently used by up to 18 participants as a form of exercise before heading off to work.
- A second potential change will be limitation of school usage. Under the joint use agreement the schools have access to the facility free of charge. We will most likely limit use to restrictions on the days the schools can come ie. Tuesdays and Thursdays only. This will aid in scheduling of extra guards.

2012

- Greater cutback on staff hours
- Greater cutback on operational hours
- Reductions to casual hours
- Pool staff will be required to perform cleaning functions which is not presently part of the job requirements.
- Overall the requirement is for 2 extra weeks of shutdown at the pool. Staff will be laid off or holidays taken.

2013

- Full time staff will be reduced from 3 FTE to 2.5
- Negotiations under the collective agreement with the labour management team will require that the pool staff be treated as indoor workers and weekly hours be changed to 35 hours per week on an 35 hour work week with 7/5 including a break for lunch.
- This will cause some increase to the casual staff hours but it will be at the lower wage range.
- Safety and concern about the knowledge base at the pool will come into play.

Impact to the user groups will be:

- Cutback on operational hours.
- Changes to continuous lane swim opportunities as
- Stricter scheduling of swim lessons, Aquaducks and lane swims.
- Potential need to review/ increase entrance fees & charges.

- Need to review the existing charges to the Hotel/Motel/Campground program looking at the cost recovery of this program and the impact this has on pool operations.

Impact to the City will be:

- Lane swim constrictions is and has been a contentious issue at the pool and the impact of closing this will be felt in the community as it was one of the promises made to the community when the pool was first constructed.

Impacts of these cuts at the arena will be:

- Cutback on operational hours. With the arena, we will eliminate the early morning figure skating which starts at 6 AM, and change their hours to after school use and weekends only. This will require that Minor hockey change some of their hours.
- Groups will now be charged if they stay over the allocated amount of time that they are taking in the dressing rooms after the 11 PM ice closures. Up until now we have only been charging the actual ice time and not extra use of the dressing rooms.

The impact to the arena users will be:

- less public skate time
- reductions to parent tot public skate
- potential elimination of or reduction to noon hour skate
- Conflicts among user paying groups as historically existing users have been satisfied with the ice allocations however if the actual available times are reduced, then the rental opportunities are reduced.

The impacts to the city will be:

- Less revenue
- Complaints from user groups due to less available quality /prime ice time.

Potential solutions:

- Increase user fees for all groups
- Charge the grizzlies more for game times
- Use volunteers to assist staff with some of the arena duties especially during the grizzlies games.
- Change collective agreement for arena coverage such that the city can provide staff on an as need basis.

Case for computer program

The Community centre is presently operating under limited ability to keep council, the public and user groups informed. The existing equipment has been well used however there are no replaceable parts for it and the equipment will need to be replaced over the

next year. The question remains whether to replace what presently exists with updated computer programs which would allow for greater and more extensive and efficient delivery of the services or to continue with the existing out of date operations. It is my belief that the expenditure of the funds needed to not just upgrade the existing operations but to bring the existing operations into the computer age is essential to the community centre. I also believe that by installing the active living program or the Class Program, the community centre operations and the community Forum will achieve a cost recovery of the system in a 3 to 5 year period.

How?

At present the staff are doing all major functions around the finances of the facility by hand. Time alone spent on doing this is costly to the city. Billings are such now that all costs associated with the rental of the facility are not/ or have not been captured when billings are sent out. The staff have not been able to provide a complete run down of all costs associated with the client bookings at the time of bookings. Contracts are generated by hand and receipts are generated by hand. At present people registering for programs need to come to the centre to register for the program and it takes the staff extra time to write up the receipts for the client. If a patron makes an inquiry about their accounts with the centre the staff presently goes through all of the past years receipts to locate their centres copy so that questions, expiry dates etc can be verified. As an example, during the Glacier challenge event, some of the staff use from 30 to 40% of their time to accommodate registrations of the groups attending the tournament.

The Active Living program will make the community centre operations more efficient by accomplishing the following:

- Program registrations by clients on line. At present we offer a community registration night with up to an hour or more for some patrons to register for a particular program
- We presently bring in extra staff during this time to handle the extra work required for registrations. This will free up staff to do the other work that is required by them in the centre. It will keep accurate tracking of not only the client but will be able to track the history of the client in the centre, will generate a letter or notification to the client and the staff when the client needs to renew their cards will send out notifications to clients regarding.
- By keeping track of all of the clients using the facility the centre will be able to monitor what the client is presently using at the centre and send the client emails when this program or activity is being offered again. By doing this, the increase to program registrations will improve.
- By creating community partnerships with other program providers, we can offer this service to providers which will then assist the community as a whole with generating greater registrations for their programs. A small service fee could be charged for this service thus generating a source of revenue.

- At present the staff generates the community brochure by requesting organizations to submit their information to the centre

BUDGET IMPLICATIONS

N/A


COMMUNICATIONS PLAN

To be determined.

CONCLUSION

Both proposals requested by Council show a significantly improved position for the general operating fund

Staff will require Council's direction as to which proposal is the more acceptable given the associated impacts referenced in this report.



Graham D. Inglis
Acting CAO/Director of Finance