

Dear Chamber Members,

The Brockville and District Chamber of Commerce Board of Directors would like to commend the volunteers who work on the Advocacy & Economic Development Committee for their research and diligence in developing the Chamber Submission regarding the City of Brockville 2007 Municipal Budget. Please find attached the final document and do not hesitate to forward questions or comments to the Chamber office or any of the following contacts.

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Regards,

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CITY OF BROCKVILLE
BUDGET SUBMISSION 2007
Brockville and District Chamber of Commerce

To foster a competitive business environment in the Brockville region that benefits the people of this region through the growth of jobs, wealth and quality of life.

February 2007

2007 ADVOCACY COMMITTEE:

Tom Blanchard (Chair)	<i>Universal McLean Ltd.</i>
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INTRODUCTION

The Advocacy & Economic Development Committee of the Brockville and District Chamber of Commerce has prepared this report. Advocacy on behalf of the business community is the key role of the Chamber of Commerce. The committee regularly reviews information and develops recommendations on government regulations and taxation as they pertain to the community's ability to attract and retain business and as they affect the interests of Chamber members.

The Board of Directors of the Brockville and District Chamber of Commerce commends the City of Brockville Council and Senior Management Team for the work done on the 2007 municipal budget with regard the budget guidelines, streamlining the process and producing the final document in a timelier manner.

We continue to support the use of provincial performance measures to identify best practices and cost savings and invest in economic development initiatives that will increase the city's revenue over the long term and create a competitive business environment.

The committee has reviewed the 2007 budget document that was released on Friday, January 19, 2007. The Chamber has also gathered information over the past two years through a series of meetings with municipal leaders, managers and staff, in an effort to put forth valuable recommendations to City council. The committee has developed the following recommendations regarding how the City deals with the budget issue and with related issues.

RECOMMENDATIONS

1. Fiscal Policy Reserve

That council review and re-identify the optimum level to be retained for fiscal policy reserve. Amounts beyond that level should be regarded as excessive to the previous years' taxation and should find their way back into the budget systematically in accordance with financial planning through the three year budget forecast.

2. Three Year Budget Forecasting

That the City Treasury Department develops and releases an annual three year budget forecast report, also known as the differential analysis for the purpose of summarizing key elements of the budget and the impact of current year decisions in the upcoming years. This document must be included with the other budget documentation so that council has the information to properly deliberate the capital, financial, and operating needs of the city.

3. Financial Planning and Systematic Contributions to Capital and Reserves

That the city develops and maintains a long term financial plan that funds future capital projects that have been identified as essential in the next ten years including those that must be funded from the water/wastewater budgets such as the pollution control plant.

4. Budget Guidelines

That department spending increases be limited to 2% (or current rate of inflation) as opposed to net budget increases. The use of revenue generation activities including user fees allows departments to meet budget guidelines but not necessarily address efficiencies of operation. In the case of this budget, user fees have increased by 10.7% for an overall increase of \$945,000.

5. Budget Guidelines for Salaries and Benefits

That the salaries and benefits line increases of more than double the rate of inflation in any department including police and fire is unsustainable and should be more reflective of current and local labour market trends.

6. Water & Waste Water Rates and Budget

That the transfer of costs from the city operations budget to the water and waste water budgets is justified, transparent and the details of which are documented in a report that can be distributed to council, the public and the ratepayers which fund the budget through direct user fees.

That the surplus of the water and waste water budgets is used to reduce the future cost of these budgets and that rate increases are only implemented when warranted. Provincial legislation states that only the cost of delivering these services and maintaining the associated capital assets can be collected from the users. Therefore, the Chamber believes the planned 2% rate increase effective April 1, 2007 is not justified when consideration is given to the 2006 unbudgeted, operating surplus totaling \$750,000.

7. Risk Analysis for Revenues

That every city department utilizing revenues generated through their department's activities to sustain ongoing operating budgets undergo a risk analysis to determine the probability of maintaining the same level of revenue as well as allow for any risks due to increased liability issues.

8. Operational and Service Analysis

That the city undertake an in depth review of what services are being delivered, how they are being delivered and at what cost with a focus on cost of staffing. This analysis should also include budgets set by other boards and committees that affect the municipal budget including Joint Services. (See Appendix A)

APPENDIX A – OPERATIONAL AND SERVICE ANALYSIS

In the 2007 City Budget, there is mention of starting a Service Review. To make this Service Review really effective, the Chamber believes that this has to be a comprehensive and in depth project in order to achieve the significant cost reductions that are needed in all areas of the City's operation, while at the same time delivering services effectively to the public. Because the wage costs are up to 75% of many departments' costs, staffing levels must be looked at very closely in this analysis.

The Chamber believes that the term, "Operational and Service Analysis" would better reflect the scope needed to effectively analyze the present levels of service being delivered, and what the direct and indirect costs are in the City's operation, for each of those services. At the same time this Analysis would look at alternative levels of service, alternative delivery methods, opportunities for significant cost savings, and other ways of delivering that service more effectively.

On the Service side of this Analysis, the City must look at:

1. What portion of a particular service, if any, is mandated? And what portion is discretionary?
2. How is public or user of the service measuring how well it is being delivered?
3. How important is this service to the public? And what would be the impact if the level or delivery of that service were to be decreased, altered, or increased?
4. How do our levels of service and the service delivery compare to other communities?
5. What are all of the costs associated with that service? (direct, indirect, capital, financing, and infrastructure costs)

On the Operational side of this Analysis, the City must look at:

1. How many jobs are directly and indirectly involved in performing the service presently?
2. How does the City's cost compare to other municipalities, and to private contractors?
3. What are alternative ways of delivering the service? And what are the cost/benefits?
4. What can the City do to make their organization more flexible and streamlined?
5. How can the City significantly reduce their costs of operations in a 3 to 4 year time frame?

An in depth "Operational and Service Analysis" is essential if the City wants to make the significant changes necessary to control costs. It is important that this Analysis finds the true cost and impact of different services, service levels, and delivery methods. With the information from the Operations side and from the Service side of this project, the City can come up with a plan that they can communicate to the public and then implement.

The objectives of the "Operational and Service Analysis" must be made clear to all employees. Because it is so important to get to the depth needed in finding all of the costs, it will take input from a large number of City employees. All levels of City employees should be part of the process to come up with suggestions for improvement both in efficiency and for alternatives in how a service is delivered or performed.