



City of
Peterborough

To: Members of the Finance Committee

From: Richard Freymond
Commissioner of Corporate and Legislative Services

Meeting Date: October 15, 2019

Subject: Report CLSFS19-044
Preliminary 2020 Budget Update

Purpose

A report to provide an update on the 2020 budget.

Recommendation

That the Finance Committee approve the recommendation outlined in Report CLSFS19-044, dated October 15, 2019, of the Commissioner of Corporate and Legislative Services, as follows:

That this report be received for information.

Budget and Financial Implications

There are no budget and financial implications to receiving this report.

This report supplements Report CLSCLK19-021 which recommends a delay in the timeline for the 2020 Budget. The new schedule will allow staff time to receive other information from the Province and review the cost increases in other areas of the budget and make mindful recommendations that reduce one-time adjustments and impacts to levels of service as much as possible.

Background

The City is facing significant budget pressures for 2020 as a result of recent Provincial government announcements and increasing municipal costs.

Provincial announcements throughout 2019 have had significant impacts on the City's draft 2020 budget. These announcements require time for staff to incorporate the related changes into the draft budget. As recently as the week of September 26, 2019, staff received positive information about the Peterborough County-City Paramedics 2020 funding from the Province, and more announcements about other programs are anticipated from the Province in the remaining months of 2019 that may impact the City's 2020 budget.

Changes in Provincial funding formulas, program requirements and decreased grant funding have effectively created downloads to the City for the services provided by the Peterborough Public Health Unit, the Peterborough County-City Paramedics, Fairhaven Long Term-Care, Police, Children's Services, Social Services, Social Housing and Waste Management. Staff estimate that for 2020 the net effects of these downloads total approximately \$1.6 million.

In a letter sent to Heads of Council on May 27, 2019, Premier Doug Ford references the \$15 billion annual deficit and \$347 billion long-term debt that the Provincial government is attempting to clean up and is quoted as saying "We also believe that every government needs to step up and do its part; there is only one taxpayer, and the job of finding savings while protecting core services rests with every elected official in Ontario." Municipalities have been asked to find efficiencies that will ensure the sustainability of our shared public services.

The City is also facing significant cost increases for current levels of service in Winter Control, Waste Management, Information Technology, and Transit. Staff estimate that the net cost increases in these areas over the approved budget guideline total approximately \$2.4 million.

As a result of these pressures, staff are requesting deferring the 2020 budget timeline as detailed in Report CLSCLK19-021, also presented on October 15, 2019, to allow more time to balance the budget and incorporate any new information from the Province into the draft budget.

Budget Timeline

The following are the next steps in the budget process, under the recommendations of Report CLSCLK19-021:

- December 9, 2019 - Documents presented to Finance Committee
- Until January 13, 2020 - Committee Members review documents individually
- January 13, 2020 - Public Input Meeting

- January 13 (after the Public Meeting) to 16, 2020 - Finance Committee Reviews
- January 27, 2020 - 2020 Budget Approval

Summary

The City is facing significant pressures in the 2020 budget as a result of cost increases and Provincial announcements that impact Municipal programs. Changing the schedule will give staff more time to give all the pertinent information from the Province and to recommend a draft budget with sustainable changes and as little one-time adjustments and reductions to levels of services as possible and still have an approved 2020 budget by the end of January 2020.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

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