

To Guelph City Council

November 8, 2023

2024 Operating Budget

The proposed 10.3% tax increase is unacceptable.

Council has been presented analyses on previous occasions stressing Guelph is spending excessively compared with others. Barrie, a similar sized single tier municipality, in 2022 spent \$410 million in operating costs versus Guelph of \$515 million (\$3,581 per capita), a difference of 26% or \$105 million (\$805 per capita). There is no appreciable difference in service levels between the two, yet there is an unfathomable difference in spending. How is this justified? I have yet to see an answer even though this information has been presented previously. Are we, as citizens just wasting our time doing delegations? Is the City just playing lip service to delegations and only have them for the appearance of transparency and listening to the public? It appears as though the City is unwilling to make choices to reduce staffing or spending.

Recently Guelph lost its weekly print edition of the Tribune wherein the City provided information about services, meetings etc. The City needed staff to write these articles and have them reviewed before printing. What has happened to these writers and reviewers? They should be off the payroll for 2024. Are they? Has this been reflected in the 2024 budget? Has the cessation of spending in the Tribune for 2024 been reflected in the budget? What savings were there? What happened to these savings? Is there anything in budget document that shows a reduction in spending in this area? You as Council need to be transparent when it comes to additional spending. Just showing the net increase from 2023 to 2024 is not being transparent. You should be showing which areas have decreased and which have increased. Using decreases in one area to fund increases in another is not being honest and transparent.

The 2022 BMA report is illuminating. Guelph, at least in the following areas where per capita costs are reported, spends on average more than other municipalities. The per capita number differences were extrapolated to gross dollars based on Guelph's population to show the magnitude of the difference. The BMA report does not report all expenses on a per capita basis thus limiting this analysis. The items below account for about 25% of Guelph's operating expenses.

Activity per 2022 BMA	Guelph \$ per capita	Average \$ per capita	Difference in \$ Million to the average	Median \$ per capita	Difference in \$ Million to the median
General Government	150	134	\$2.3 million	110	\$5.8 million
Fire	220	188	\$4.6 million	189	\$4.5 million
Waste Collection	55	14	\$5.9 million	19	\$5.2 million
Waste Diversion	52	32	\$2.9 million	28	\$3.5 million
Social Housing	97	57	\$5.8 million	55	\$6.0 million
Parks	80	52	\$4.0 million	52	\$4.0 million
Library	70	51	\$2.8 million	51	\$2.7 million
Cultural	57	18	\$5.6 million	11	\$6.6 million
Planning	26	19	\$1.0 million	18	\$1.2 million
Total	807	565	\$34.9 million	533	\$39.5 million

Waste collection is particularly interesting in that a few years ago, the waste collection review concluded the City was efficient. The numbers above contradict that finding.

The following chart shows Guelph's taxation relative to the rest of the province:

Classification per 2022 BMA	Guelph	Average	Median
Detached bungalow	4075	3698	3669
2 Storey home	5699	4885	4984
Sr executive home	7483	6816	6751
Multi residence per unit	2038	1472	1473
High rise per unit	2327	1918	1969
Commercial \$ / sq foot	4.03	3.11	3.04
Office \$ / sq foot	4.03	3.35	3.55
Neighborhood shopping \$ / sq foot	4.81	3.78	3.77
Industrial \$ / sq foot	2.09	1.59	1.58
Industrial \$ per acre - vacant	8402	4689	2815

Household income and taxes per 2022 BMA	Guelph	Average	Median
Income	107149	110000	103889
Residential taxes	4589	4190	4031
Taxes as percent of household income	4.3%	3.9%	3.9%

BMA classifies all the taxation areas shown in the above two charts as either High, Medium or Low. Guelph was rated as High for all classifications. Guelph is a high cost city. If Guelph were a contractor for city services, it would probably lose out as its costs are too high.

If the City wants to attract businesses and residents it must reduce its taxes and operating costs. If the City wants more affordable housing it must do its part to reduce costs of ownership.

This statement by the City in Guelph Today introducing the budget is patronizing.

To support core City services while growing and enhancing the community during a time of high inflation and a forced decline in key development-based revenues for the City, the budget impact for taxpayers would see the average household pay about \$32-\$38 more a month in property taxes each year of the multi-year budget.

The City sounds like a car salesman when it reduces the increases to a per month basis. Why not reduce it to a per day basis? It would sound a lot better. Tell it like it is. This means that in 4 years time we are looking at \$1560 to \$1920 annual increase? Based on the charts above and the article in Guelph Today on November 7 it looks like a 35% increase in 4 years. This is totally unacceptable.

What has happened to the infrastructure levy that was introduced a few years ago? The City used to report the portion of our taxes which were a result of this levy. How much of the infrastructure levy is currently built into the base tax levy? How much has the City collected in Infrastructure fees since its commencement, and how much has been spent and where has it been spent? The accounting department should provide a continuity schedule for this since the inception of the infrastructure levy. How much remains in reserves of this fee? Originally the infrastructure fee was presented as only for capital expenditures. There was some controversy a year or so ago because some of this was allegedly being used for operating purposes. What has happened here?

The introduction to the Budget in Guelph Today says:

Guelph's budget includes three parts:

1. **Controllable: 4.97 per cent.** *City Council has direct oversight and can make decisions over this part of the budget.*
2. **Uncontrollable: 1.98 per cent.** *This includes outside boards and agencies where City Council does not have direct oversight. For example, police, public health, library, long-term care, County of Wellington Social Services and more.*
3. **Provincial Impacts: 3.37 per cent.** *This part is new and provides transparency about areas that have been underfunded or downloaded to municipalities, I refer to this as the Provincial Impacts Local Levy (P.I.L.L). This includes hospital expansions and renovations, addressing homelessness and changes to housing legislation.*

These statements are totally misleading. This says that Council only has control over 4.97% of the spending. If the base is 100% and these items add up to the 10.3% increase, this literally leads the reader to believe that Council has no control over the base of 100%. This is a ludicrous assertion. Council certainly has input or should have input over the 100% base. Is all of it necessary? Has anyone asked the question what is the impact/consequence if we do away with X activity or report or position? The statement that 4.97% is the only controllable by Council presupposes that the 100% in the base is not controllable and assumes that whatever was in the base must stay in the base forever. This is erroneous. It assumes that everything in the 100% base is necessary. As any knowledgeable person knows, everything in the base is not necessary and is not a need. As organizations grow over time, many jobs and activities that have been added outlive their usefulness and should be eliminated. Companies frequently cut back on expenses and staffing to right size the organization. It is not unheard of to have companies reduce operating costs by 10%. This city should do the same. Even a 5% reduction would help. Many items in the base are nice to haves that have been built into the base and assumed to be "needs" from year to year. See the example earlier in this document on spending in the Guelph Tribune. The fallacy in thinking at City Hall is that if expenses have to be reduced, services have to be cut back. This attitude is reflected in the current public budget interactive input model. It asks about filling potholes and services like that. This clearly biases the input that the City receives. There are all kinds of activities inside a bureaucracy that the public does not see. It is this bloat that needs to be eliminated or reduced. The real answer is eliminating activities that do not affect public facing services. As an example, areas such as communications and public relations should be reduced since they do not provide service to the public. There's probably a myriad of internal reports that can be eliminated. They all cannot be providing services to the tax payer. Flattening an organization by eliminating some middle management would make it more efficient and responsive. In 2016 the City of Brampton had a major restructuring of management and said it would not affect services.

Sincerely,

Pat Fung B. Comm., CPA, CA

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