



City of  
**Peterborough**

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**To:** **Members of the Finance Committee**

**From:** **Richard Freymond, Commissioner of Corporate and Legislative Services**

**Meeting Date:** **June 6, 2022**

**Subject:** Notice of Public Meeting – June 22, 2022 2023 Preliminary Budget Guideline, Report CLSFS22-017

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## **Purpose**

A report to advise Council that a public meeting will be held Wednesday, June 22, 2022 at 6:00 pm, to present a Preliminary 2023 Budget Guideline Report and to hear public delegations.

## **Recommendations**

That Council approve the recommendations outlined in Report CLSFS22-017 dated June 6, 2022, of the Commissioner of Corporate and Legislative Services as follows:

- a) That Report CLSFS22-017, advising Council that a public meeting will be held on June 22, 2022 at 6:00 pm, to present a Preliminary 2023 Budget Guideline Report, as set out in Appendix A to Report CLSFS22-017, and to hear public delegations, be received.
- b) That a final version of the 2023 Budget Guideline Report be presented to the July 11, 2022 Finance Committee meeting.

## **Budget and Financial Implications**

There are no budget or financial implications to receiving this report. A report will be presented to the July 11, 2022 Finance Committee containing specific recommendations for the 2023 Budget Guideline and addressing issues that may arise during the June 22, 2022 public meeting.

## Background

A public meeting will be held on June 22, 2022 at 6:00 pm, during which staff will present a 2023 Budget Guideline Report, a preliminary version is attached as Appendix A to this report. Members of the public will then have an opportunity to make presentations or comment to Council about the proposed Guideline. They may also take the opportunity to comment on other aspects of the City's Operating and Capital Budgets that are not specifically addressed in the Guideline Report.

Consultation on the 2023 Budget was conducted through five virtual, drop-in style sessions that were part of a community engagement approach that also included a survey and the traditional interaction between Council, City staff and the community that takes place outside of organized consultation.

Council is not required to make any final decisions during the June 22, 2022 Public Meeting or give direction to staff. The purpose of the Public Meeting is to provide an opportunity for the public to provide input into the budget process prior to July 11, 2022 when the Final Guideline Report will be discussed.

The public may also choose to provide a written submission or send an email to staff at the contact information provided below.

A staff report will be presented to the July 11, 2022 Finance Committee, setting out the final recommendations, and staff will attempt to address any issues raised during the June 22, 2022 public meeting.

Submitted by,

Richard Freymond  
Commissioner of Corporate and Legislative Services

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Attachments:

Appendix A – CLSFS22-018 Preliminary 2023 Budget Guideline Report



City of  
**Peterborough**

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**To:** Members of the Finance Committee

**From:** Richard Freymond, Commissioner of Corporate and Legislative Services

**Meeting Date:** July 11, 2022

**Subject:** 2023 Budget Guidelines, Report CLSFS22-018

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## **Purpose**

A report to recommend the 2023 Budget Guidelines.

## **Recommendation**

That Council approve the recommendation outlined in Report CLSFS22-018 dated July 11, 2022, of the Commissioner of Corporate and Legislative Services as follows:

That the Draft 2023 Operating Budget reflect an estimated All-Inclusive (Municipal, Education, Sanitary Sewer Surcharge) increase within the range of 3.00% to 4.00% for general Operating Budget impacts and in support of the capital program, including a provision for Stormwater Protection.

## **Budget and Financial Implications**

There is a lot of uncertainty at this point in time in attempting to estimate an All-Inclusive rate increase. Based on a number of early assumptions, an All-Inclusive rate increase within the range of 3.00% - 4.00% equates to an \$5.7 million (3.9%) to \$7.6 million (5.1%) increase in total tax levy requirements.

Chart 1 is representative of some of the 2023 Budget Net Requirement impacts that staff are aware of as the Preliminary 2023 Budget Guideline Report was prepared and are considered over and above the amounts in the 2022 Operating Budget base. Each line in the chart impacts the All-Inclusive rate.

A 1% change in the All-Inclusive Rate equates to \$1,872,000. The recommended All-Inclusive increase within the range of 3.00% - 4.00% would add an amount somewhere between \$51 to \$68 to the combined municipal, education, storm and sewer surcharge levy for every \$100,000 of assessment.

## Chart 1

### Preliminary 2023 Budget Impacts

Ref	Description	2023 Incremental Adjustments to Base Budget Amounts
Col 1	Col 2	Col 3
1	<b>On going cost pressures</b>	
2	Net Compensation contract increases	1,600,000
3	general inflation	600,000
4	Insurance	465,000
5	Central Area Revitalization	116,000
6	Investment Revenues	-225,000
9	2023 Annualize 8 Fire fighters & trainer	314,000
10	Fuel prices	1,970,000
11		
13	<b>Total Operating Budget Impacts to Maintain levels of Services</b>	<b>4,840,000</b>
14		
15	<b>Additional Levels of Service for Capital</b>	
16	Replenish Levy/FRMP CL ( over 5 years) used in 2020 budget	162,000
17	Waste Water Protection - Storm & Sanitary	970,000
18	Replenish Capital Levy for 2022 budget impact	140,000
19	Capital financing Policy	950,000
20	Impact of additional TS debt related to the Twin pad	430,600
21	<b>Additional Levels of Service - Capital</b>	<b>2,652,600</b>
22	<b>Total Operating Budget Increases</b>	<b>7,492,600</b>

The 'City only' impacts listed in the chart above result in 4% impact to the tax levy requirement and do not include additional financial impacts resulting from either Police Services or Peterborough Public Health as described in this Report.

## Background

### 2023 Budget Process

In April 2022, staff began the process of compiling the preliminary 2023 Budget estimates.

During the various review stages, staff will ensure the 2023 Draft Budget, to be presented to Finance Committee on December 5, 2022, achieves the guidelines ultimately approved through discussions of this report.

## 2023 Budget Survey

The City engages with residents as it prepares the draft budget each year for Council's consideration. The City consults with the community throughout the budget process – at the beginning when setting the guideline, when the draft budget is released, and before Council considers approving the budget.

The annual budget survey is one way the City engages with residents alongside other consultation opportunities, including public meetings and interactions between the community and Council and City staff through phone calls and emails. Input from the community engagement is considered with other budget inputs such as legislated requirements and financial pressures.

The budget survey was open for six weeks from March 17 to April 29, 2022. The survey offered broad, high-level topics and questions as one way for residents to engage in the budget process at this early stage of drafting the budget. There were 274 responses to the survey.

Some of the information gathered in the survey is presented below. Appendix A, the "What We Heard" document, provides a summary of the budget survey submissions.

Survey participants were asked how much they value various municipal service groups using a scale of Very important, Slightly important, or Not at all important. Results showed that across all categories respondents find municipal services to be important, with the following categories receiving the highest number of Very important responses.

- Attracting family physicians to the community
- Managing tax dollars
- Sewers, water, stormwater management
- Enabling affordable housing
- Roads (e.g., maintaining roads and the road network)

Participants were asked to consider some of the broad tools that the City has available for balancing its budget, as required by law. They could select one option or a mix of up to three options (previous year's response in brackets).

- Introduce new user fees for some City services that currently have no fees – 54% (44%)
- Increase user fees for City services that currently have fees – 47% (41%)
- Reduce service levels – 38% (33%)

- Increase property taxes – 30% (34%)

Respondents indicated what they think the property tax change should be in 2023 based on their expectation for infrastructure and service levels.

- Generally, maintain most existing levels of service, 2% to 2.5% increase – 19.7% (26.4%)
- Maintain all existing levels of service, keeping pace with inflationary increases and legislated requirements, 2.5% to 3% increase – 17.8% (19.2%)
- Increase investments in infrastructure/services – 17.4% (16.5%)
- No property tax increase, reduce services and infrastructure maintenance due to inflationary cost increases and other pressures, 0% increase – 14.3% (11.3%)
- Other (please specify) – 12.7% (12.8%)
- Reduce services and infrastructure maintenance due to inflationary increases and other pressures, 1% increase – 11.2% (10.5%)
- Significant decrease in services and investments in infrastructure, decrease property taxes – 6.9% (3.3%)

Outside of the specific questions in the survey, the survey included several opportunities for respondents to provide other comments on the budget. Respondents provided comments on topics such as the cost of living, maintaining infrastructure, police services, roads, housing, homelessness, the environment and nature areas, climate change, the opioid crisis, roads, recreation facilities, arts and culture, taxes, and development planning.

## Public Meetings

In addition to the Budget Survey, the Finance Chair and Vice Chair along with Council members hosted a series of informal virtual drop-in style meetings for residents to share their comments and ideas. The meetings were held virtually with residents being able to attend online or by phone.

Budget Roadshow meetings were held on March 31, April 7, April 14, April 21, and April 28, 2022. Attendees spoke about priorities such as active transportation, infrastructure, debt levels, housing and homelessness. Video recordings of the meetings have been posted online for people to watch at their convenience.

Other opportunities for public input are planned in June and December 2022 and January 2023.

Input provided by the community through the public engagement will be considered in preparing the Draft 2023 Budget, in conjunction with several criteria such as available funding and other resources, legislative requirements, and health and safety requirements.

## 2023 Operating Budget

Although still early in the process, there are a number of factors expected to impact the 2023 Operating Budget as set out below:

### COVID-19 Pandemic

The impact the pandemic will have on the 2023 budget is expected to be limited and it is anticipated that operations and the economy in general will have recovered in 2023.

### Final 2020 Assessment to be Used For 2023 Budget

The assessment of all property in Ontario is carried out by the Municipal Property Assessment Corporation (MPAC). The current value assessment (CVA) of a property is an estimate of the market value of a property at a fixed point in time.

The Assessment Act provides for a four-year assessment update cycle. For 2017, and continuing through 2020, property assessment values were based on a January 1, 2016 valuation date. 2021 would have typically been based on re-assessment values as of January 1, 2020. Due to the COVID-19 pandemic, the Provincial Government deferred the MPAC reassessment for 2021 and 2022, and deemed that the "Destination Assessment" for 2020 will also be used for 2023 Municipal tax purposes.

Chart 3 provides a sample calculation of the assessment for 2023.

### Chart 3 – Sample Calculation of 2023 Assessment

Taxation Year	2016	2017	2018	2019	2020	2021	2022	2023
Valuation Date	January 1, 2012	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016
CVA	\$320,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
Phase-in	0	25.00%	50.00%	75.00%	100.00%	100.00%	100.00%	100.00%
CVA for Taxation	\$320,000	\$330,000	\$340,000	\$350,000	\$360,000	\$360,000	\$360,000	\$360,000

In the example above, the 2020 "destination assessment" is the fully phased-in CVA with a January 1, 2016 Valuation Date.

## **Assessment 0.8% Real Growth Projections**

Various events and activities influence assessment growth. These include zoning changes, subdivision activity and new construction.

Staff have completed an initial review, including building permits, zoning changes, subdivision activity and condominium plans in light of the impact from the COVID-19 pandemic. An early estimate real assessment growth will be 0.8% (assumption was 0.7% in 2022 and actual was 0.6%). Each assessment class is estimated as follows for 2022:

- Residential 0.75%
- Multi-residential 2.00%
- Commercial 0.00%
- Industrial 0.00%

## **Economic Factors**

Current economic forecasts from the banking and business sectors have tried to see past the COVID impacts, and the influences of current world issues, to project inflationary pressures in what is anticipated to be a more stable year of 2023. With the effect of soaring fuel and energy prices City staff are recommending using the Core Inflation Rate to guide the 2023 budget process increases. The Core Inflation Rate takes the Consumer Price Index (CPI) and removes the effects of energy and food. The City budgets fuel and energy inflation separately in the budget. The Core Inflation Rate is a good fit for the remaining expense. The anticipated Core Inflation Rate for 2023 is 1.5% to 2.0%.

In an effort to drive efficiencies, and relieve pressure on the taxpayer, the City has instructed staff to submit Draft Budgets assuming a 1.5% inflationary increase for all items except energy and food.

Impacts subject to inflationary pressures are difficult to quantify, but a conservative estimate of the impact to the operating budget for expenses, other than personnel costs and other pressures specifically addressed, would be \$0.5 million.

## **Fuel Prices**

There continues to be a high degree of risk and uncertainty in predicting fuel prices. Current fuel prices are expected to moderate in 2023 with the reduction of COVID pressures and a return to a more stable world economy. The effect of fluctuating fuel prices on the City's budget is significant. As a rule of thumb, the City can expect a \$30,000 impact for every \$0.01 change in the pump price of fuel. City staff will continue to monitor prices through the budget cycle, however, early estimates place an increase somewhere between \$1.0 - \$1.9 Million.

In addition to the volatility in the world markets, there are further increases anticipated from the Federal Government Carbon Tax program, albeit the impact is much less and estimated to be approximately \$80,000.

### **Personnel Costs**

Personnel costs are a major component of the operating budget. Contracts are settled for all Employee Groups with the exception of Amalgamated Transit Union (Local 169), which expires June 30, 2023.

### **Utilities**

The City has a Price Hedging contract in place that mitigates a portion of cost increases in the price of electricity consumed. Savings in re-lamping streetlights is conservatively estimated to save the City approximately \$0.3 million per year. Until the capital costs are recouped, the savings are being used to finance the capital costs of re-lamping. Staff are following up on all energy retrofit projects to ensure anticipated savings are being realized.

The 2019 Federal budget introduced a Carbon tax (FGCT) that took effect in April 2019. The tax is in the form of a charge of 0.02 cents per cubic meter. The price has increased in 2021, 2022 and is anticipated to increase again in 2023.

### **City/County Weighted Taxable Assessment**

The most recent five-year agreement for consolidated municipal services management (CMSM) between the City and Peterborough County was signed in 2019 with the approval of Report CAO19-012 dated December 2, 2019. The CMSM agreement has a term of January 1, 2020 to December 31, 2024. The previous year's weighted average current value assessment continues to be the allocation basis to calculate the City-County proportionate share for both Provincial Offences and Social Housing. For 2023, the County/City shares will be 55.7% / 44.3% (2021 – 55.5% / 44.5%).

### **Social Services**

The Province continues to change and adjust to a new Ontario Works service model, the impacts of which are unknown at this time. The Ontario Works administration funding continues to be based on 2018 actuals. The Province is developing a new administration funding model to align with the new service model and the impact to the City is unknown at this time. Canada-Wide Early Learning and Child Care System (CWELCC) system transformation will continue in 2023. The impact to staff workload will be significant and will require additional staffing to support the system. Provincial Children's Services administrative funding will be restored to 100% provincial funding and up to a maximum of 10% of the funding can be allocated to administration costs. Over the last few years, the province reduced administrative funding to a 5% threshold and 50/50 costs share. The Ministry of Education is developing a new funding model to determine provincial funding moving forward and the impact of these changes are

unknown at this time. There is a continuing need for the Overflow Shelter as shelter usage remains high. Social Services Relief Fund (SSRF) Phase 5 funding from the Province ends December 31, 2022. The financial impact of the pandemic on the homeless population moving into 2023 is unknown.

## **Transfers to Other Organizations**

### **Paramedic Services**

As part of the 2019 Provincial Budget, the Province indicated that a Modernization Project would review Ontario's 59 emergency health services operators and 22 provincial dispatch communication centres. They also indicated they are committed to exploring new models of care and delivery for emergency health services to improve care for patients and reduce duplication so not every ambulance is sent to an emergency. In terms of any modernization of paramedic services, the Ministry of Health has committed to forming working groups across the province to have discussions with municipal and other various stakeholder groups. No new information has been received regarding these initiatives, so the 2023 Budget Guideline has assumed no changes to operations as a result of the provincial announcement. However, Call volume has continued to increase at unprecedented rates; increasing response time and "zero ambulance" rates have occurred. As a result, the 2023 budget is anticipated to include increased staffing, supplies and equipment to address staffing and response needs.

Representatives from Paramedic Services have advised that there are new Community Paramedic programs to support improved access to care in the home, alleviate Long Term Care pressures and help lessen the burden on 911 services creating utilizing new provincial funding sources. It is anticipated that those will assist in mitigating of future budget pressures.

### **Peterborough Public Health (PPH)**

As part of the 2019 Provincial Budget, the Province indicated that by 2020-21, they planned to establish 10 regional public health entities and 10 new regional boards of health with one common governance model and change the provincial-municipal cost sharing of public health to a 60/40 cost-shared model. Since this announcement, the Province has changed the target for provincial-municipal cost sharing to 70/30.

During deliberations of the 2019 Budget, Council approved a plan to transition over 3 years (2019 – 2021) from 75/25 to a 70/30 funding model. The Province has committed to providing one-time Mitigation Funding for 2022 to offset the difference between 75/25 and 70/30 cost sharing. The Province also approved a 1% increase in the base budget for 2022. PPH will be funding the local share of this increase, approximately \$30,000, with reserves in 2022 but will require funding from the City, County, and First Nations in 2023. PPH has received one-time funding for the impacts of COVID in 2022.

If there is no Mitigation Funding in 2023 and base funding stays the same for 2022, PPH would require additional funding from local funders for as much as \$1.6 million in

addition to current levies. This could result in an additional \$900,000 funding request to the City.

The recommendations in this Report do not consider any additional funding provisions in 2023 for PPH and would be considered over and above the recommended range.

## **Fairhaven**

In April 2022, Fairhaven's Committee of Management approved the 2023 Operating and Capital Budget requests to the City of Peterborough with no increase. Fairhaven's 2023 operating budget request is \$1.55 million and capital budget request is \$253,602. The capital budget request is in accordance with Fairhaven's ten-year capital plan as presented in 2012. The COVID-19 pandemic continues to be a financial and operational concern for Fairhaven, but the Province through the Ministry of Health and Long-Term Care has made commitments to continue funding extra related costs for the duration of the pandemic. As a result, Fairhaven is confident that an increase to municipal funding in 2023 is not required.

## **Police**

Preliminary estimates by Peterborough Police Services indicate that operational and inflationary cost pressures will have significant impacts on their 2023 operating budget. In addition to this, a recent report from KPMG has recommended an increase in sworn officers and civilian support staff to meet the current and future requirements of the force. At this point, it is assumed that if any increases in staffing levels were to occur, they might occur over multiple years until the recommended levels are achieved.

In any event, any Police Services 2023 budget increase over and above those experienced in recent years would not be able to be accommodated within the recommended range of this Budget Guideline Report.

## **Storm Water Protection and Sewer Surcharge**

On February 13, 2017, in consideration of Report USEC17-001 Water Resource Protection, Council resolved the following:

That related to a dedicated stormwater protection fee:

Council recognizes the need to, over time, increase the annual stormwater funding allocation by an additional \$6.2 million, subject to annual budget discussions; and

In the first year, being 2018, an additional amount up to \$620,000 be included in the "All-Inclusive" budget, subject to budget discussions and final budget approval.

That related to an increased sanitary sewer surcharge, the 2018 Draft Budget and Work Program include the first year of a 10-year phase-in, or \$350,000, to gradually fund an additional annual amount of \$3.5 million in sanitary funding through increases in the sanitary sewer surcharge.

The 2021 budget deferred the storm water protection increase and capitalized the funds to support all of the capital program, including storm water protection. For 2023, staff are hopeful that the Draft Operating Budget will be able to include the fourth increment of \$620,000 along with the fifth incremental increase in the Sewer Surcharge Rate from 102.92% to 104.51%.

### **Education Rates**

Although Education Rates are established by the Province, they affect the final All-Inclusive tax increase. Draft Education Rates are typically published by the Province in December of each calendar year for the following year. For the last number of years, the rate has been declining as assessment in the Province has increased. In 2021 and 2022, the province held the assessment values used by municipalities to 2020 values. This was also reflected in the education rates which were also held at 2020 levels. The 2023 Draft Budget will be prepared and presented to Council based on the premise that the Education rates will again be held at 2020 levels.

### **Recommendation Respecting the All-Inclusive Tax and Sewer Surcharge Rates and Levies**

Taking all the above recommendations into consideration, staff are recommending that the residential tax and sewer rates and resulting levies per \$100,000 of residential assessment be in the range of 3.00% to 4.00% for 2023.

### **2023 Capital Budget**

The amount of capital work to be done to maintain the City's assets or expand its infrastructure due to increasing demands continues. The Capital Budget is funded from numerous sources including, but not limited to, tax levy from the Operating Budget (Capital Levy), debenture financing (principal and interest paid out of the Operating Budget), Sewer Surcharge, Reserves, Federal Gas Tax and other Provincial and Federal grants, as available.

It is anticipated that the recommendation increase between 3.00% - 4.00% will provide the infusion of some amount of additional capital financing. The following topics impacting the Capital Budget provides additional insights into the Capital program.

### **Provision for Additional Capital Financing**

In 2012, through Report CPFS12-011 and amended in July 2021 through Report CLSFS21-024 - Debt Management and Capital Financing Plan, Council adopted a series of recommendations that created opportunities to add additional capital financing into the annual budget. The combination of recommendations in the report were intended to:

- Accelerate the pace capital construction can occur that otherwise may not be able to occur;
- Allow the City to gain some ground on its backlog of capital projects;
- Allow the City to take advantage of the attractive interest rates presently available in the marketplace; and
- Not completely rely on increased debt but also provide for continuing increases in base capital levy.

Recommendations c) and d) from the Report were central to the plan:

- c) That the annual draft operating budget include a 5% increase in the capital levy provision as a means of providing more capital levy to support the capital budget requirements.
- d) That, to phase-in the new maximum debt limit, the total annual amount of new tax-supported debt charges and any increase in the capital levy provision be limited so that the impact on the residential all-inclusive tax increase does not exceed 1% per year.

### Debt Maturing in 2023 and Future Years

The future effects of the Capital Financing Policy are starting to be realized; part of the justification of the Capital Financing Policy was that, in addition to adding capital funding in years it was utilized, it also created base funding in the budget. When the debt matures the amount budgeted for debt servicing costs become available to be repurposed in the capital program.

Chart 5 below identifies the debt servicing costs that will be made available from debt that has matured in the previous year.

**Chart 5**  
**Debt Servicing Available from Maturing Debt**

Summary of Debt Servicing Costs on Maturing Debt					
	2023	2024	2025	2026	2027
Tax supported	1,029,597	695,961	1,159,655	1,110,735	943,686
Non-Tax Supported	132,033	1,078,818	136,481	1,460,122	323,797
Total	1,161,630	1,774,779	1,296,136	2,570,857	1,267,483

The amount of debt that can actually be issued from these debt servicing costs depends on many factors such as interest rates and the term of the debt, but as an example,

\$1.0 M in debt servicing, assuming a 2.5% interest rate for 10 years supports \$8.1 M in capital work.

Through the 2023 budget process, staff will review and determine the portion of the All-Inclusive increase required to fund the operating budget and the portion to provide additional support to the capital program.

### **Dividends from City of Peterborough Holdings Inc. (CoPHI)**

At this point in time, it is assumed that the City will receive \$5.2 (\$5.2 – 2022) million in dividend payments from CoPHI, the Peterborough Utilities Group of Companies.

### **Legacy Fund Investment**

One-half of the proceeds from the sale of Assets of Peterborough Distribution Inc to Hydro One have been placed in a Legacy Fund with ONE Fund. The other half has been held in a High Interest Savings Account pending a potential Council decision regarding investment in City of Peterborough Holdings Inc. (Report CLSFS21-020 dated May 10, 2021).

Based on current investment returns and the volatility of the market, it is anticipated that the return that can be achieved in 2023 on the investments held will be revenues of approximately \$1.1M.

### **Pre-commitments of Capital Financing**

Chart 6 summarizes the pre-commitments of funding Council has approved, towards the 2023 Capital program. Altogether, there is \$35,210,314 in funding to six different projects or initiatives. Of this amount, \$15,965,900 is tax supported and can be accommodated within the total 2023 tax supported debt available of \$25,700,000, inclusive of any debt maturing in 2023.

### **Chart 6 2023 Approved Capital Pre-Commitments**

	Project name	Report Reference / Council Approval Date	Total 2023 Commitment	Total 2024 Commitment	Total 2025 Commitment	Total 2026 Commitment	Total 2027 Commitment	Total 2028 Commitment
1	Eastern Ont. Cell Gap and Capacity Extension 3	CLSFS19-020	\$ 140,900	\$ -	\$ -	\$ -	\$ -	\$ -
2	Canadian Canoe Museum - Capital Build	CLSFS21-021	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
3	Source Separated Organics Program Implementation	IPSES19-010	\$ 1,769,414	\$ -	\$ -	\$ -	\$ -	\$ -
4	Lansdowne West - Spillsbury to Clonsilla project	Motion by Council Dec 14, 2020	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
5	New Arena and Aquatics Complex	CSD21-009	\$ 25,000,000	\$ 24,000,000	\$ -	\$ -	\$ -	\$ -
6	Lansdowne St Rehabilitation - Park to Otonabee River	2022 Budget Recommendation	\$ 2,800,000	\$ -	\$ -	\$ -	\$ -	\$ -
7	<b>Total</b>		<b>\$ 35,210,314</b>	<b>\$ 24,500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>
8	<b>Tax Supported</b>		<b>\$ 15,965,900</b>	<b>\$ 7,982,500</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>
9	<b>Non-Tax Supported</b>		<b>\$ 19,244,414</b>	<b>\$ 16,517,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Next Steps

The 2023 Budget Schedule includes the following key dates:

July-11-22	City Council to consider approving a Guideline for the 2023 Draft Budget
December-05-21	2023 Draft Budget documents presented to Finance Committee
January-09-23	Public meeting for City Council to hear comments from the community on the 2023 Draft Budget
January-10-23	External agencies attend City Council's budget deliberations
January 16-19, 2023	Finance Committee deliberations on the 2023 Draft Budget
January-30-23	City Council considers approval of the 2023 Budget

## Summary

If the recommendations in this report are approved, staff will continue to prepare a 2023 Draft Budget that reflects a target of between 3.00% to 4.00% of an All-Inclusive tax increase. There are, however, many impacts that are not fully understood at this time and there is a risk in committing to this increase. A critical review of all programs is ongoing to find efficiencies and mitigate cost increases.

Submitted by,

Richard Freymond  
Commissioner of Corporate and Legislative Services

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Attachments:

Appendix A – 2023 Budget Survey Results  
Appendix B – 2022 Gross Operating Expenditures and 2022 Net Operating Expenditures  
Appendix C – What a Residential Taxpayer Pays for Various Municipal Services for the Year 2022



# 2023 BUDGET SURVEY

What we heard.



# Budget Consultation

## WHAT WE HEARD

The first phase of the 2023 Budget Consultation ran from March 17 to April 29, 2022 with a survey available in hard copy and online as well as five virtual drop-in meetings for residents to talk with City Council members and City finance staff. This What We Heard document summarizes the survey results. Submitted comments have been provided to Council members and City finance staff before Council considers setting a guideline in June for the drafting of the 2023 Budget.

### 2023 Budget Key Dates

June 22, 2022	Public meeting on draft budget guideline
December 5, 2022	Draft 2023 Budget released for public review
January 9, 2023	Public meeting on Draft 2023 Budget
January 16–19, 2023	Finance Committee budget deliberations
January 30, 2023	Council considers approving the 2023 Budget

### Survey Summary

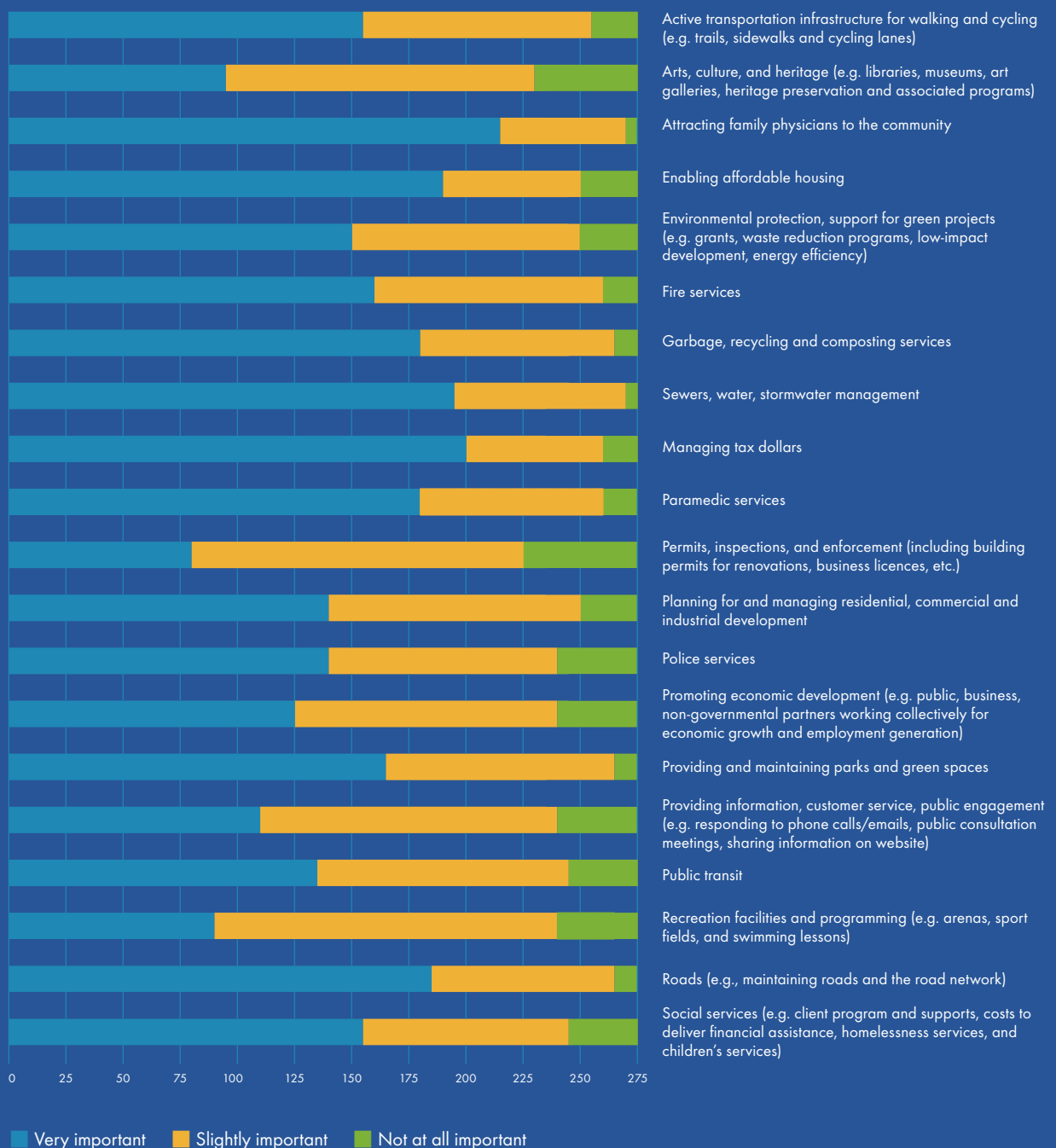
The budget survey was open for six weeks from March 17 to April 29, 2022. The survey offered broad, high-level topics and questions as one way for residents to engage in the budget process at this early stage of drafting the budget. Participants were not required to register or verify their identity to participate.

Survey results are provided to Council and City finance staff as one source of input into the budget process, along with the many other considerations such as legislated requirements for services, financial pressures, and the various other ways people provide input to Council members. There were 274 responses to the survey.

## Municipal Services

Survey participants were asked how much they value the following municipal service groups using a scale of **Very important**, **Slightly important**, or **Not at all important**. Results showed that across all categories respondents find municipal services to be important, with the following categories receiving the highest number of **Very important** responses.

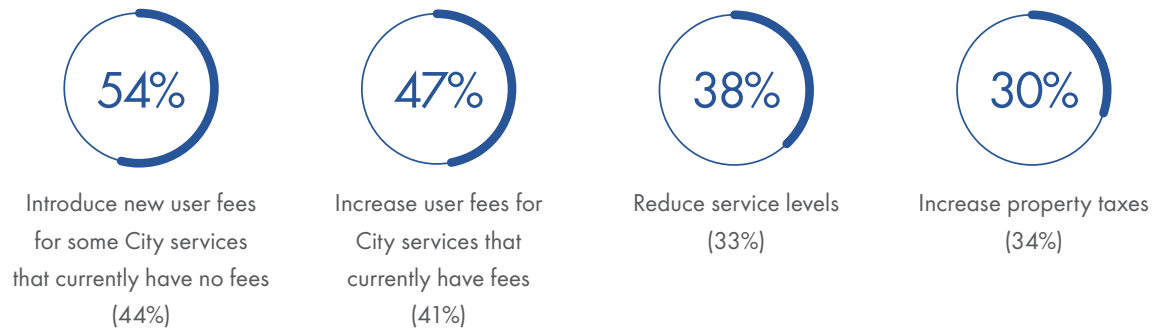
- Attracting family physicians to the community
- Managing tax dollars
- Sewers, water, stormwater management
- Enabling affordable housing
- Roads (e.g. maintaining roads and the road network)



## RESULTS OVERVIEW

### Balancing the Budget

Participants were asked to consider some of the broad tools that the City has available for balancing its budget, as required by law. They could select one option or a mix of up to three options (previous year's response for each question provided in brackets).



### Property Taxes and Service Levels

Respondents indicated what they think the property tax change should be in 2023 based on their expectation for infrastructure and service levels. The results for this question from the 2022 Budget survey are also included in the chart.

Infrastructure and Service Levels	Property Tax Change	Current	Previous
Generally maintain most existing levels of service	2% to 2.5% increase	19.7%	26.4%
Maintain all existing levels of service, keeping pace with inflationary increases and legislated requirements	2.5% to 3% increase	17.8%	19.2%
Increase investments in infrastructure/services	4% increase	17.4%	16.5%
No property tax increase – Reduce services and infrastructure maintenance due to inflationary cost increases and other pressures	0% increase	14.3%	11.3%
Other (please specify such as an increase for a certain service/ infrastructure or reduce a specific service)	N/A	12.7%	12.8%
Reduce services and infrastructure maintenance due to inflationary increases and other pressures	1% increase	11.2%	10.5%
Significant decrease in services and investments in infrastructure	decrease	6.9%	3.3%



## JOIN THE CONVERSATION

### Connect Peterborough

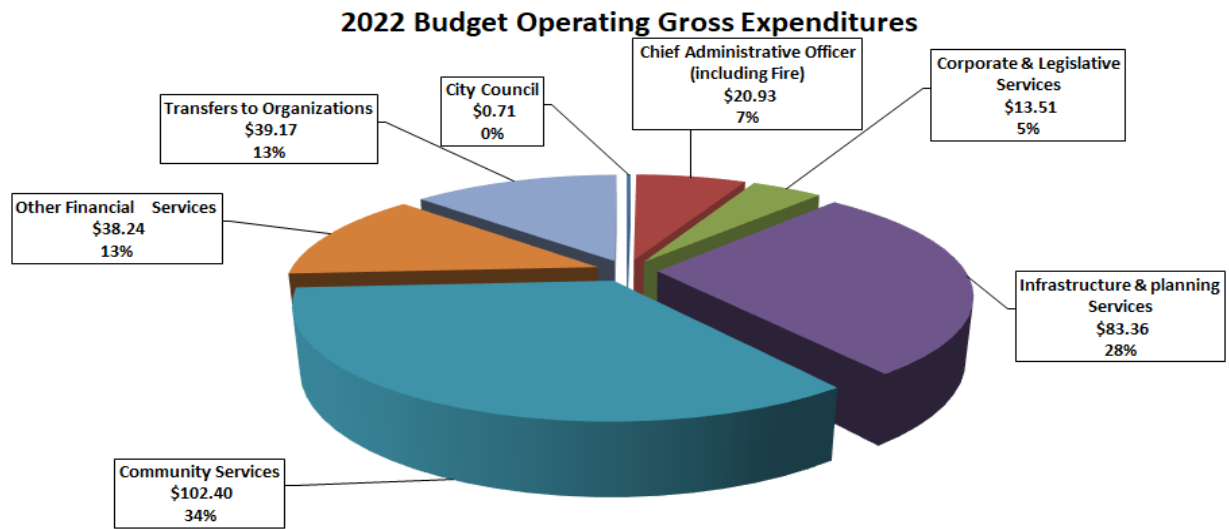
For updates on the 2023 Budget and future opportunities to share comments and questions, see the project page on the City's online community engagement hub, Connect Peterborough, at [connectptbo.ca/2023budget](https://connectptbo.ca/2023budget) or find information on the City's website at [peterborough.ca/budget](https://peterborough.ca/budget).

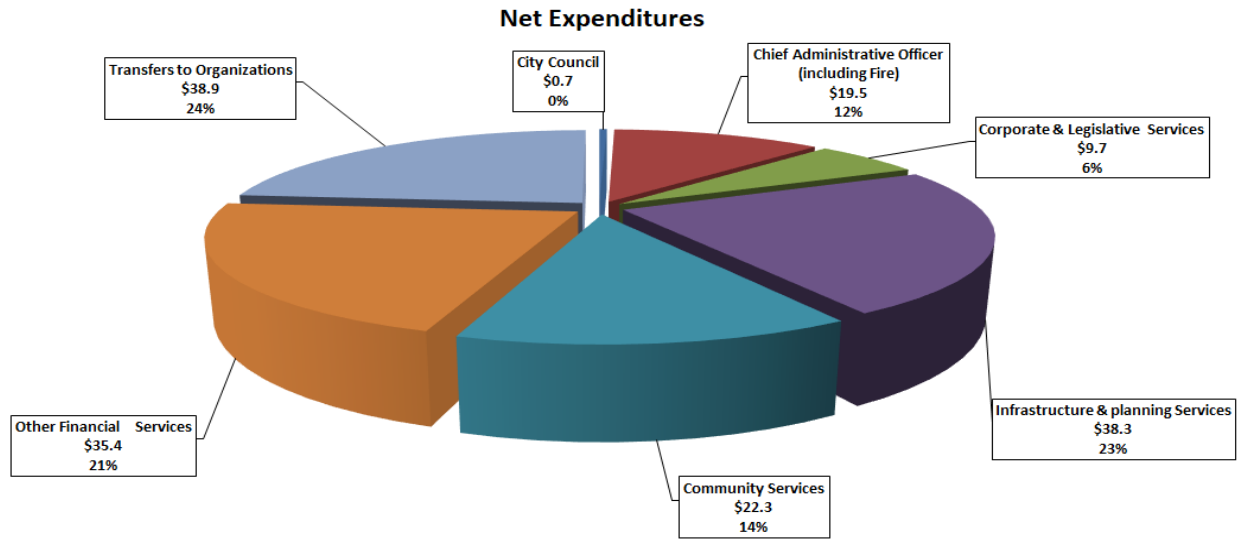


**City of Peterborough**

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**What a Residential Tax Payer Pays for Various Municipal Services**  
**For the Year 2022**  
**Based on \$100,000 of Residential property assessment**

Service, Program, Transfers	Net Requirement Before Indirect Revenues	Allocated Indirect Revenue	Net tax Levy	Residential Municipal Tax Rate	Tax levy	% of Total
<b>City Council</b>						
City Council	708,124	74,923	633,201	0.005750%	5.75	0.43%
	708,124	74,923	633,201	0.005750%	5.75	0.43%
<b>Chief Administrative Officer</b>						
Office of Chief Administrative Officer	582,872	61,670	521,202	0.004733%	4.73	0.35%
Fire Services	17,828,968	1,886,383	15,942,585	0.144764%	144.76	10.82%
Emergency Management	502,325	53,148	449,177	0.004079%	4.08	0.30%
Communications	603,663	63,870	539,793	0.004902%	4.90	0.37%
	19,517,828	2,065,072	17,452,756	0.158477%	158.48	11.84%
<b>Corporate and Legislative Services</b>						
City Clerk	806,127	85,292	720,835	0.006545%	6.55	0.49%
Financial Services	2,096,363	221,804	1,874,559	0.017022%	17.02	1.27%
Facilities Management	1,117,062	118,190	998,872	0.009070%	9.07	0.68%
Human Resources	1,180,603	124,913	1,055,690	0.009586%	9.59	0.72%
Corporate Information Services	3,641,357	385,272	3,256,086	0.029566%	29.57	2.21%
Facilities and Planning Initiatives	146,033	15,451	130,582	0.001186%	1.19	0.09%
Legal Services	503,504	53,273	450,231	0.004088%	4.09	0.31%
	9,491,049	1,004,195	8,486,855	0.077064%	77	5.76%
<b>Infrastructure Planning Services</b>						
Office of Infrastructure & Planning Services	278,606	29,478	249,128	0.002262%	2.26	0.17%
Planning	1,992,584	210,824	1,781,760	0.016179%	16.18	1.21%
Peterborough Airport	2,303,864	243,759	2,060,105	0.018706%	18.71	1.40%
Building Inspection and Protective Services	651,316	68,912	582,404	0.005288%	5.29	0.40%
Engineering, Construction and Public Works	12,420,461	1,314,139	11,106,322	0.100849%	100.85	7.53%
Infrastructure Management	1,372,336	145,199	1,227,137	0.011143%	11.14	0.83%
Transportation	12,667,939	1,340,323	11,327,616	0.102859%	102.86	7.68%
Environmental Services	6,638,454	702,378	5,936,077	0.053902%	53.90	4.03%
	38,325,560	4,055,012	34,270,548	0.311189%	311.19	23.25%
<b>Community Services</b>						
Community Service Administration	2,079,070	219,975	1,859,095	0.016881%	16.88	1.26%
Recreation	1,049,419	111,033	938,386	0.008521%	8.52	0.64%
Arts, Culture and Heritage	5,229,613	553,316	4,676,297	0.042462%	42.46	3.17%
Arenas	2,217,292	234,599	1,982,693	0.018004%	18.00	1.35%
Social Services	11,674,133	1,235,174	10,438,959	0.094789%	94.79	7.08%
	22,249,527	2,354,097	19,895,430	0.180657%	180.66	13.50%
<b>Capital Levy, Debt &amp; Financial Summary</b>						
Capital Financing Costs	30,646,503	3,242,534	27,403,969	0.248838%	248.84	18.59%
Property Taxation Costs	3,305,055	349,689	2,955,366	0.026836%	26.84	2.00%
Other Expenditures	1,246,673	131,904	1,114,770	0.010122%	10.12	0.76%
Contingency Provision	387,443	40,993	346,450	0.003146%	3.15	0.24%
	35,585,674	3,765,120	31,820,554	0.288942%	288.94	21.59%
<b>Transfers to Organizations For Provision of Services</b>						
Police Services	27,975,484	2,959,929	25,015,556	0.227150%	227.15	16.97%
Fairhaven	1,600,000	169,287	1,430,713	0.012991%	12.99	0.97%
Peterborough County/City Paramedics Service	5,466,254	578,354	4,887,900	0.044384%	44.38	3.32%
Otonabee Region Conservation Authority	816,625	86,403	730,223	0.006631%	6.63	0.50%
Primary Health Care Services Peterborough	21,220	2,245	18,975	0.000172%	0.17	0.01%
Peterborough Public Health	1,330,450	140,767	1,189,683	0.010803%	10.80	0.81%
Peterborough & Kawartha Economic Development	1,014,775	107,368	907,407	0.008240%	8.24	0.62%
Humane Society	448,250	47,427	400,823	0.003640%	3.64	0.27%
Greater Peterborough Innovation Cluster	140,100	14,823	125,277	0.001138%	1.14	0.08%
DBIA	150,000	15,871	134,129	0.001218%	1.22	0.09%
	38,963,158	4,122,473	34,840,686	0.316366%	316.37	23.64%
<b>Total Net Expenditures</b>	164,840,920	17,440,890	147,400,030	1.338444%	1,338.44	100.00%

**Notes**

1. 'Net Tax Levy' equals gross expenditures less all sources of direct revenues that may apply. For example, Transportation gross expenditures less transportation revenues equals net transportation tax levy.

2. Residential Municipal Tax Rate' shown is expressed as a percentage that when multiplied by CVA and divided by 100 equals the tax levy shown for each service. As example, the tax rate for Council is 0.005750% and the resulting tax levy for every \$100,000 of residential assessment is 5.75 (0.000575 X \$100,000 /100 = 5.75). Some totals and subtotals may not add exactly due to rounding differences.

3. Tax Levy shows what the taxpayer with the shown CVA pays in 2022 for the services.