

# **CITY OF BROCKVILLE BUDGET SUBMISSION 2009**

Brockville and District Chamber of Commerce  
January 2009

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## **ADVOCACY & ECONOMIC DEVELOPMENT COMMITTEE**

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Mary Jean McFall (Chair)  
Tom Blanchard  
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Gord Eamer  
Stephen Mazurek  
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Templeman Menninga  
UML Property Management  
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Leslee Sports  
Brockville and District Chamber of Commerce  
Gord Eamer Enterprises  
Tait's Bakery  
Spring Valley Homes

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## **INTRODUCTION**

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The Brockville and District Chamber of Commerce is the 'Voice of Business' in this community representing the interests of over 550 members including businesses of all sizes and within all sectors. Our mission statement is 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.

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 committee has reviewed the 2009 Budget document that was released on January 16, 2009. We wish to commend the City Staff on preparing a comprehensive and well-organized package. The information in this package of particular interest to the Chamber included the Differential Analysis, Finance Plan, and Capital Projects Proposed for the next few years. We believe that to ensure sound fiscal and operational management, the City has to consider the effects that this year's budget decisions will have on the taxpayers in future years. The committee has the following observations and recommendations regarding how the City deals with the 2009 Budget and related issues.

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## OBSERVATIONS

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### **1. The Budget Presentation**

The City Staff have done a very thorough job in preparing the Budget. They have presented it in a manner that enables a reader to get some background into the numbers for the present year, and to also put in context what the City's situation will be in the upcoming years. The Differential Analysis and the Finance Plan sections are particularly useful in analysing what effect Council's decisions in the present year will have on future year's taxes.

### **2. The status of the Fiscal Policy Reserve**

The Fiscal Policy Reserve shows that approximately \$570,000 from that Reserve will be used to fund 2009 operating activities. This would mean that the Reserve would go from a balance of approximately \$1,275,000 down to \$720,000. While some later adjustments have revised this balance up to \$840,000, this is well below the minimum \$1,000,000 target balance. We believe that the purpose of the Fiscal Policy Reserve, as its name suggests, is to have a fund to protect the City against unexpected expenses resulting from a crisis or a sudden change in its revenue position within a Budget year.

### **3. Projected assessment growth shown in the Differential Analysis**

Although there has been growth in the commercial assessment and there are a number of very large projects planned for the waterfront, the tax income from assessment growth shown on the Differential Analysis is growing at only \$50,000 per year. Some of the projects, because of their Brownfield and CIP status, will contribute little or nothing in taxes for a number of years. Council needs to acknowledge and compensate for the fact that there is little growth in the immediate future to cover increases in operating expenses.

### **4. Large projected tax increases in 2010**

The Differential Analysis shows that in 2010 there will be a tax increase of 7.1%. These projections from the Differential Analysis do not allow for deterioration in the tax base or any unforeseen costs that the City may incur. The City may be caught off guard in the timing of the uploading of services by the Province. There may be situations where the Province withdraws contributions to the Municipal Partnership Fund that the City relies on, while still expecting the City to continue delivering a service without providing any financial support in that year.

### **5. The benefits of Council's prudent use of the PUC funds**

We commend Council for having the resolve to use the PUC Funds for the Water Pollution Control Plant. Because of this, the City's contribution to a very expensive project has had almost no impact on the 2009 taxes.

## 6. Service Review

The Service Review called for in the 2007 Budget was projected to change some of the ways services were delivered; finding new ways of operating and realizing efficiencies. This Review has taken much longer than originally planned and shows upcoming savings of approximately \$288,000. While a great deal of work has been done by senior Staff to accumulate data and comparisons, the anticipated savings and streamlining in the way the City the city operates, has been minimal. The process for delivering the Staff Reports, essentially all at once, and the way Council has been asked to process the recommendations, makes it hard for Council to analyse the Staff Reports and deal with the necessary changes that are tough political decisions.

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## COMMENTS

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The City must recognise that in the present economic times the tax base will not grow for the next while, and that it may shrink. Because of this, the City must step up the process of delivering services more effectively and more efficiently. The City has made some progress with their approach to a Service Review, and has accumulated a large amount of information and data that can be used to take the review of services and their operations to the next level.

It has been mentioned that the City will be conducting an organisational review in 2009. The Chamber commends this effort. It is our belief that there are ways to streamline the way the City operates and that there are inefficiencies caused by “silos” that exist in the City Departments. The Chamber also commends the City on their understanding that they have to keep revisiting areas that they have reviewed as part of a “continuous improvement” program.

For the last two years the Chamber has presented arguments for the hiring of an outside consultant to conduct the Service Review. The City has chosen to do it internally, and while this approach has produced some results and found some of the “low hanging fruit”, we still believe that to get to the next level of improved operations there needs to be an outside consultant. This consultant should be involved in the planned organisational review, as this one element of a comprehensive Service Review.

The Chamber believes the City should find an outside consultant and facilitator who will set the stage for a non-confrontational and open dialogue. The process needs to engage all employees and users to ensure they get to the depth needed in analysing the true costs, and to come up with innovative ideas on how to improve on efficiency and delivery of that particular service. The Service Review must look at Departments working together and sharing resources to eliminate the silos that exist in the present organisational structure. The City should be sure that they have developed a well thought out communication process both internally and with the public so that there is an open discussion of all the options, to avoid defensive positions and political posturing.

It is imperative the culture of the City council and its employees be one of continuous improvement and cost cutting. The City is faced with limited or even shrinking assessment growth, and the uncertainty of upper level funding. Because industrial/ commercial assessments are weighted more than those in the residential class, when the assessment shifts to the residential class, then the residents will see a considerable rise in their share of the municipal taxes. Council must be aware of this shift that is taking place and must go to the next level in setting up their organisation to deliver municipal services efficiently and effectively.

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## RECOMMENDATIONS

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1. The City set a budget for a Service Review which encompasses both departmental and an organizational analysis performed by an external consultant ensuring an in depth process which includes input from all stakeholders.
2. The City clearly communicates internally and externally both the objectives and results of the service review in order to encourage creative thinking and garner support.