



City of
Peterborough

To: Members of the Finance Committee

From: Richard Freymond
Commissioner of Corporate and Legislative Services

Meeting Date: January 13, 2020

Subject: Report CLSFS20-003
2020 Budget for the Peterborough and the Kawarthas
Economic Development

Purpose

A report to inform Council that the 2020 Budget submission of Peterborough and the Kawarthas Economic Development (PKED) will be reviewed on Tuesday, January 14, 2020.

Recommendations

That Council approve the recommendations outlined in Report CLSFS20-003, dated January 13, 2020, of the Commissioner of Corporate and Legislative Services as follows:

- a) That the budget details included in this report regarding the Peterborough and the Kawarthas Economic Development for the 2020 Budget, be received for information.
- b) That the provision for the Peterborough and the Kawarthas Economic Development in the 2020 Draft Operating Budget be decreased by \$9,899 to \$999,778 and that the decrease be netted against the City's 2020 General Contingency provision.

Budget and Financial Implications

There are no additional budget and financial implications of the recommendation.

Background

The Finance Committee is scheduled to review the 2020 Draft Budget during the week of January 13, 2020. Tuesday, January 14, 2020 has been set aside to review budget requests from outside Boards and Agencies. If requested, representatives from the Peterborough and the Kawarthas Economic Development are prepared to attend to make a short presentation and answer questions about the 2020 amounts that are included in the Draft 2020 Budget. The Finance Committee will resume its review of City departments on Wednesday, January 15, 2020.

Included on pages 205 - 206 of the 2020 Budget Highlights Book is a high-level summary of information presented by PKED and included in Appendix A to this report.

Subsequent to the publishing of the Draft 2020 Budget, an update was received from PKED with a decreased request for 2020 of \$999,778, a 1% decrease from the amount included in the 2020 Draft Budget. This updated budget is included in Appendix B of this report. Staff recommend that this decrease be netted against the General Contingency provision.

Service	2020 Draft Budget	2020 Presentation Request	% Difference to Draft Budget	\$ Difference to Draft Budget
Peterborough and The Kawarthas Economic Development	1,009,677	999,778	-1.0%	-9,899

New for 2020 is the introduction of the Municipal Accommodation Tax (MAT). The MAT will be collected from various providers of transient accommodation in the City as set out in By-law 19-063. Half of the MAT proceeds, estimated to be an amount of \$405,000, will be used by PKED to attract more visitors to the City, increasing overnight stays and increasing visitor spending while they are here.

It is anticipated that the funds will be used for initiatives such as:

1. Sports Tourism, Meetings and Conferences.
2. Data collection.
3. Mobile Visitor Services Program.
4. Marketing the Destination.
5. Experiential Tourism - creating new products and experiences to attract more visitors to the destination.

6. Updating the Tourism Strategy and Destination Development Action Plan. The current tourism strategy is 10 years old.
7. Lead Generation to attract more tourism businesses.
8. Workforce Development Strategies - supporting workforce in Tourism businesses.
9. Main Street support - working with Business Improvement Areas to support main street initiatives.

The MAT funding is replacing private funds that used to be received in the amount of \$150,000 - \$175,000 in the past from the Peterborough Destination Marketing Fund. In addition, the province has reduced financial support to Regional Tourism Organization 8 by approximately 30% and PKED is unable to rely on these leveraged funds in 2020.

Funding requests for Sustainable Peterborough are in the amount of \$40,000 from each of the City and County.

For 2020, funding has been eliminated for both Airport Marketing (2019 - \$25,000) and Cleantech Commons (2019 - \$50,000). However, investments in marketing both will continue throughout 2020, albeit in a different way; in the context of the Airport, through staff time and at Cleantech, in conjunction with Trent University.

The annual net costs to undertake Core Economic Development Activities is allocated to the City and County based upon their proportionate share of total combined permanent population, as established by the latest available official census. The City's share remains unchanged from 2019 at 58.62%.

With Council approval of Report CAO19-014, dated December 2, 2019, an agreement was renewed between the City, County of Peterborough and the Greater Peterborough Area Economic Development Corporation (operating as PKED) for the four-year period January 1, 2020 to December 31, 2023. The agreement will obligate the City and County to participate in the funding of PKED over the four-year term.

In approving the agreement, Council observed that economic development is supported in the City's budget in numerous ways including the Airport, Cleantech, and in agreement with the Greater Peterborough Innovation Cluster (2019 – 2021 - \$140,000 annually) and gave further direction as follows:

- b) That staff review how economic development is delivered in the City and report to council at a General Committee meeting, before September 2020.

If requested, further information will be provided by PKED representatives on January 14, 2020.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

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Attachment:

- Appendix A: Draft 2020 Budget for Peterborough and the Kawarthas Economic Development, original
- Appendix B: Draft 2020 Budget for Peterborough and the Kawarthas Economic Development, updated December 2019

Peterborough & the Kawarthas Economic Development 2020 Budget

	2019 Budget	2019 Forecast	2020 Budget	Variance	Notes
REVENUE					
CORE FUNDING					
City of Peterborough	989,879	989,879	1,009,677	19,798	(1)
County of Peterborough	698,758	698,758	712,733	13,975	(1)
	1,688,637	1,688,637	1,722,410	33,773	
MUNICIPAL ACCOMMODATION TAX					
	-	-	405,000	405,000	(2)
JSSC APPENDIX C REQUESTS					
Airport Marketing (City)	25,000	25,000	-	(25,000)	(3)
Cleantech Commons at Trent U (City)	50,000	64,000	-	(50,000)	(4)
Ag Devt/Tourism Project (County)	-	32,125	-	-	(5)
SPECIAL JSSC FUNDING RECEIVED					
Sustainable Peterborough	80,000	102,919	80,000	-	(6)
	155,000	224,044	485,000	330,000	
TOTAL CITY & COUNTY	1,843,637	1,912,681	2,207,410	363,773	
OTHER SOURCES OF REVENUE					
Business Development (EODP)	-	3,500	26,000	26,000	(7)
Tourism (Summer Students)	3,500	11,760	3,500	-	(8)
Cleantech Commons	-	10,600	-	-	(5)
Federal	3,500	25,860	29,500	26,000	
Business Advisory Centre (MEDJCT)	135,385	158,639	146,385	11,000	(9)
Starter Company Plus (MEDICT)	45,709	114,859	84,000	38,291	
Rural (RED)	-	13,042	-	-	(5)
Tourism (Summer Students)	2,500	-	2,500	-	(8)
Business Development (MEDJCT - CIT)	36,750	54,427	-	(36,750)	(10)
Provincial	220,344	340,967	232,885	12,541	
Private Sector	185,724	246,200	102,267	(83,457)	(2)
Total Revenue	2,253,205	2,525,708	2,572,062	318,857	
EXPENSES					
Business Development	536,937	620,777	492,117	(44,820)	(3),(4)
Small Business Enterprise Centre	219,270	305,140	242,032	22,762	(9)
Sustainable Peterborough	80,000	102,919	92,156	12,156	
Marketing & Communication	244,285	299,457	327,930	83,645	
Tourism	569,746	610,011	853,645	283,899	(2)
Facilities & Administration	660,489	657,425	652,742	(7,747)	
Total Expenses	2,310,727	2,595,730	2,660,622	349,895	
Total Surplus/(Deficit)	(57,522)	(70,021)	(88,560)	(31,038)	
Draw from Accumulated Surplus	57,522	70,021	88,560	31,038	(11)
NET SURPLUS/(DEFICIT)	0	0	0	0	

NOTES:

Peterborough & the Kawarthas Economic Development 2020 Budget

1. Core Funding for 2020 is 2.0% greater than 2019 funding; however there are no additional Schedule C requests beyond core funding. Overall, 2020 funding from both the City and the County is less than received for 2019.
2. A conservative estimate of the revenues to be obtained from the Municipal Accommodation Tax is recognized for 2020, after administrative holdbacks and only from hotels within the City of Peterborough.
The Private Sector revenue amount for 2019 included \$125,000 received from the Peterborough Destination Association (PDA) for Tourism Marketing purposes. This was the final year of funding as the association has disbanded. While PDA revenue has been replaced with MAT, Private Revenue from sponsorships and events is still anticipated. Tourism expenditures reflect these changing revenue amounts.
3. No Appendix C request for promotion of the Peterborough Airport in 2020.
4. No Appendix C request for promotion of Cleantech Commons in 2020.
5. Funding lines for which the related expenditures were completed in 2019.
6. It is anticipated that Sustainable Peterborough, a City-County initiative housed within GPAEDC, will receive \$40,000 each from the City and County in 2020.
7. Anticipated funding of \$25,000 from Community Futures Peterborough for an Ontario East food distribution centre feasibility study in 2020.
8. Conservative funding estimates for summer students in 2020.
9. The Ministry of Economic Development Job Creation and Trade (MEDJCT) funds the Business Advisory Centre, Summer Company, and Starter Company Plus. A three-year reduced funding agreement was approved in April 2019. An additional \$41,250 in one-time transition funding for 2019-2020 was approved in June 2019.
10. The grant of \$105,000 received from MEDJCT for Communities in Transition will be completed in 2019.
11. There is a sufficient operating surplus available to fund the anticipated deficit in 2019 and 2020. An operating reserve of \$90,000 will still be maintained.

Peterborough & the Kawarthas Economic Development 2020 Budget

	2019 Budget	2019 Forecast	2020 Budget	Variance	Notes
REVENUE					
CORE FUNDING					
City of Peterborough	989,879	989,879	999,778	9,899	(1)
County of Peterborough	698,758	698,758	705,746	6,988	(1)
	1,688,637	1,688,637	1,705,524	16,887	
MUNICIPAL ACCOMMODATION TAX	-	-	405,000	405,000	(2)
JSSC APPENDIX C REQUESTS					
Airport Marketing (City)	25,000	25,000	-	(25,000)	(3)
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Ag Devt/Tourism Project (County)	-	32,125	-	-	(5)
SPECIAL JSSC FUNDING RECEIVED					
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	155,000	224,044	485,000	330,000	
TOTAL CITY & COUNTY	1,843,637	1,912,681	2,190,524	346,887	
OTHER SOURCES OF REVENUE					
Business Development (EODP)	-	3,500	26,000	26,000	(7)
Tourism (Summer Students)	3,500	11,760	3,500	-	(8)
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Total Expenses	2,310,727	2,595,730	2,660,622	349,895	
Total Surplus/(Deficit)	(57,522)	(70,021)	(105,446)	(47,924)	
Draw from Accumulated Surplus	57,522	70,021	105,446	47,924	(11)
NET SURPLUS/(DEFICIT)	0	0	0	0	

Peterborough & the Kawarthas Economic Development 2020 Budget

NOTES:

1. Updated Nov 28, 2019: Core Funding for 2020 is now proposed at 1.0% greater than 2019 funding and there are no additional Schedule C requests beyond core funding. Overall, 2020 funding from both the City and the County is less than received for 2019.
2. A conservative estimate of the revenues to be obtained from the Municipal Accommodation Tax is recognized for 2020, after administrative holdbacks and only from hotels within the City of Peterborough.
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10. The grant of \$105,000 received from MEDJCT for Communities in Transition will be completed in 2019.
11. There is a sufficient operating surplus available to fund the anticipated deficit in 2019 and 2020. An operating reserve of \$90,000 will still be maintained.