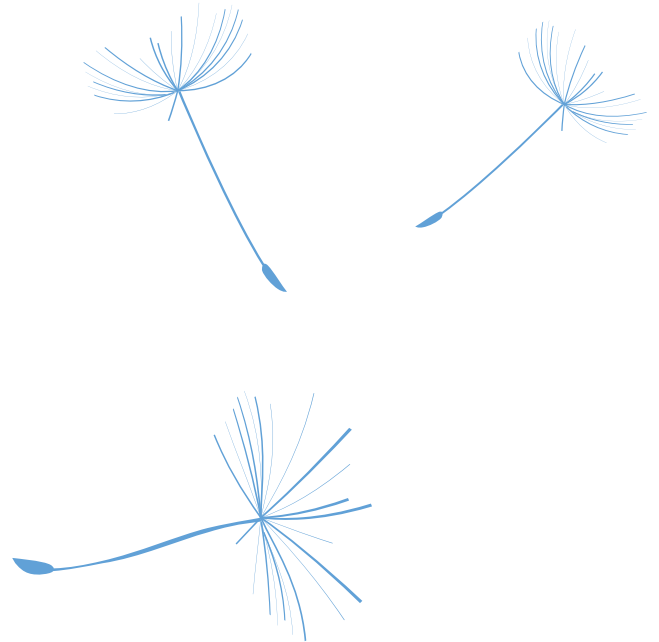
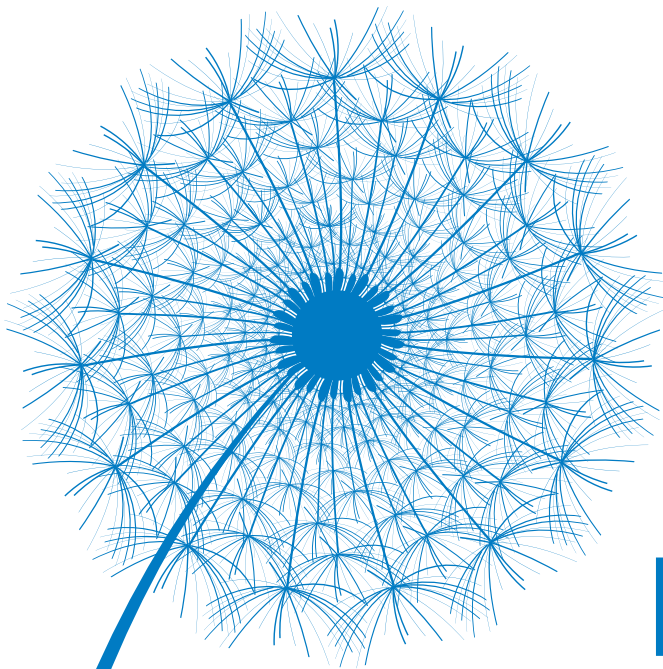


Over the next few years, the City will face a number of challenges that will require us to rethink some of the ways we work. As an organization, this is a call to action to ensure that we continue to deliver the excellent services we provide. It is an opportunity for us to rethink, refocus and rebalance what we do, why we do it, and how we do it.



Rethink Refocus Rebalance

Toward Fiscal Sustainability



Fiscal Sustainability

- Generate reliable and predictable revenues sufficient to meet current and future expenses
- Build and replace capital assets to support City's infrastructure requirements
- Provide expected level of municipal services efficiently and effectively
- Achieve stability in property taxes increases and intergenerational equity
- Ensure sound financial management and health

The Challenges

- Need for additional capital funding;
- Ontario Municipal Partnership Fund Grant at risk;
- Desire to maintain low property taxes;
- Program expansion and growth-related expenditures;
- Council priority projects;

Strategic Documents

- Healthy Community Strategy
- Official Plan
- Digging Deeper: Economic Strategic Plan
- Long-Term Financial Plan

There is no doubt the challenges are significant, but fiscal sustainability is achievable by looking to the City's Long-Term Financial Plan (LTFP), which was approved by Council in 2002 and is a foundational document of the City of Greater Sudbury.

The LTFP is designed to be flexible and adaptable; it fits within the framework of established strategic plans, and it works to promote a healthy and sustainable service delivery model for our community.

Much of the groundwork has already been completed to determine a way forward for our corporation. The LTFP identifies nine key principles that promote a strategic review of corporate practices. Progress has already been made in many areas but there is more to be done to realign budget expectations, refocus activities and streamline operational priorities and procedures.

The next step is to integrate identified priorities and action items within a corporate-wide business strategy that will target the following areas:

- cost efficiencies and service delivery
- revenue streams,
- capital assets,
- social equity objectives,
- government partnerships,
- debt financing, reserves and quantification of long-term liabilities.

Your municipality is prepared to manage fiscal challenges. Action items have been identified for short, medium and long-term implementation and delivery. A regular business cycle will invite ongoing review, management and creative solutions. (figure 1) Regular updates to Council and citizens have been built into the cycle to ensure transparency and accountability.

While the following action items are directed to corporate practices, long-term sustainability of our City as a whole rests with each of us. Collectively, we must adopt a new perspective that requires us to rethink, refocus and rebalance our fiscal outlook.



Figure 1

Key Principles and Action Items

1. Ensure long-term financial sustainability

- Regular review of the City's finances
- Prepare regular budget variance reports
- Update Long-Term Financial Plan and multi-year forecasts
- Implement Dividend Policy with Greater Sudbury Utilities Inc.
- Update financial policies and processes, including:
 - operating budget policy
 - capital budget policy
 - procure to pay process reviews

2. Deliver services in a cost-effective and efficient manner

- Review shared or common services to find synergies
- Review benchmarking indicators to identify areas where improvements can be made
- Identify efficiencies in cost and service delivery in each department and develop proposals
- Review operating contracts to identify savings
- Ensure city is maximizing value of human resources
- Implement Green IT strategy
- Investigate options for energy management
- Revisit corporate program support costs, including fleet rental rates
- Review results of Auditor General reports and implement recommendations

3. Ensure operating revenues are sustainable and consider community-wide and individual benefits

- Identify opportunities to increase revenue streams
- Explore service provision to other municipalities to increase revenues
- Enhance tax collection efforts for failed tax sales

4. Meet social equity objectives through specific programs

- Identify grants to community groups across the organization and standardize process for approval, streamlining and monitoring
- Identify activities that can and should be aligned with existing corporate strategies such as the healthy community strategy to promote social and environmental well-being
- Integrate the Healthy Communities Strategy in financial decision making processes

5. Manage the City's capital assets to maximize long-term community benefit

- Implement recommendations from the Green Space Advisory Panel and dispose of surplus parkland
- Identify and dispose of underutilized land
- Review fleet to identify and implement efficiencies
- Identify and dispose of surplus equipment and assets
- Identify municipal facilities for potential consolidation or disposal
- Update Long-Term Capital Financing Plan and recommend options to achieve sustainability

6. Recognize that funding from senior governments is a crucial element of financial sustainability

- Develop business case to support maintaining or increasing the Ontario Municipal Partnership Fund grant
- Allocate the Federal Gas Tax grant to eligible funding envelopes (2011 – 2014)
- Continue to lobby provincial and federal partners for grants

7. Use debt financing where appropriate

- Investigate use of debt financing in financial plans for specific projects

8. Maintain reserves and reserve funds at appropriate levels

- Report regularly on reserve and reserve fund balances/forecasts

9. Identify & quantify long-term liabilities

- Report long-term liabilities to Council on an annual basis

FISCAL SUSTAINABILITY

The following fiscal sustainability initiatives were incorporated in the 2014 Budget:

	Included in 2014 Budget
Efficiencies, Cost reductions or Cost avoidances for 2014	
Reduction in corporate advertising due to consolidation of advertising (Communication and HR)	\$ 15,000
Reduction in telephone costs as a result of transition of VOIP technology and consolidation of lines	\$ 40,000
Reduction in Software Application Costs for GIS	\$ 25,000
Reductions due to efficiencies in Earthcare Advertising	\$ 10,000
Change in service delivery of Spay Neuter program through partnership with Sudbury Veterinarian Association	\$ 55,000
Reduction in Hydro Costs at Tom Davies Square as a result of energy efficiencies	\$ 10,000
Reduction in municipal cost sharing obligation for child care services due to provincial funding change	\$ 450,000
Efficiencies gained through competitive process for summer program transportation costs	\$ 16,000
Reduction in WSIB rates as a result of proactive return to work policies	\$ 92,000
Reduction in pensioners benefits costs due to fewer than anticipated retirees	\$ 50,000
Forego inflation on insurance reserve due to improved risk management processes	\$ 24,000
Efficiencies gained through competitive process for Transit Rider Cards	\$ 40,000
Elimination of vehicle lease costs - throughout City depts	\$ 40,000
Reductions due to efficiencies in Crossing Guard program	\$ 12,000
Savings absorbed by not applying general inflation unless contractually obligated*	\$ 1,100,000
Reduction to the police salary costs due to foregoing an increase in OT budget	\$ 28,000
Subtotal Cost Reductions	\$ 2,007,000
Increases to Revenue	
Realignment of price structure for Transit Rider Cards	\$ 60,000
Increase summer program revenue to achieve 85% cost recovery target, as approved by Council	\$ 93,000
Increase lease revenue at Countryside Arena	\$ 12,000
Increase in lease revenue for Pioneer Manor as a result of transfer of Regional Geriatric Program	\$ 35,000
Increase in Environmental Services User Fees - Approved Budget Options	\$ 725,000
Subtotal Revenue increases	\$ 925,000
Total 2014 Fiscal Sustainability Budget Reductions	<u>\$ 2,932,000</u>

*Please Note: Inflation has only been provided for contractual obligations and known commodity increases since 2011. Departments were directed to maintain their accounts at the 2010 levels and absorb any inflationary increase within their budgets.

Examples of Other Efficiencies and Effectiveness Strategies being implemented during 2013 and 2014:

- As a result of new Agenda's online system approved in the 2013 Capital budget, Clerks Services have streamlined their processes and funded the operating costs for licenses and software maintenance for the new system from anticipated reductions in overtime, part time wages and printing costs.
- Election services has reduced their anticipated draw from reserve to fund the 2014 Municipal election as a result of increased use of technology , a reduction of polling stations ,and use of a greater number of municipal staff on Election day.
- Restructuring the Provincial Offences Office to include a dual role position as Manager of Corporate Security and Court Services
- Implementation of electronic pay advices for all City staff will generate synergies
- Pioneer Manor and EMS use of power assisted devices (lifts, stair chairs, stretchers) to ensure safety of patients, reduce workplace injuries and promote safe return to work strategies
- Human Resource section has successfully utilized grievance mediation to decrease reliance on external legal Counsel and grievance arbitrators
- During 2013, a refocus of the resources within the OD Health and Wellness section, has allowed staff to perform more rehabilitation services in house instead of contracting out. This has allowed the City to hasten the return to work of injured or ill employees and lower WSIB rates and expenditures.
- Water and Waste Water Services has realized lower costs in road restoration as a result of efficiencies and reallocated those savings to enhance water and sewer repair costs
- Review of Handi Transit eligibility as approved by Operations committee
- Implementation of a System Status Plan review for the deployment of Paramedic staff effective June 2013. The anticipated benefits include: reduced shift extension overtime, reduced late meal payments, a reduction in dispatching of multiple resources, an increase in the day shift Unit Hour Utilization efficiency and a reduced requirement for an increased number of land ambulances.
- Fire Prevention Services in partnership with Vale have purchased an inflatable Fire House which can be taken to schools, malls and fairs in order to educate all age group on the importance of having a home fire escape plan.
- Fire Prevention Services has partnered with five local Chief's, which includes Markstay-Warren, Sturgeon Falls, Espanola, North Bay and Sudbury, to provide public safety announcements to these communities.
- Energy saving initiatives as a result of the new Energy Manager.