

THE CORPORATION OF THE CITY OF WINDSOR
Office of the City Treasurer - Finance



MISSION STATEMENT:

"Our City is built on relationships – between citizens and their government, businesses and public institutions, city and region – all interconnected, mutually supportive, and focused on the brightest future we can create together."

LiveLink REPORT #: 17524 AFB/11935	Report Date: January 9, 2015
Author's Name: Tony Ardovini	Date to Council: January 19, 2015
Author's Phone: 519 255-6100 ext. 6223	Classification #:
Author's E-mail: tardovini@city.windsor.on.ca	

To: Mayor and Members of City Council

Subject: 2015 Operating Budget Addendum

1. RECOMMENDATION: City Wide: Ward(s): _____

THAT City Council **RECEIVE** this report for information; and

THAT City Council **DIRECT** the City Treasurer and Chief Financial Officer to amend the 2015 Operating Budget as detailed in the Financial Matters section of this report.

EXECUTIVE SUMMARY:

N/A

2. BACKGROUND:

Administration developed budgets for the 2015 Operating Budget documents based on the most recent data available at the time. Since the budget document was finalized, more complete information has become available that requires the budgets for several accounts to be amended.

3. DISCUSSION

Please refer to the Financial Matters section of this report.

4. RISK ANALYSIS:

As outlined in the risk section of the 2015 Budget Report, budgets that are approved early in the budget year carry additional risks because there are more unknowns. This is the case because the budget is printed based on information that was available in the fall of the previous year. This has the potential to generate greater budget variances that might otherwise be experienced. An example of this, in particular, includes the ability to achieve revenue targets at sites such as the WIATC and other revenue generating sites. While many revenue and expense items are projections or targets and therefore will continue to provide uncertainty to the city's budget, the items contained within this report are either based on known and certain new information received since the budget documents were finalized or required error corrections. The risk that this new information will impact the financial projects for 2015 is almost certain and the impact is moderate. Therefore, the risk of not making the above adjustments to the 2015 Budget is considered high.

5. FINANCIAL MATTERS:

The following items have changed or require correction from what is currently in the 2015 Operating Budget documents:

Budget Related

1. Corporate Finance – Issue #2015-0342 - Impact Inflationary Fee Increase. An estimate for the Municipal Property Assessment Corporation (MPAC) costs was put in the budget at the time of the administrative review. The city has recently been notified that the 2015 MPAC payment is \$2,355,720. This results in a budget decrease/savings of **(\$119,545)** compared to what had been recommended in the budget documents.
2. Legal – Issue #2015-0020 - Annual Inflationary Insurance Premium Increase. The premium increase was estimated at 20% for 2015 budget purposes, but the premium invoice recently received results in a higher than budgeted cost for General Liability, E&O & Transit premiums, which are partially offset by lower vehicle & property premiums. The final net budget increase in insurance premiums, over what was previously put forward in the budget is **\$190,000**.
3. CAO's Office - Issue #2015-0451 - International Childrens' Games Delegation. Upon further consideration about the process for deciding upon and leading future delegations to the games, it has been agreed that the most appropriate placement for this activity is in the mayor's office. Therefore the \$15,000 requested in the CAO office budget for the International Childrens' Games Delegation will be moved to the Mayor's office if it is approved. This results in a **zero** budget impact.
4. Recreation & Culture – Issue #2015-0108 - Closure of Windsor Water World (WWW) The annual cost to operate WWW is approximately \$315,714. Although Budget Issue #2015-0108 indicates savings of \$157,857 (which represents only half of the year), Administration is recommending to take the full amount as saving in 2015. The currently advertised programs will still be delivered as outlined in the budget issue until the end of June 2015 and the cost to operate during this time (approximately \$157,857) is being recommended to be funded from the Budget Stabilization Reserve (BSR). Therefore, the net result is an additional **(\$157,857)** in budget savings.

Staffing (FTE) Related

5. Fire & Rescue – Issue # 2015-0001 - WPPFA Arbitration Award Implementation Plan. On October 25, 2013, the final award of the Arbitration Board was issued and included the provision of a 42 hour work week for the Fire Rescue Division by December 31, 2014. Administration was tasked with developing an implementation plan that would see no additional costs borne by the Corporation as a result of the reduced work week, and this plan was presented Council on December 16, 2013 (Livelink #16905). During the same time frame City Council approved the addition of one Assistant Chief Position in the 2014 budget process, with funding from the elimination of one firefighter position and an internal salary gapping budget. The 2015 budget issue #2015-0001 was submitted to adjust the WFRS budget to reflect the implementation plan. Unfortunately, due to the magnitude of the changes, the addition of one firefighter position & reversal of the salary gapping budget was inadvertently excluded from the submission. As a result, the total projected staff complement for 2015 is one short of the plan, and additional funding of \$82,173 for salary and fringe costs of the one firefighter in addition to \$50,196 to eliminate the salary gapping budget is required. The net levy impact of these changes total **\$132,369**.
6. Building & Planning – Tab 7 Page #17 FTE Schedule. The budget document includes 15 building inspectors and 1 plumbing/HVAC inspector. The total number of building inspectors should be 15 (including the plumbing/HVAC inspector). Therefore, the staff complement should be corrected downward by one building inspector, resulting in tax levy (30%) savings of **(\$25,560)** and Building Permit Reserve (70%) savings of **(\$59,640)**.

Overall, there is no net staffing complement impact as a result of the above staffing adjustments and both of these errors/omissions occurred within the Office of the City Solicitor so the net total in that service area remains the same. Employee benefit cost adjustments as a result of this are negligible.

7. Lakeview Park Marina. At its meeting of January 5, 2015, City Council considered options for the operational model for Lakeview Park Marina. The Council report, Livelink #16748, identified three options, and City Council approved Option #2 that was presented in the report as “Status Quo”. The report contained the following information for this option:

“Option #2 – Status Quo

Council could direct the continuation of the operation by the city. With the steady increase in net income, this may be a very viable choice. Should council approve this option however, this would require formalizing the staffing structure, specifically the marina operator. With this opportunity there would be no net impact on the budget, however there would be a requirement to adjust the staff establishment. This could be considered with the 2015 budget submissions.”

As a result, City Council is being requested to approve the addition of one non-union position, Marina Operator at level NU10 in the corporate staff establishment. There is no impact to the operating budget as funds have already been included in the budget for this position on a temporary basis.

The following chart summarizes all known budget corrections necessary at this time and reflects recommended net incremental expenditures of \$19,407 which impact the property tax levy funded operating budget and savings of \$56,640 to the Building Permit Reserve.

Summary of 2015 Budget Revisions				
		FTE	Tax Levy	Building Reserve
1	Issue #2015-0342 - MPAC	0	(\$119,545)	\$0
2	Issue #2015-0020 - Insurance Premium	0	\$190,000	\$0
3	Issue #2015-0451 - International Childrens' Games	0	\$0	\$0
4	Issue #2015-0108 - Windsor Water World	0	(\$157,857)	\$0
5	Issue #2015-0001 - Fire & Rescue Staffing	1	\$132,369	\$0
6	Planning & Building - Building Inspector FTE	(1)	(\$25,560)	(\$59,640)
7	Lakeview Park Marina Staff Complement	1	\$0	\$0
	Total	1	\$19,407	(\$59,640)

City Council will note that the recommended final net tax levy funded budget, taking in to consideration the above noted corrections, is in the amount of \$318,762,501. This is \$292,437 lower than is needed to achieve a zero overall levy increase and therefore, City Council may wish to use their discretion to make additional budgetary allocations against this amount.

Administration wishes however, to highlight that, as noted in the main operating budget report (page 12 of 15, Risk Analysis section) tax appeals with multimillion dollar risks are not unusual. Information has been made available regarding a recent successful large appeal and further information will be provided to city council respecting other "in-process" appeals with significantly uncertain outcomes. The potential additional cost related to these risks has caused administration to review budget Issue 2015-360 (page 27- Accepted book). At the time of the administrative review the budget reduction to the tax appeal account seemed feasible. As of the writing of this report, while a reversal of the reduction of \$300,000 to this account is not likely to fully mitigate the cost of potential tax appeals, it is recommended that city council dedicate the above noted excess available dollars toward reversing the bulk of Issue 2015-360 in order to increase the amount available from the base budget to fund the significant costs of tax appeals..

6. CONSULTATIONS:

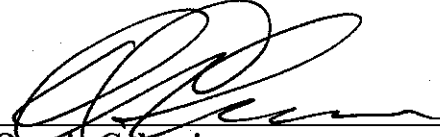
City Administration impacted by these revisions.

7. CONCLUSION:

Since the 2015 Budget documents were finalized, several minor errors/omissions were noted and also, more complete information has become available that cause administration to recommend that the budgets for several accounts be amended. This report outlines these items for Council to consider.



Tony Ardovini
Deputy Treasurer, Financial Planning



Onorio Colucci
**Chief Financial Officer/City Treasurer and
Corporate Leader Finance and Technology**



Helga Reidel
Chief Administrative Officer

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APPENDICES:
N/A

DEPARTMENTS/OTHERS CONSULTED:
Name:
Phone #: 519 ext.

NOTIFICATION :				
Name	Address	Email Address	Telephone	FAX