



City of
Peterborough

To: **Members of the Finance Committee**

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

Meeting Date: **January 10, 2023**

Subject: **2023 Budget for the Peterborough and the Kawarthas Economic Development Report CLSFS23-007**

Purpose

A report to inform Council that the 2023 Budget submission of Peterborough and the Kawarthas Economic Development will be received on Tuesday, January 10, 2023.

Recommendation

That Council approve the recommendation outlined in Report CLSFS23-007, dated January 10, 2023, of the Commissioner of Corporate and Legislative Services as follows:

That the presentation and budget details presented to the January 10, 2023 Finance Committee by the Peterborough and the Kawarthas Economic Development for the 2023 Budget, be received for information.

Budget and Financial Implications

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

The Draft 2023 Budget as presented to Council does not include any specific recommendation for the additional funding request of \$2,418 for Sustainable Peterborough. Staff would suggest that any changes to the budget be netted against the City's 2023 General Contingency provision.

Background

The Finance Committee is scheduled to review the 2023 Draft Budget during the week of January 16, 2023. Tuesday, January 10, 2023 has been set aside to receive budget requests from outside Boards and Agencies. Representatives from the Peterborough and the Kawarthas Economic Development (PKED) will be in attendance to make a short presentation and answer questions about the 2023 amounts that are included in the Draft 2023.

Included on page 206 of the 2023 Budget Highlights Book is a high-level summary of information presented by PKED and included in Appendix A to this report.

Service	2022 Approved	2023 Requested	% Change	\$ Change
Peterborough and The Kawarthas Economic Development				
- Core Funding	1,014,775	1,000,110	-1.4%	(14,665)
- Physician Recruitment	0	81,222	0.0%	81,222
	1,014,775	1,081,332	6.6%	66,557

The City and PKED are in the final year of a four-year agreement approved by Council through Report CAO19-014, dated December 2, 2019. The agreement obligates the City and County to participate in the funding of PKED for the period January 1, 2020 to December 31, 2023.

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 is 56.64% (2022 – 58.62%) and County 43.36% (2022 – 41.38%).

Overall, the requested municipal share of expenses that represents core funding has increased 2.0% from 2022 levels, adjusted for the latest census data. For the City, this equates to \$1,000,110 (\$1,014,775 in 2022).

During 2022, the Physician Recruitment program transferred to PKED from the Peterborough Family Health Team. PKED does not oversee the direct activities as Physician Recruitment activities are provided through a full-time Physician Recruiter that is governed by the Peterborough Physician Recruitment and Retention Committee (PPRRC). PKED plays a role in managing the funding on behalf of the PPRRC. In 2023, requests for funding are in the amount of \$ 81,222 from the City (\$81,222 in 2022).

Shown on pages 190-191 of the 2023 Budget Highlights Book is the Municipal Accommodation Tax (MAT). The MAT is collected from the transient accommodation providers in the City. The revenue generated by the MAT is shared equally between PKED and the City. It is anticipated that 2023 revenue for MAT will increase, but due to the uncertainty caused by the pandemic, the revenue estimate for 2023 has been held

at a conservative amount of \$550,000 (\$275,000 City, \$275,000 PKED). PKED will continue to explore additional funding opportunities to leverage the core and MAT funding received to deliver Tourism programming.

The City also provides funding to PKED for the Sustainable Peterborough initiative. The draft budget includes an amount of \$38,791 funding for this program in Community Services Administration on page 145 of the 2023 Budget Highlights Book. The funding request from PKED for this program is \$41,209, which is \$2,418 more than the amount included in the draft budget. Should Council wish to provide the additional amount, staff would suggest the amount be transferred from the City's General Contingency provision.

Further information will be provided by PKED representatives on January 10, 2023.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

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Attachment:

Appendix A - Approved 2023 Budget for Peterborough and the Kawarthas Economic Development

Peterborough & the Kawarthas Economic Development 2023 Proposed Amended Budget

	2022 Forecast	2023 PRLC Budget	2023 Amended Budget	% 2023 Budget	Notes
REVENUE					
CORE FUNDING					
City of Peterborough	1,014,775	1,035,071	1,000,110		(1)
County of Peterborough	716,332	730,659	765,620		(1)
	1,731,107	1,765,730	1,765,730	76%	
MUNICIPAL ACCOMMODATION TAX	295,419	275,000	275,000		(2)
TOTAL CITY & COUNTY	2,026,526	2,040,730	2,040,730	88%	
OTHER SOURCES OF REVENUE:					
Federal	40,718	39,409	39,409	2%	
Provincial	210,385	210,385	210,385	9%	(3)
Private Sector & Other Municipalities	137,800	31,260	31,000	1%	(4)
Total Revenue	2,415,429	2,321,784	2,321,524	100%	
EXPENSES					
Business Development	321,874	434,892	406,727	15%	
Small Business Enterprise Centre	239,643	267,060	273,250	10%	
Marketing & Communication	263,075	286,850	407,800	15%	
Tourism	602,881	609,860	733,910	28%	
Facilities & Administration	794,620	757,711	845,981	32%	
Total Expenses	2,222,093	2,356,373	2,667,668	100%	
Total Operating Surplus/(Deficit)	193,337	(34,590)	(346,145)		(5)
SOURCE OF DEFICIT COVERAGE:					
Draw from Accumulated Operating Surplus			221,145		(6)
Draw from MAT Reserve			125,000		(2)
Total	-	-	346,145		

Peterborough & the Kawarthas Economic Development 2023 Proposed Amended Budget

	2022 Forecast	2023 PRLC Budget	2023 Amended Budget	% 2023 Budget	Notes
SPECIAL PROJECT FUNDING					
Physician Recruitment	138,222	138,222	138,222		(7)
Sustainable Peterborough	80,000	80,600	82,418		(8)
Total	218,222	218,822	220,640		
SPECIAL PROJECT: Pathways to Prosperity - April 2022-March 2023					
Provincial Funding	2,036,135	-	678,712		
Expenses	(2,036,135)	-	(678,712)		
Total (Net to PKED)	-	-	-		

NOTES:

- Core Funding for 2023 was approved at 2.0% greater than 2022 funding.
- A conservative estimate of the revenues to be obtained from the Municipal Accommodation Tax has been used for the 2023 budget. The City requires PKED to retain this figure.
The amount estimated to be spent from the MAT Reserve from revenue received prior to 2023 is \$400,000. This results in a net draw from the MAT Reserve of \$125,000.
- The Ministry of Economic Development Job Creation and Trade (MEDJCT) funds the Business Advisory Centre, Summer Company, and Starter Company Plus. A two-year funding agreement started in March 2022.
- In 2022, Tourism received a one-time grant for \$100,000 from RTO8 that will fully spent in the year.
- The forecast for 2022 is tracking to a significant surplus due primarily to slippage in payroll costs of over \$275,000 from staff turnover and challenges refilling positions. Some projects were forced to be deferred to 2023 as a result of being short-staffed.**
The forecasted deficit for 2023 aims to counteract this unplanned result.
- The closing balance of the Accumulated Operating Surplus for 2023 is projected to be \$215,400.
- City and County councils provide funding for physician recruitment activities. The funding is hosted by PKED, but governed by the Physician Recruitment & Retention Committee.
- It is anticipated that Sustainable Peterborough, a City-County initiative housed within GPAEDC, will receive \$41,209 each from the City and County in 2023.