



Richard Freymond - Treasurer

2024 Budget
Presentation to Finance Committee
August 16, 2024



peterborough

2024 Budget

2024 Budget Guideline, Report CLSFS23-028 – June 2023

a) That respecting the 2024 Budget Guideline Report CLSFS23-028, staff be directed as follows:

i) that each Commissioner make a presentation to the Finance Committee by the end of August on their respective Departmental Budgets that would provide additional information assuming a 2024 Budget Guideline all-inclusive tax increase of 5.59%, and

ii) that the presentations also include information and the resulting financial and/or service level impacts assuming a 3% and a 7% All-Inclusive Budget Guideline increase, respectively.

b) That the presentations include information from each Commissioner on their anticipated largest 2024 Capital projects.

c) That Council request the Peterborough Police Services Board to consider deferring any 2024 staffing enhancements as identified in the Police Service's five-year staffing plan to allow the financial impact of the annualization of any new hires that occurred in 2023 to ease pressures on the 2024 budget.

- Staff presenting additional information – not making recommendations

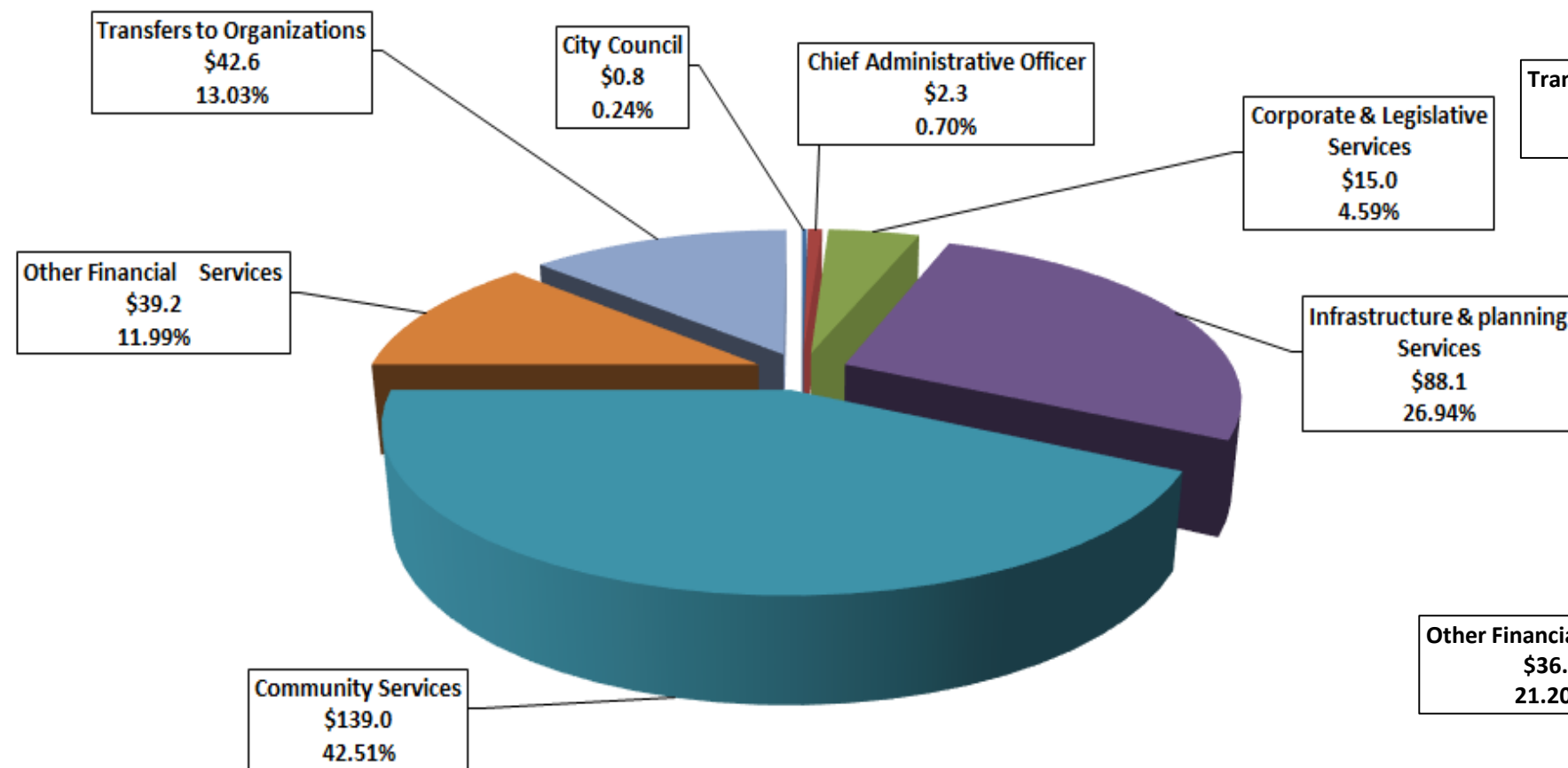
Budget Assumptions – Primary Impacts for 2024

Ref	Description	2024 Incremental Adjustments to Base Budget Amounts (\$000)
Col 1	Col 2	Col 3
1	Operating Cost Pressures	
2	Compensation	2,599,500
3	Annualization of 2023 Police staffing increase & Police Reserve	2,023,000
4	General inflation	600,000
5	Insurance	550,000
6	Contingency	350,000
7	Fuel prices	420,000
8	Recycling - Transition to Extended Producer Responsibility	(195,000)
9	Source Organics Program Operating Costs	654,000
10	Transit	941,000
11	Outside agencies (PCCP, PPH)	685,600
12		
13	Total Operating Cost Pressures	8,628,100
14		
15	Additional Levels of Service for Capital	
16	Increase to Capital Levy (Inflation)	69,000
17	Replenish Levy/FRMP CL (over 5 years) used in 2020 budget	162,000
18	Wastewater Protection - Storm & Sanitary	620,000
19	Replenish debt financing for 2023 budget FC motion impacts	290,900
20	Capital financing Policy at 1.00% Excl New Arena	1,639,600
21	Impact of additional TS debt related to the Twin pad	320,000
22	Additional Levels of Service - Capital	3,101,500
23		
24	Total Net Requirement Increases	11,729,600
25	Impact of Net Requirement Increases on All-inclusive Rate	5.99%

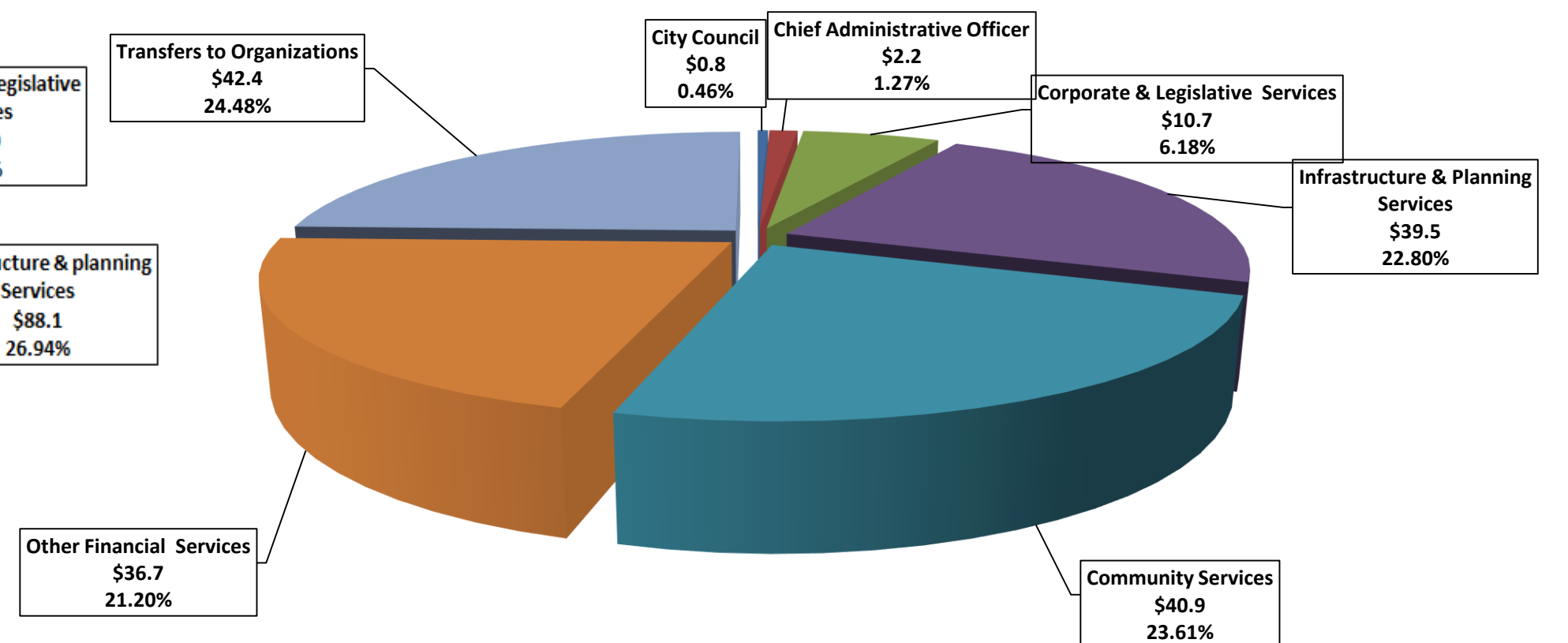
2023 Gross Operating Budget

2023 Net Operating Budget

2023 Budget Operating Gross Expenditures \$ 327 (Million)



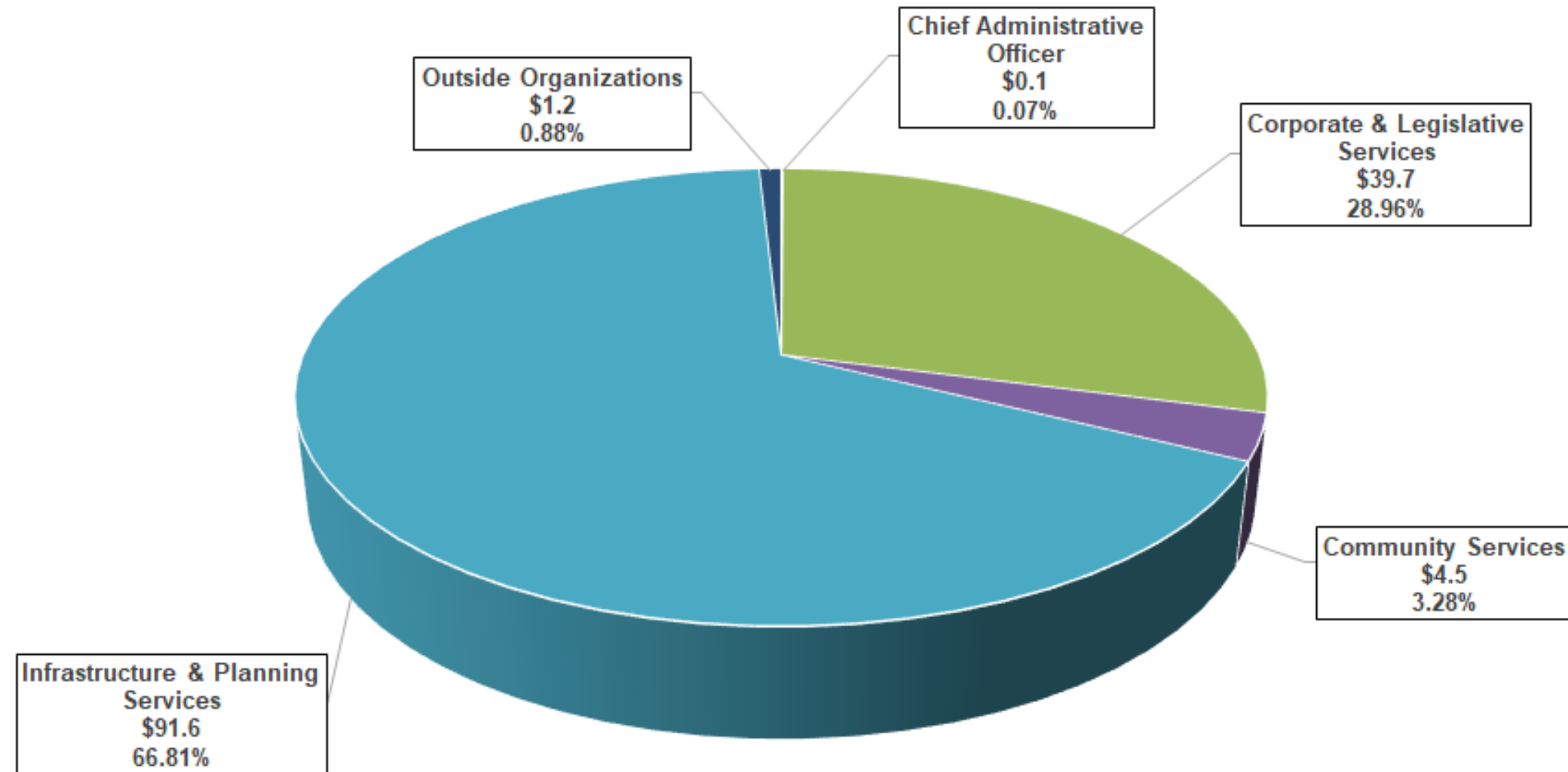
Net Expenditures - \$173.2 (Million)



- The Operating Budget provides for the day-to-day expenses of the City for items such as salaries, wages, benefits, utilities, building maintenance and supplies

Gross Capital Spend

2023 Gross Capital Spend by Department - \$137.1 (Million)



- The Capital Budget is a multi-year plan for the acquisition and rehabilitation of capital assets. Once complete, the capital plan specifies the future financial resources required to finance the project.
- Both budgets are closely linked and impact each other.



Corporate & Legislative Services

- City Clerk's Office
- Financial Services
- Facilities & Property Management
- Information Technology
- Office of the City Solicitor
- Emergency & Risk Management

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2024 Budget

City Clerk's Office

Corporate and Legislative
Services

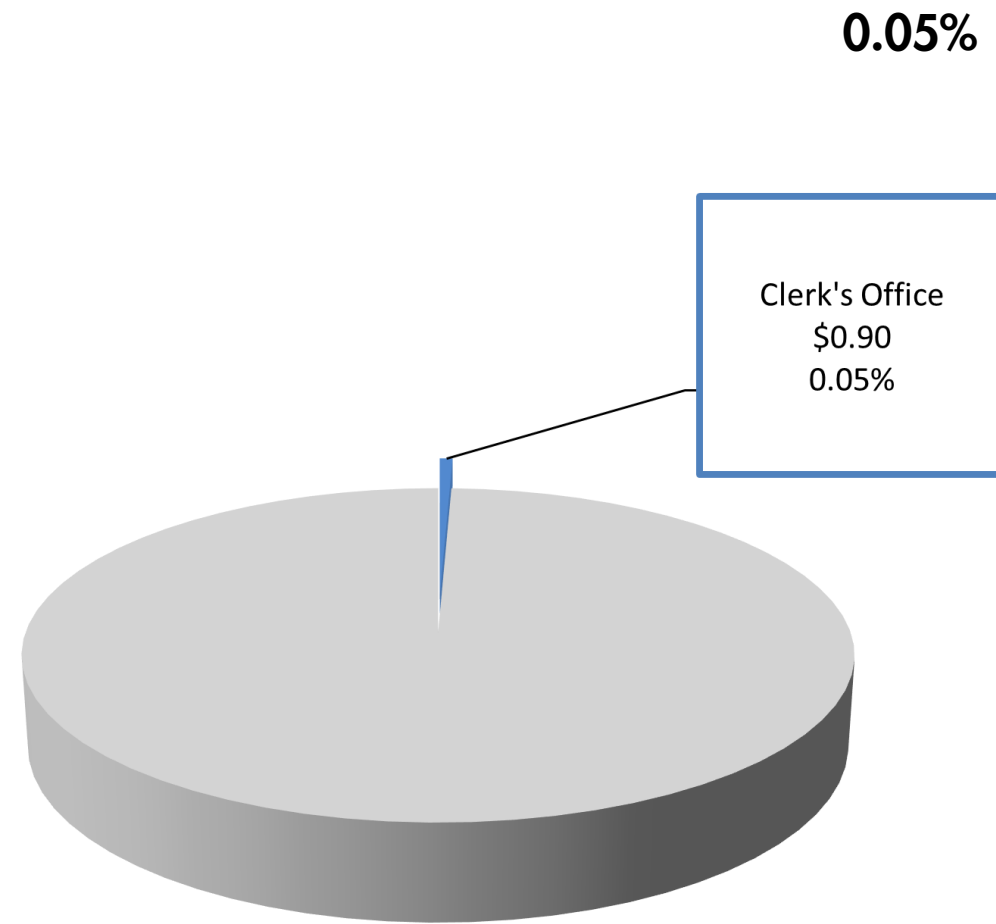
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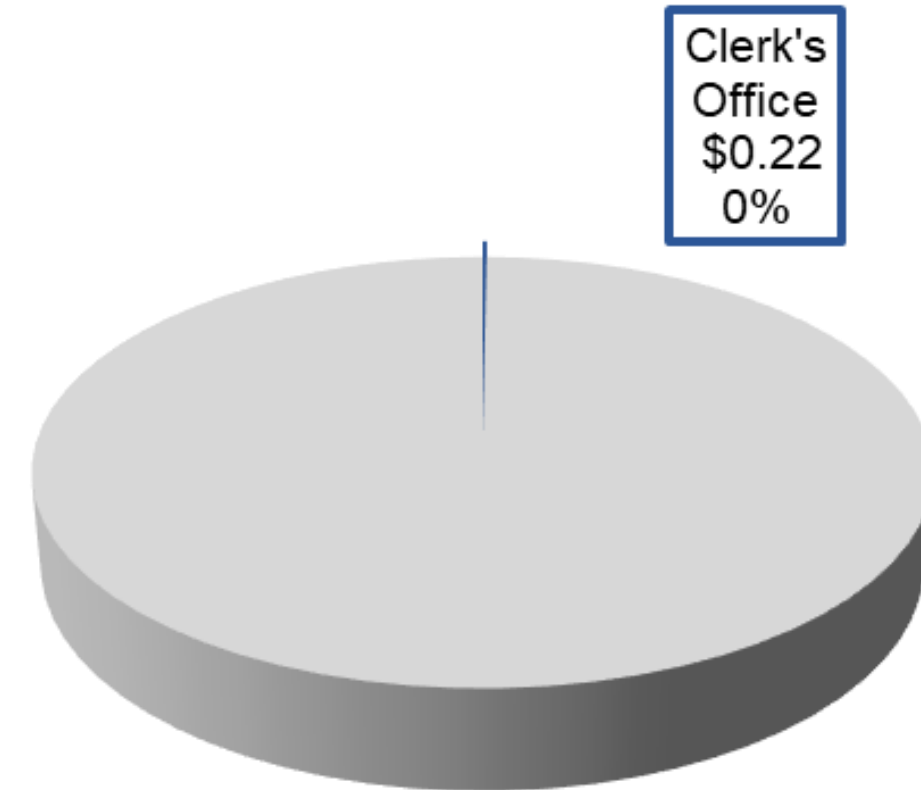

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2024 Budget

2023 Net Operating Budget % of City

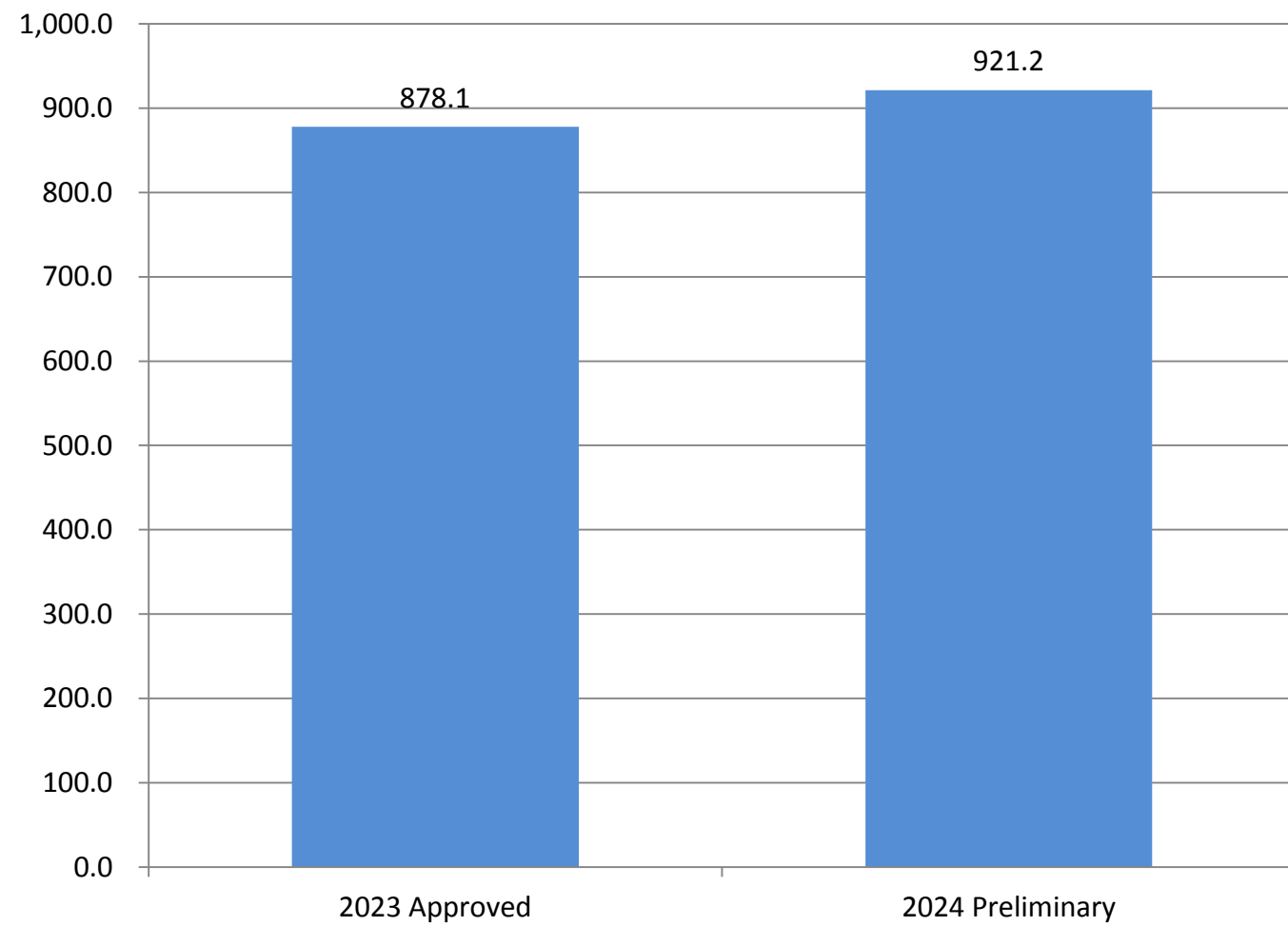


2023 Capital Budget % of City



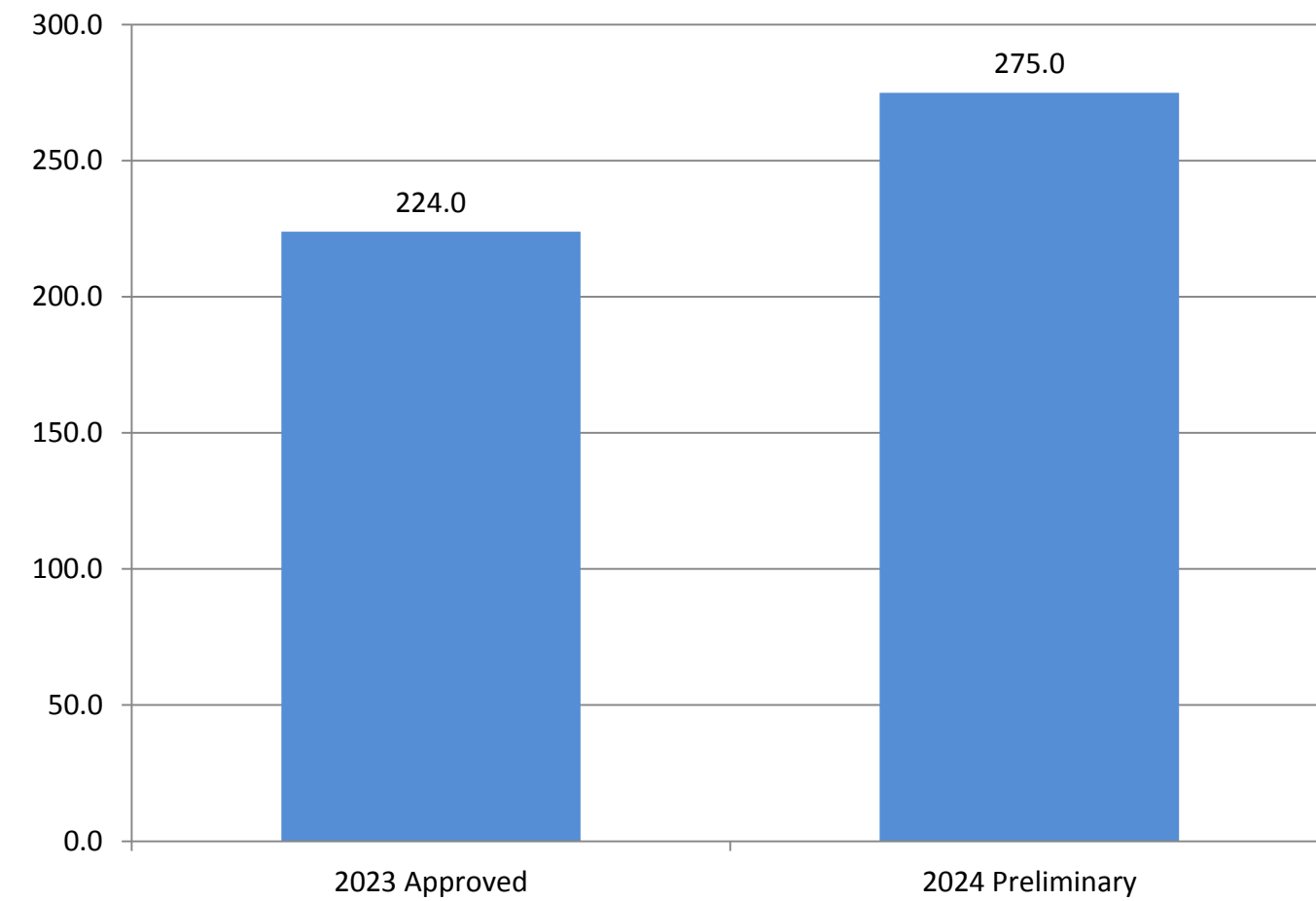
2023-2024 Net Operating Budget (\$000s)

Proposed increase:
\$43.8
(1%)



2023 Capital Budget (\$000s)

Proposed increase:
\$51
(.81%)



At a glance

Maintain Current Service Levels



- Prepare agendas for meetings of Council - 115
- Issue business & lottery licenses - 600
- Issue marriages licenses - 500
- Issue burial permits – 1200
- By-laws processed – 125
- Commissioning Documents – 500
- Freedom of Information Requests – 150
- Marriage Ceremonies – 55
- Issue licensed patio extensions - 30

Key Objectives for 2024



- Service Peterborough – Centralized Customer Service
- Records Management – SharePoint repository
- Enhanced business licensing program – ride shares, taxis, limos
- Support to Council
- 2026 Municipal Election considerations
- Process efficiencies

Factors Affecting Operating Budget



- 77% of Division's operating budget is salary and Benefits
- Inflationary increases to cost of supplies
- Service Peterborough

**2024 Net Operating Increase
\$43,118 (4.9%)**

Proposed New Operating Initiatives



- Service Peterborough
- Administration of licensing for ride shares, taxis & limos
- Process efficiencies

Implications of 3% All-Inclusive Tax Rate



- Reduction/elimination of staff training, travel and conferences
- Reduction in funding for parades and processions

Enhanced Capital with 7% All-Inclusive Tax Rate Increase



- Further Enhancements in the Records Management Project – SharePoint to gain new efficiencies
- Customer Relationship Management

Financial Services

Corporate and Legislative
Services

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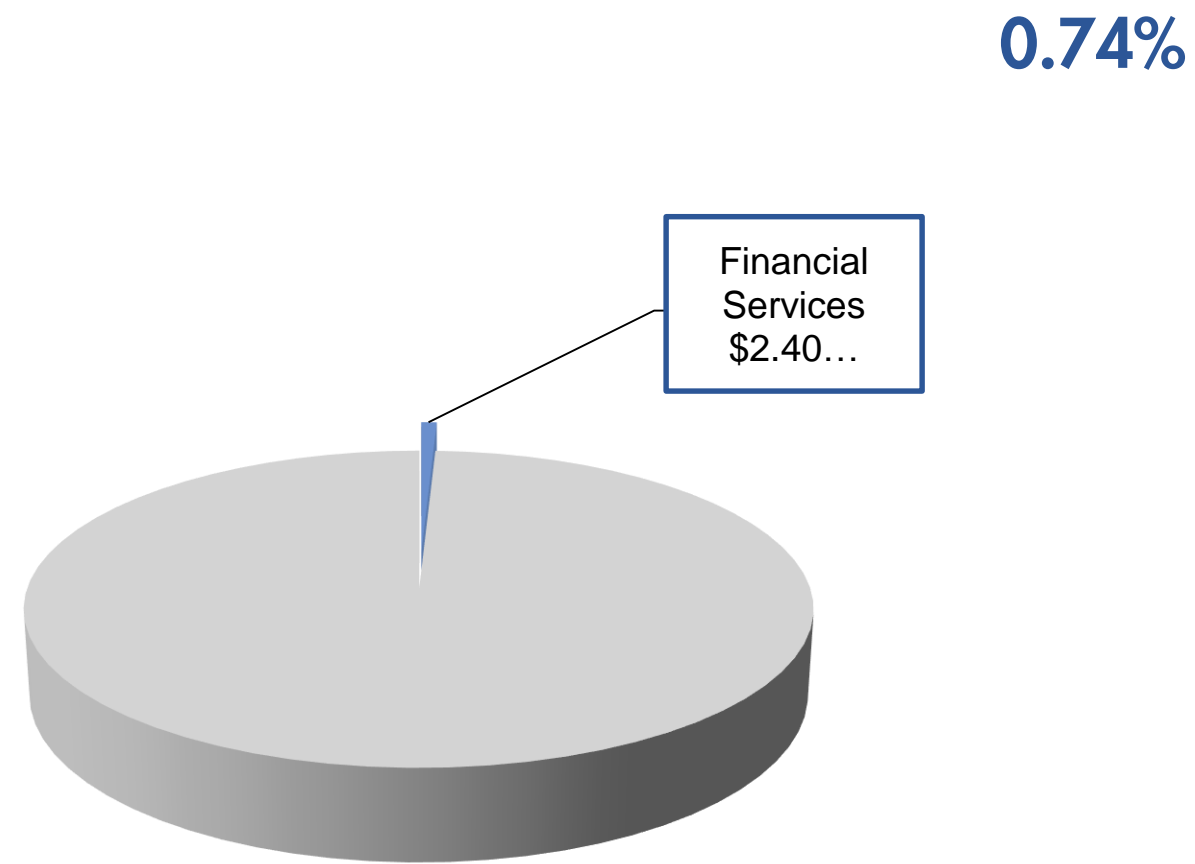



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2024 Budget

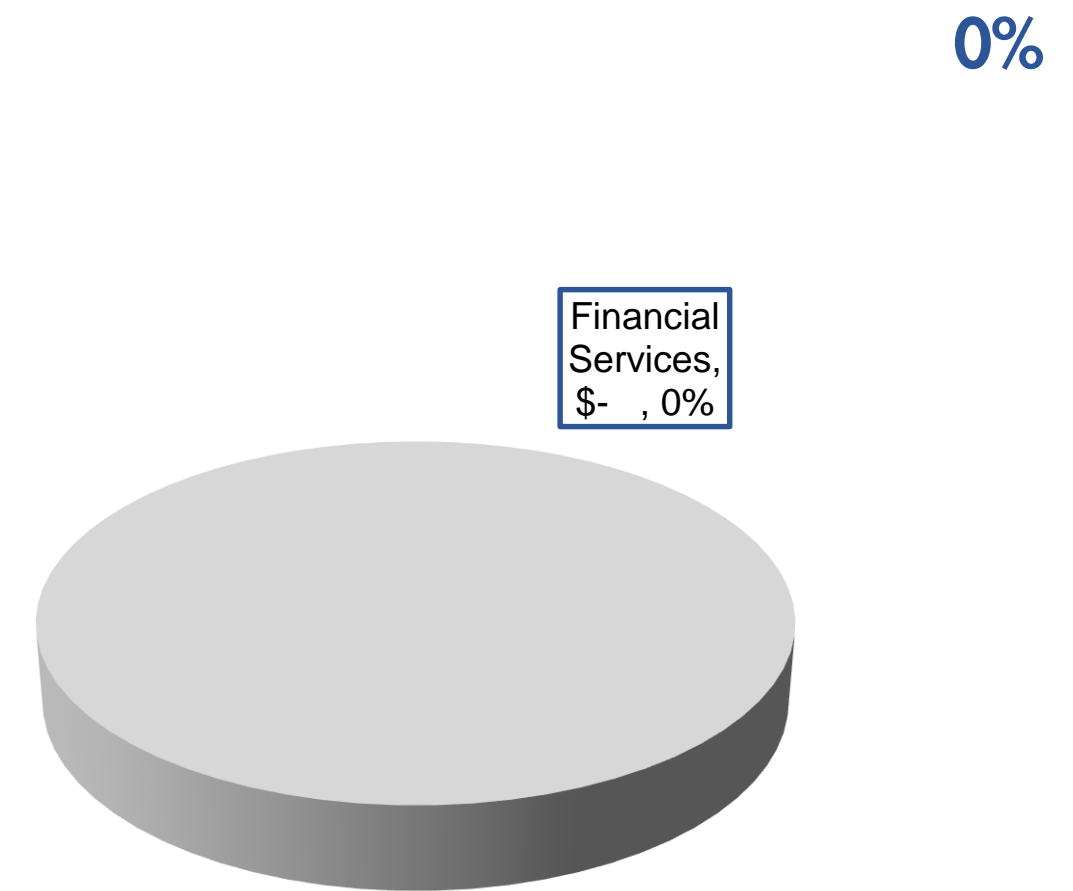
2023 Net Operating Budget

0.74% of City

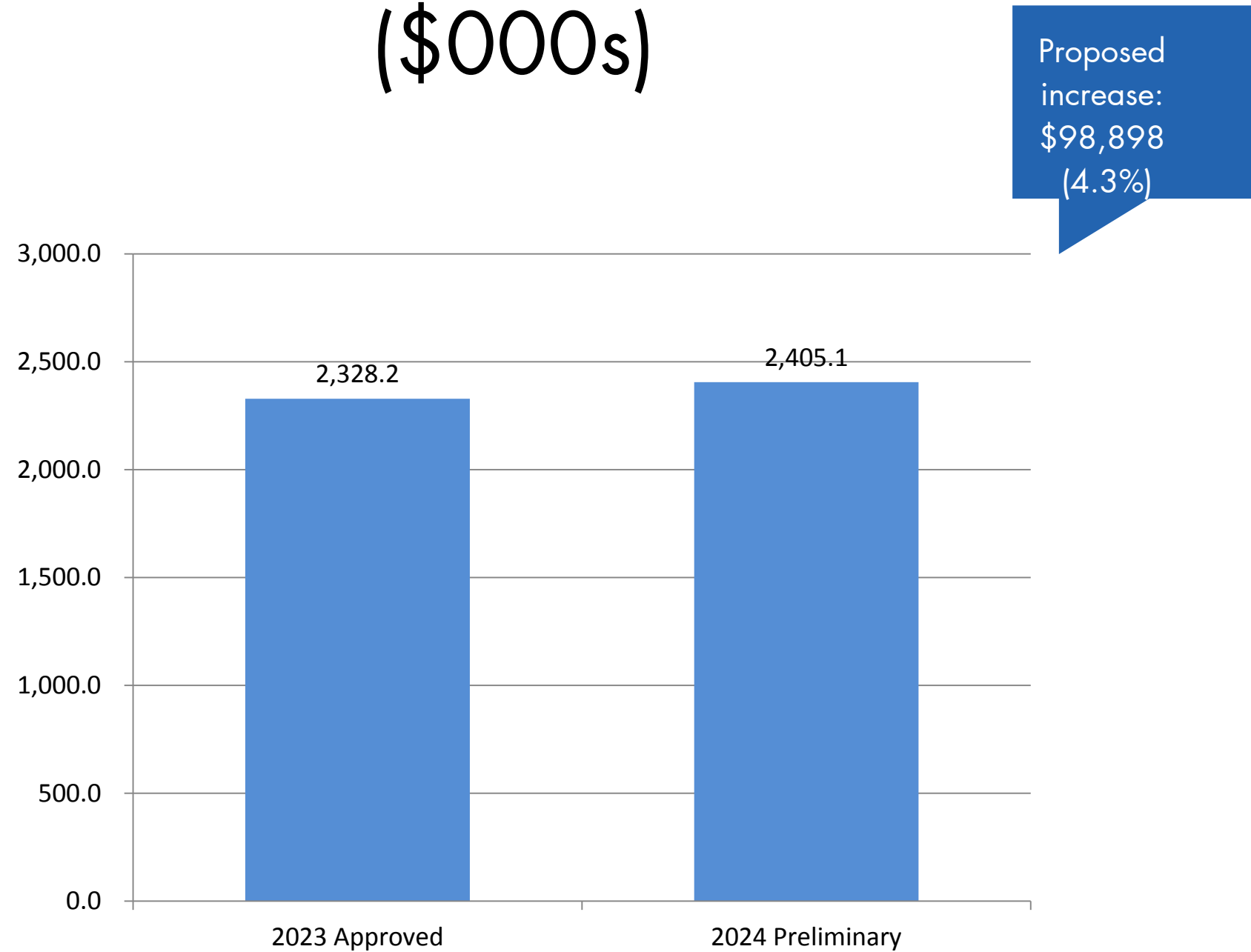


2023 Capital Budget

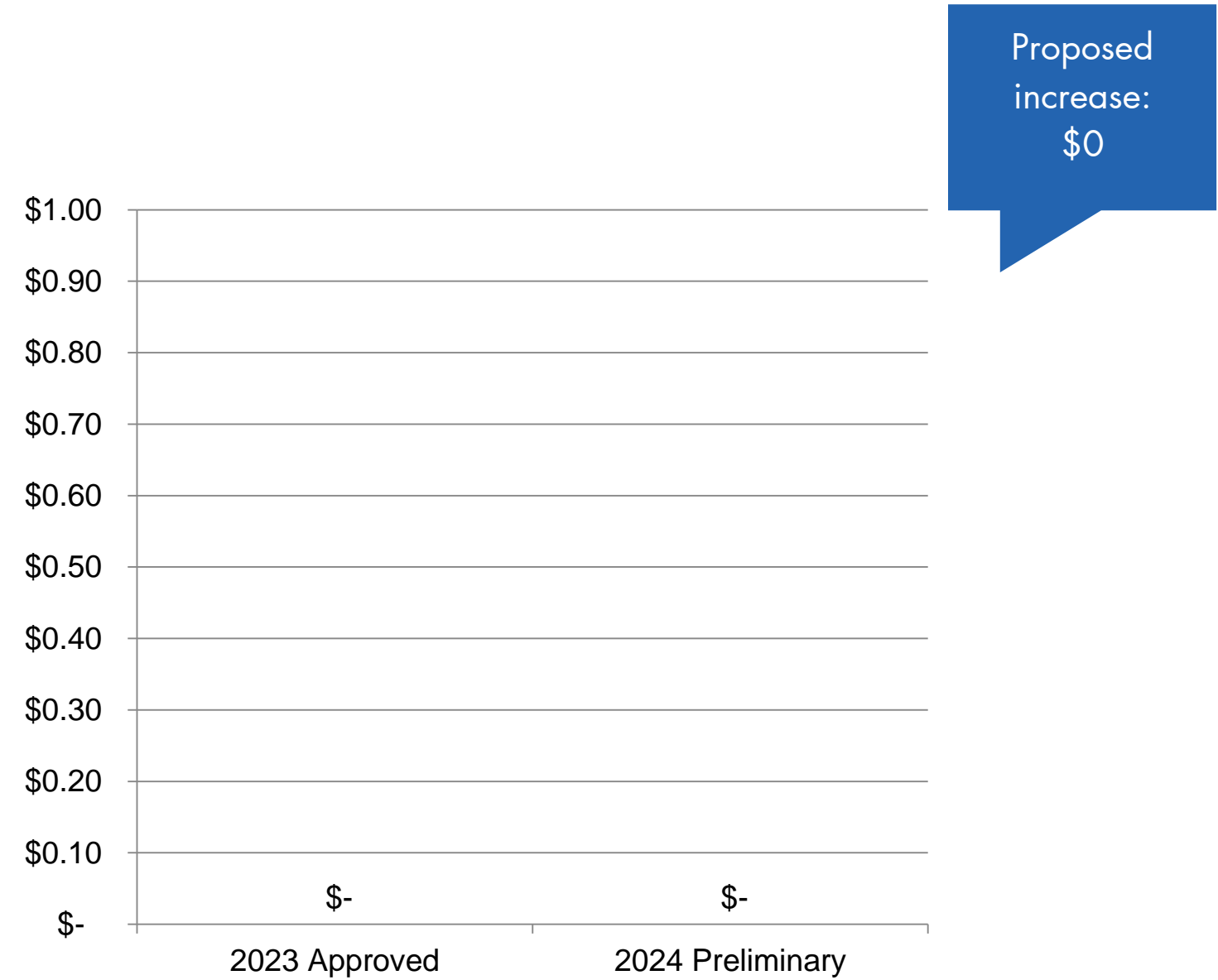
% of City



2023-2024 Net Operating Budget (\$000s)



2023 Capital Budget (\$000s)



At a glance

Maintain Current Service Levels



- Payments issued to vendors – 40,065
- Payroll payments issued – 49,000
- Tenders/Quotes/Proposals issued – 100
- Number of investments managed – 30
- Taxable properties – 29,000

Key Objectives for 2024



- Provide accounting, payroll, purchasing, accounts payable, accounts receivable and collection services for all City divisions
- Provide financial advice to Council, senior management and staff
- Prepare the annual budget for approval
- Prepare annual financial statements and provincial reporting

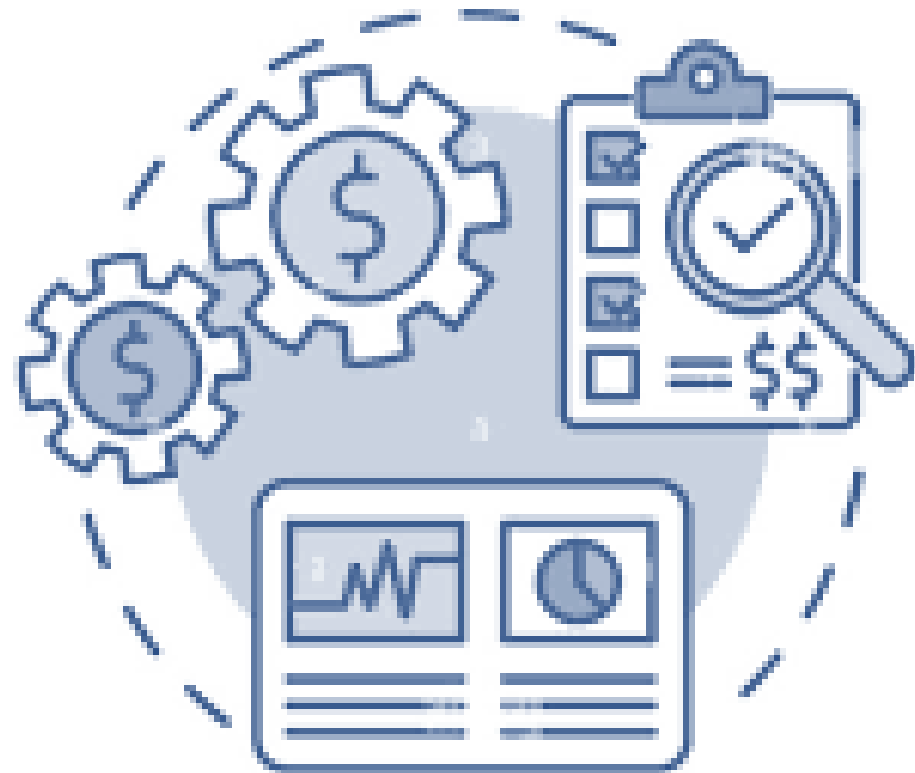
Factors Affecting Operating Budget



- Wage and employee benefit cost increases
- Inflationary increases to cost of supplies
- Increased software application costs
- Number and timing of permits, change of address, etc. to generate fee revenue

2024 Net Operating Increase
\$98,898 (4.3%)

Implications of 3% All-Inclusive Tax Rate



- Postpone needed update to procurement documents
- Eliminate all staff training, travel and conferences



Facilities and Property Management Division

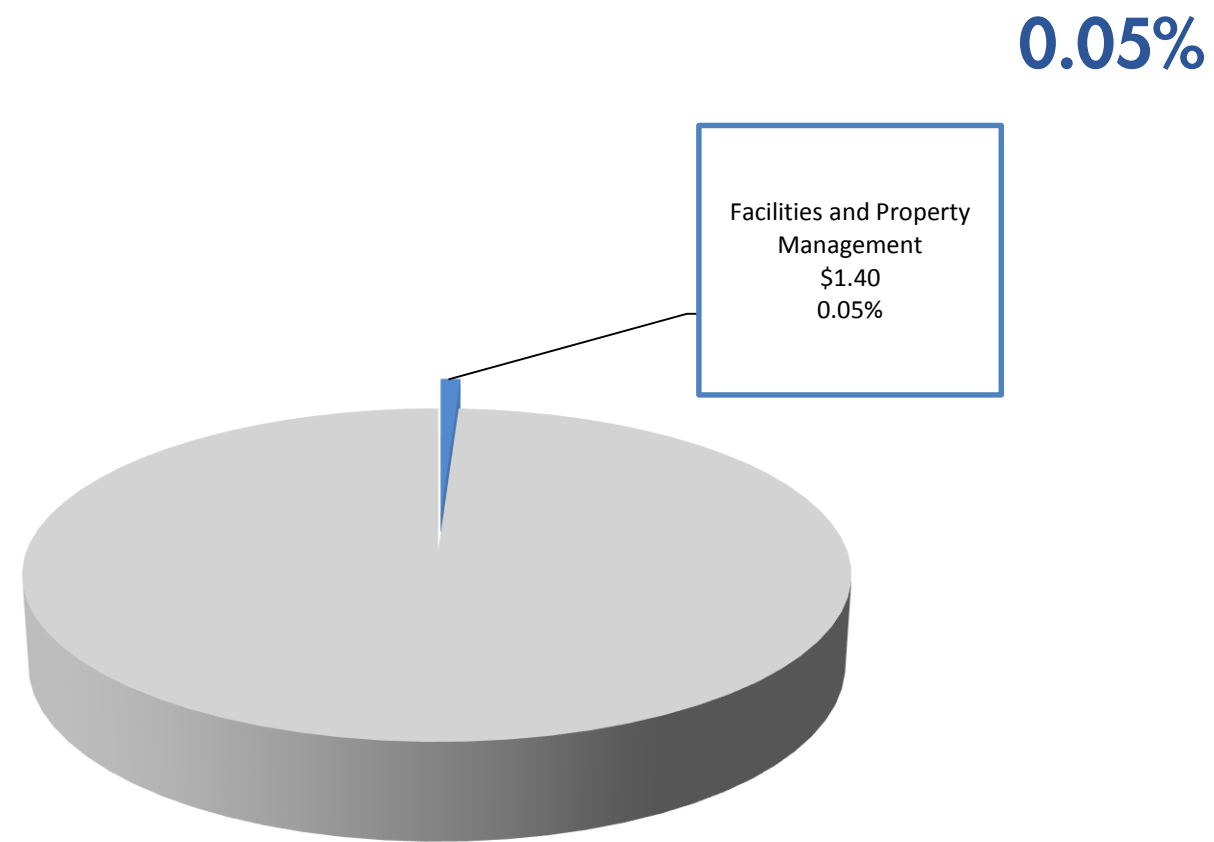
Corporate and Legislative Services

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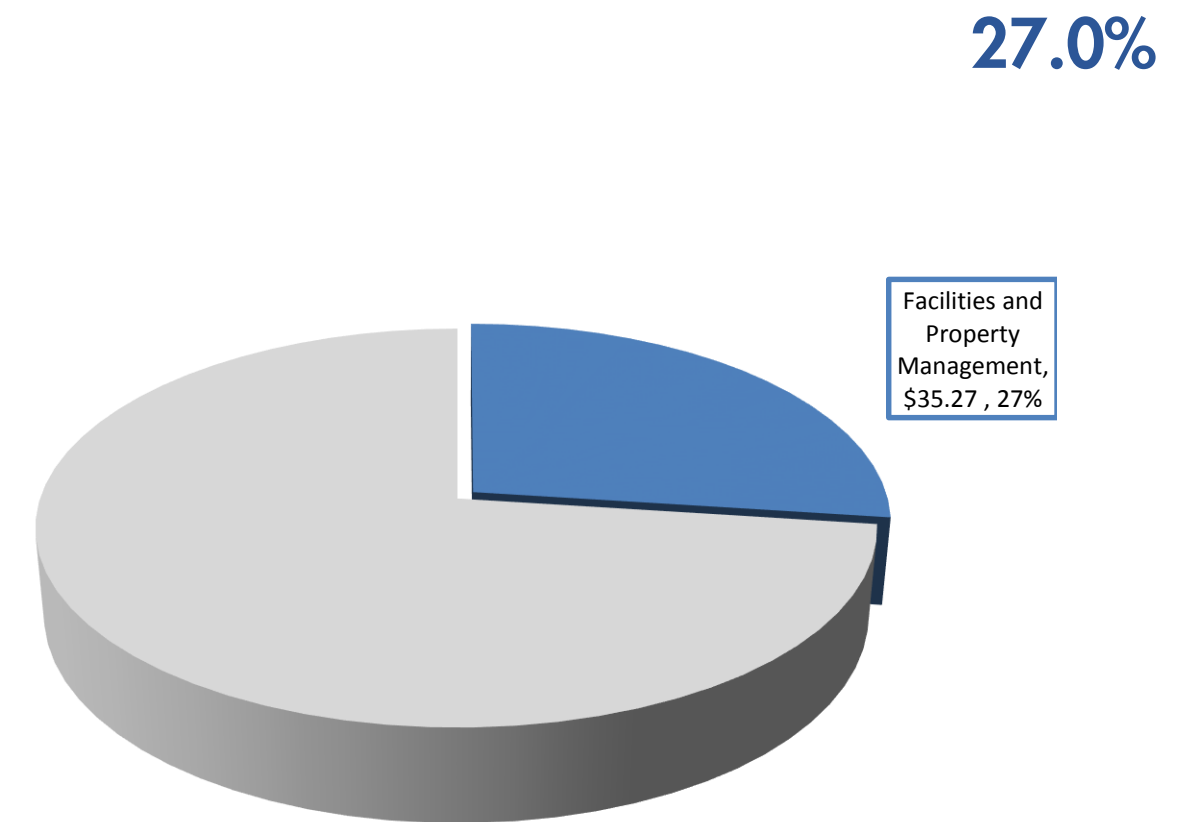

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2024 Budget

2023 Net Operating Budget % of City

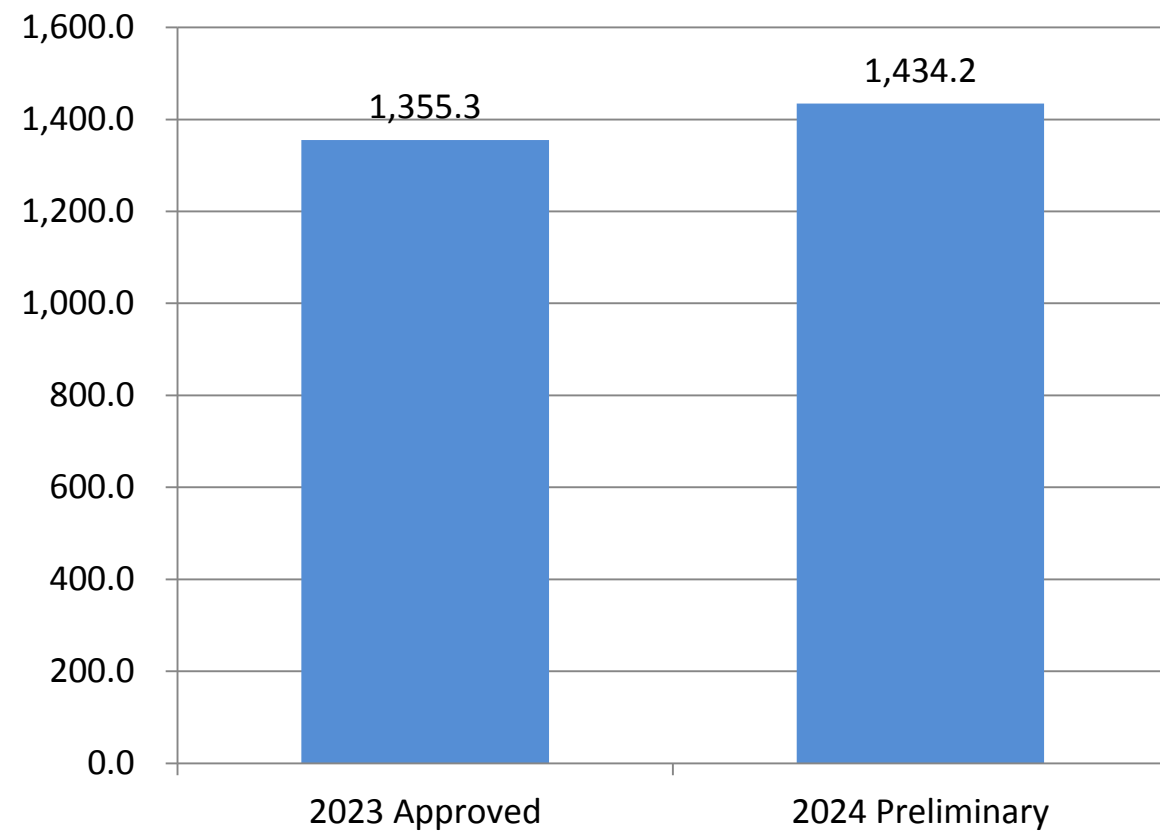


2023 Capital Budget % of City



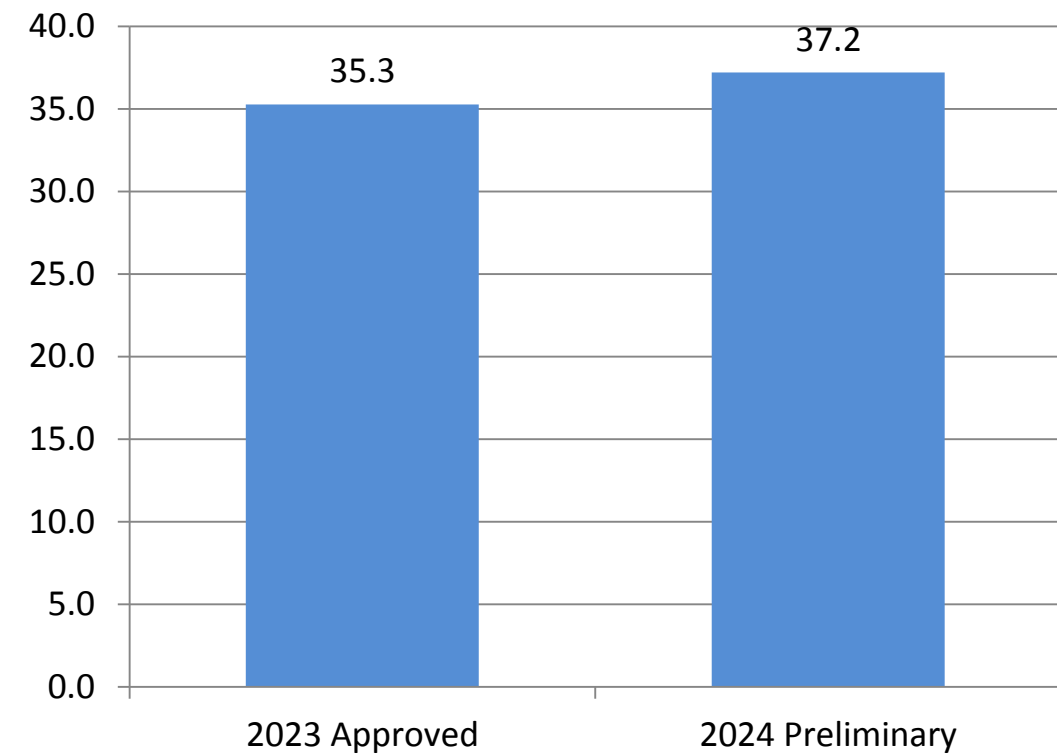
2023-2024 Net Operating Budget (\$000s)

Proposed increase:
\$78.9
(5.82%)



2023 Capital Budget (\$000s)

Proposed increase:
\$1.9



At a glance

Maintain Current Service Levels



- Provide project management for the development and implementation of capital projects to various departments within the City.
- Manage all Preventive Maintenance programs across the City
- Manage all day-to-day maintenance request across the City
- Manage 23 rental properties and 13 Commercial properties
- Energy management for the Corporation, analyzing, forecasting and budgeting for future year's costs

Key Objectives for 2024



- Construction Completion of Phase 1 of the Arena and Aquatics Complex at Morrow Park
- Construction Completion of Fire Station #2
- Development and Implementation of the Social Housing Portfolio
- Development and Construction of Park and Recreation Projects
- Maintain current operating service levels and programs
- Continue to eliminate reactive maintenance by increasing capital replacement to follow common life cycle replacement needs

Factors Affecting Operating Budget

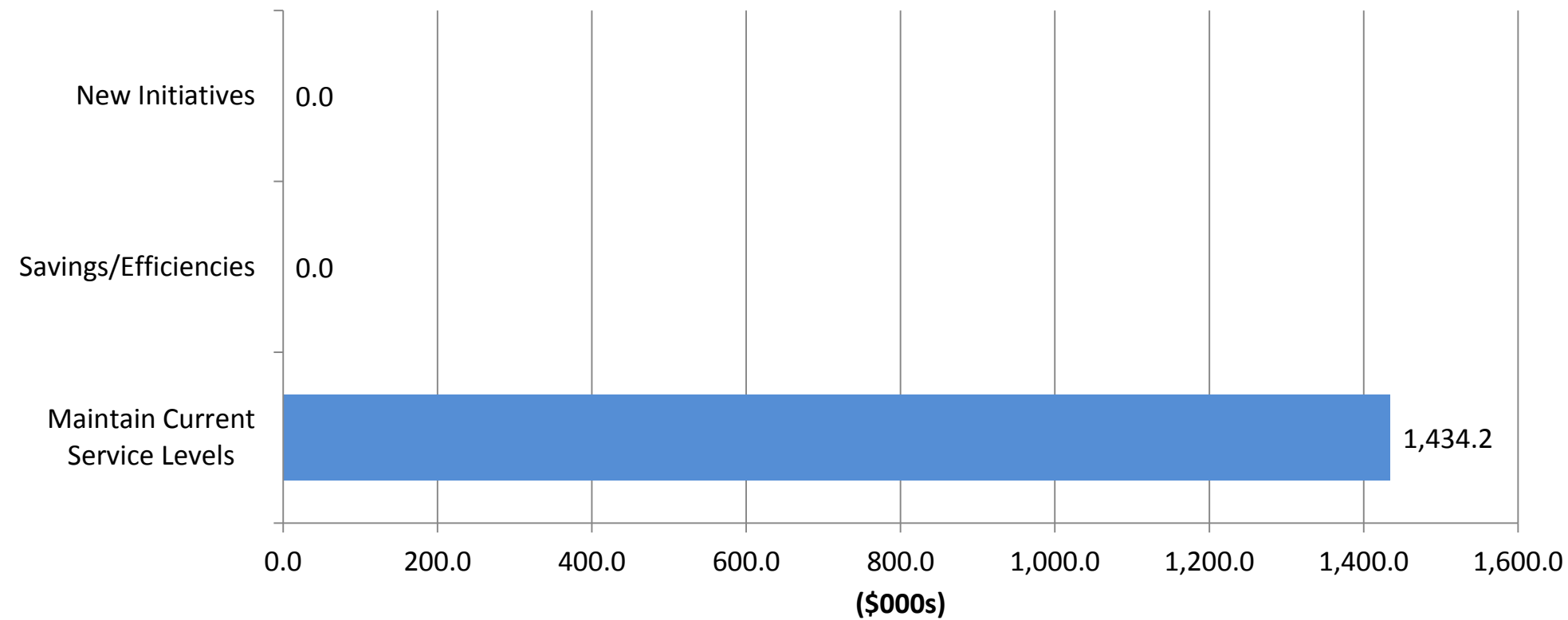


- Increased software application costs
- Increased professional development and membership costs
- Current funding levels allow for the continuance of all mandated maintenance and preventive maintenance programs
- Continue to find cost savings and economies to improve preventive maintenance services and programs

2024 Net Operating Increase
\$ (5.82%)

2024 Operating Budget Changes

Net Operating Increase: \$78.9 or 5.83%



No significant changes, reflecting maintaining services levels, freezing expenses where possible, and inflationary increases where required

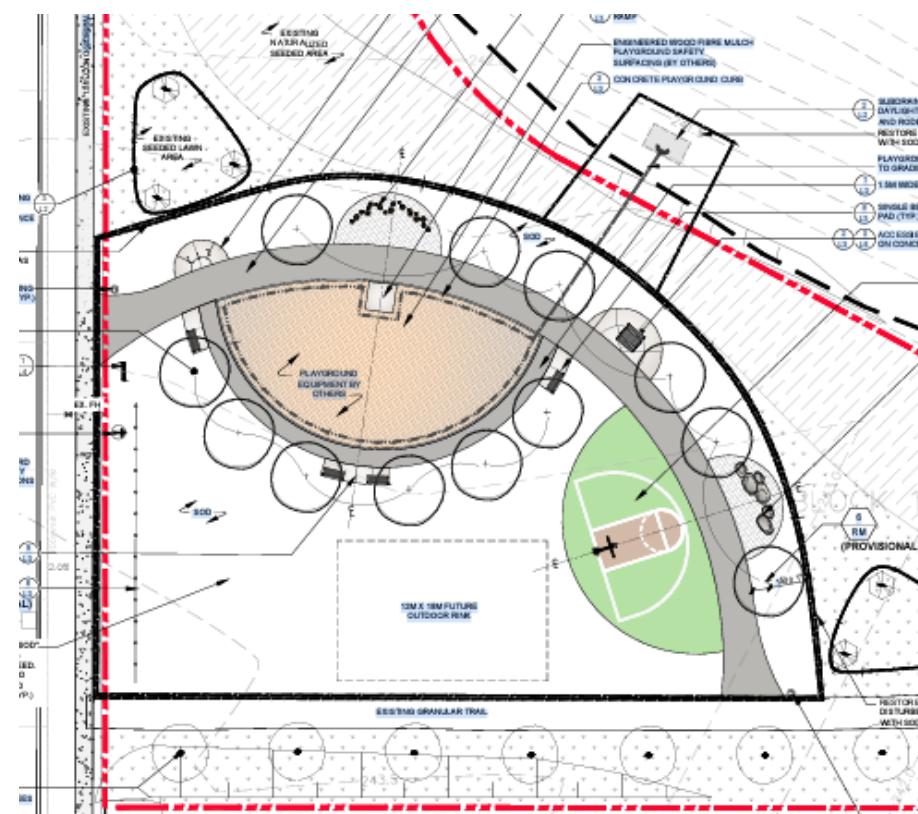
Proposed New Operating Initiatives

- Looking to add Generator maintenance as a new preventative maintenance service area in the Draft Operating Budget.
- Current budget provision for Repairs and Maintenance costs in City owned facilities of \$150,000 could be increased by 50-100% to increase capacity to respond to requests for service and reduce backlog.
- Evaluation of business case for providing snow clearing for parking lots in-house
- Need for additional Administrative Staff resources

Large Capital Projects

2024 projects proposed to be funded total \$37.2 million and include:

- New Arena and Aquatics Centre
- Parks and Open Space Rejuvenation (two parks)
- New splashpad (wading pool conversion)
- New Recreation Strategy Implementation Projects
- City Hall Customer Service Renovation
- Healthy Planet Arena Phase 2 Ice Pad & Refrigeration Room Replacement
- New Police Station – next steps



Implications of 3% All-Inclusive Tax Rate

1. Courier Services
2. Grass Cutting
3. Snow Plowing
4. Custodial Services – City Hall and Municipal Operations Centre
5. Security Monitoring
6. Security Guards (City Hall)
7. Backflow Preventor Inspection
8. Boiler and Condenser Water Treatment
9. Elevator Services
10. Emergency Lighting
11. Fire Alarm
12. Fire Extinguishers
13. Kitchen Suppression Inspections and Testing
14. Kitchen Exhaust Cleaning
15. Hot Water Storage Tank Inspection and Maintenance
16. HVAC Service
17. Sprinkler Inspection and Testing
18. Overhead Doors, Door Operators and Operable Gates
19. Residential Furnace, AC and Fireplaces
20. Smoke and Carbon Monoxide Detector Inspection
21. Refrigeration (Arena Ice plants)
22. Electrical Safety Authority Inspections
23. Electrical Systems Preventive Maintenance – Infrared Scan inspection and cleaning
24. Facility Access Control – Axiom
25. Security Cameras – City Hall
Building Automation System (BAS)

- Reduction in capacity to deliver proactive Preventative Maintenance Programs
- Reduced capacity to deliver capital projects – increase list of projects being deferred

Enhanced Capital with 7% All-Inclusive Tax Rate Increase

Potential priorities for additional capital projects with 7% increase for 2024 budget:



- Maintenance needs can be reduced by timely replacement of assets such as roofs, mechanical equipment and parking lot upgrades whose life cycle has expired (less spending on emergency procurements)



- Implementation of several recreation projects that have been identified through a variety of Council endorsed studies and strategic priorities that enhance outdoor activities for the entire community to promote a healthy lifestyle.



Information Technology

Corporate and Legislative
Services

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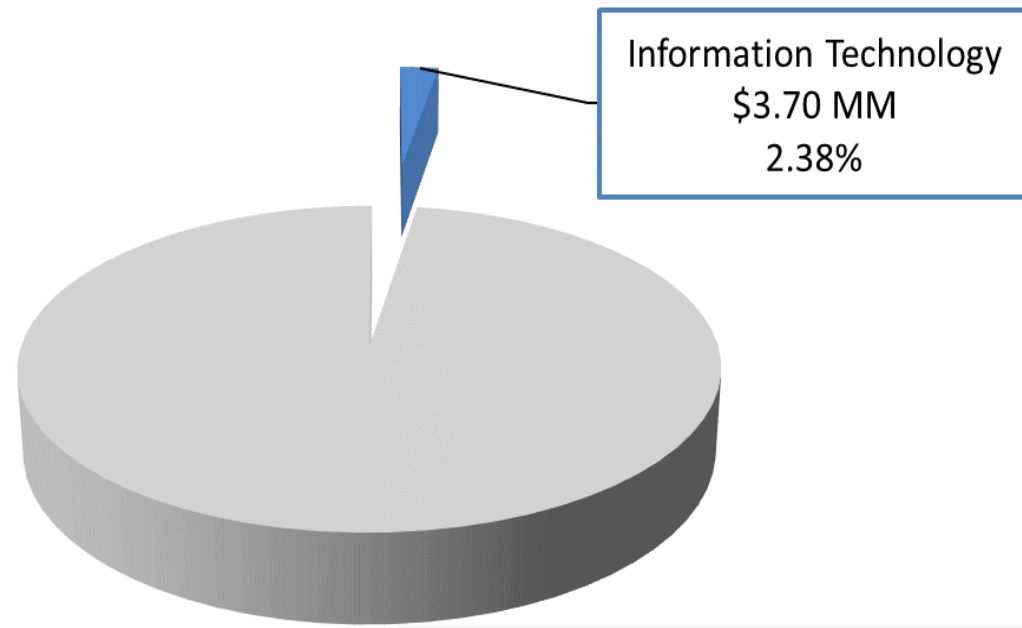



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2024 Budget

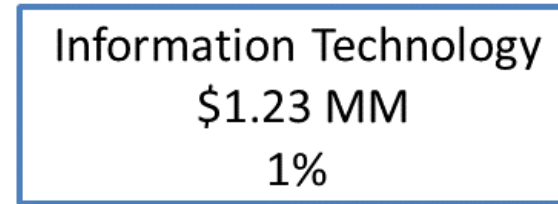
2023 Net Operating Budget % of City

2.38%

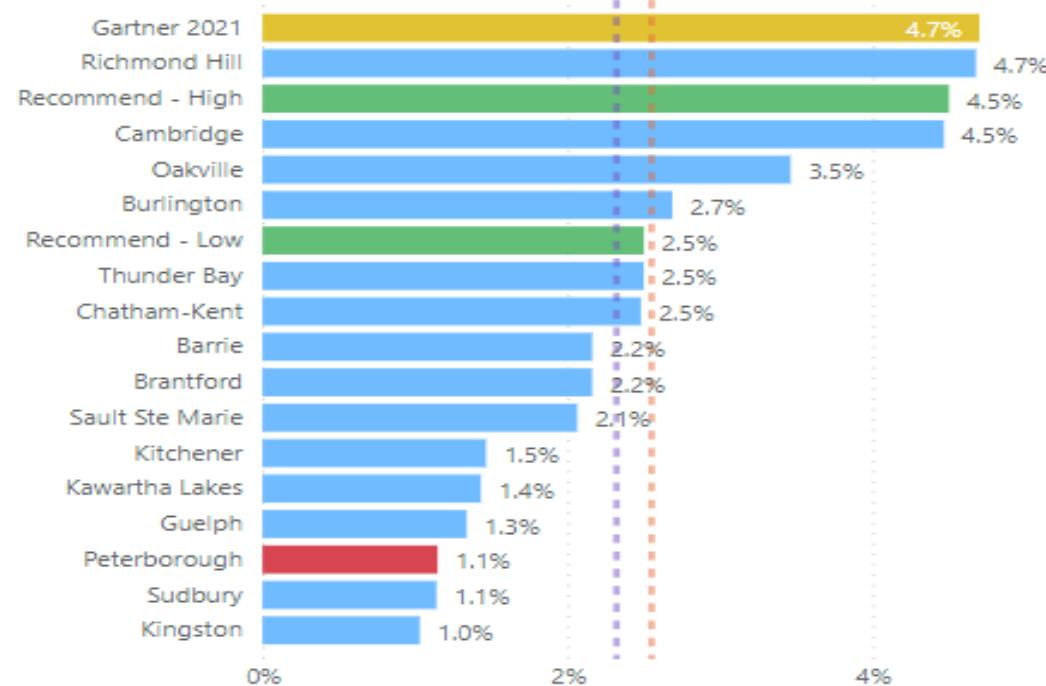


2023 Capital Budget % of City

1%



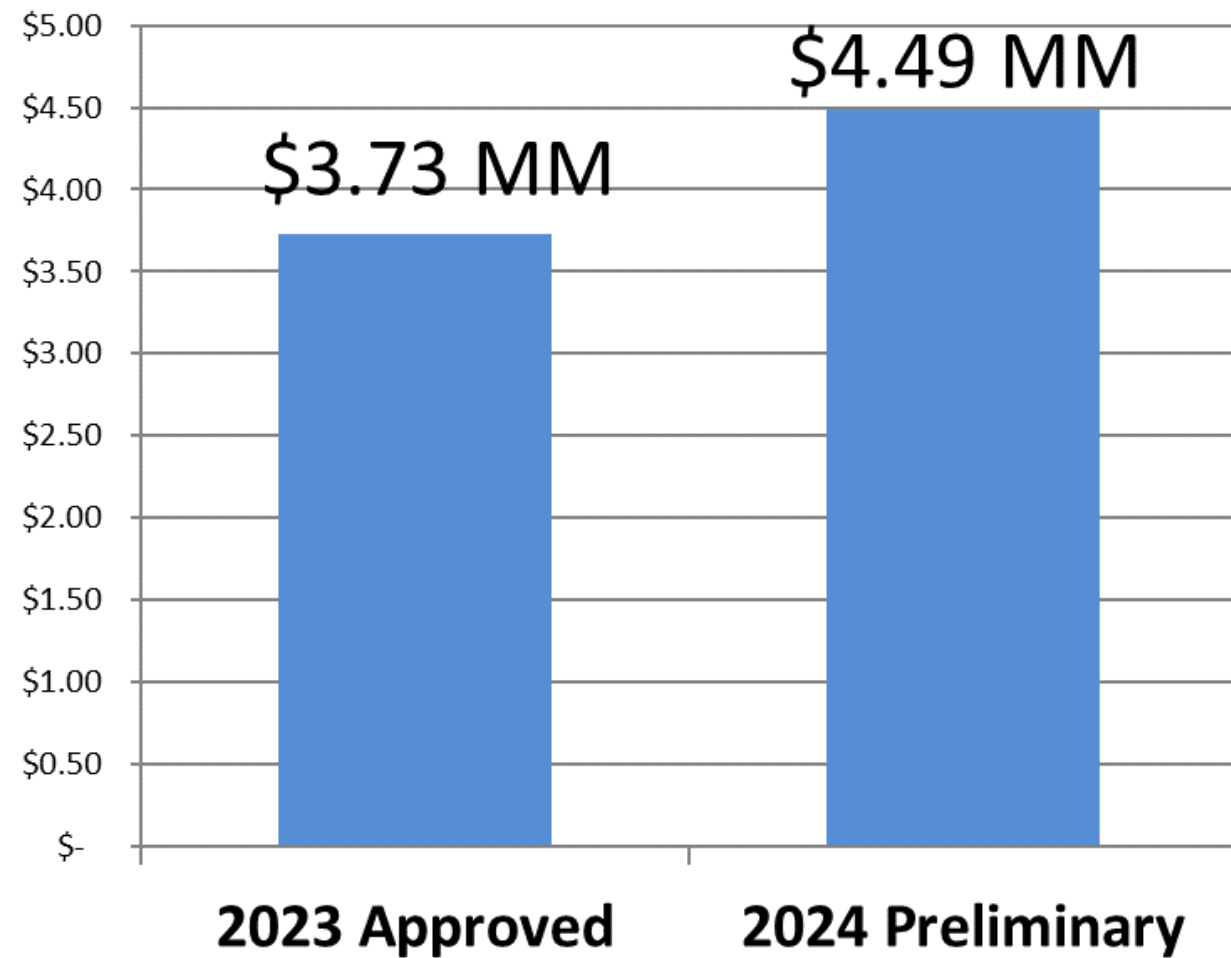
IT Operating as % of Total



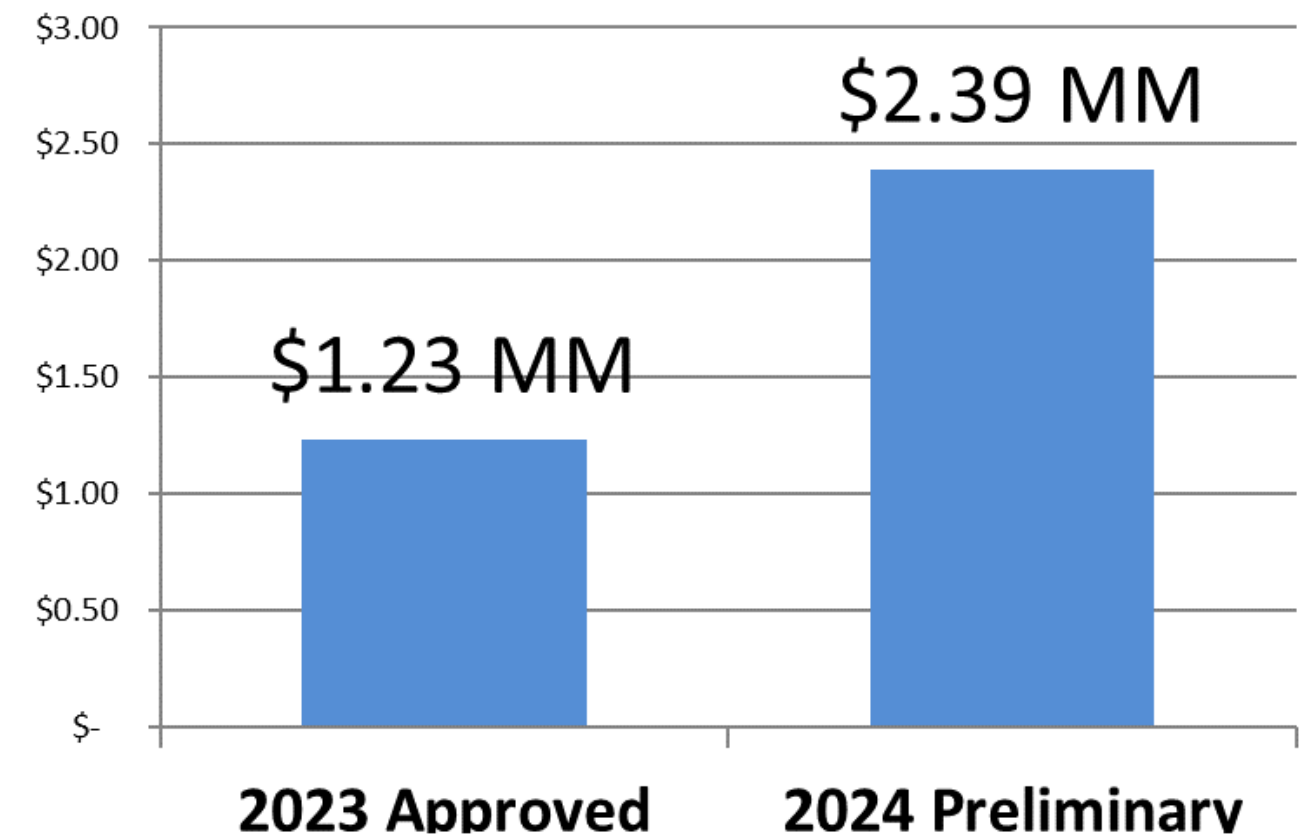
Notes:
Recommended High/Low values are from Perry Group 2022 IT Strategic Plan for Oshawa

Cost and Device/FTE from Municipal Benchmark and Peterborough KPMG report

2023-2024 Net Operating Budget (\$000s)

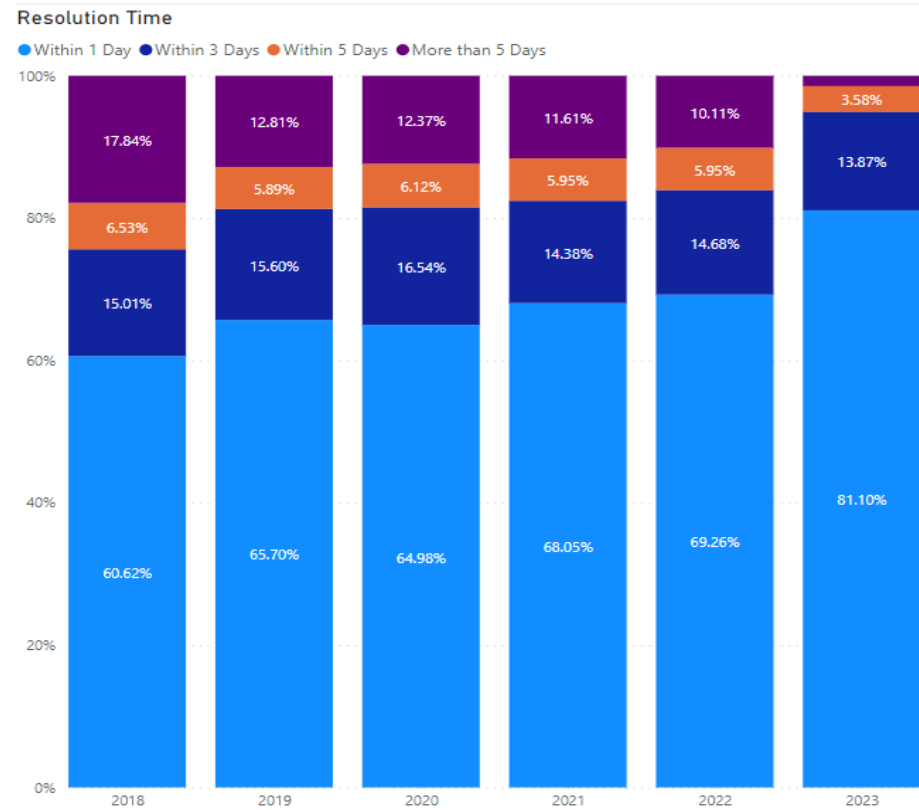


2023 Capital Budget (\$000s)



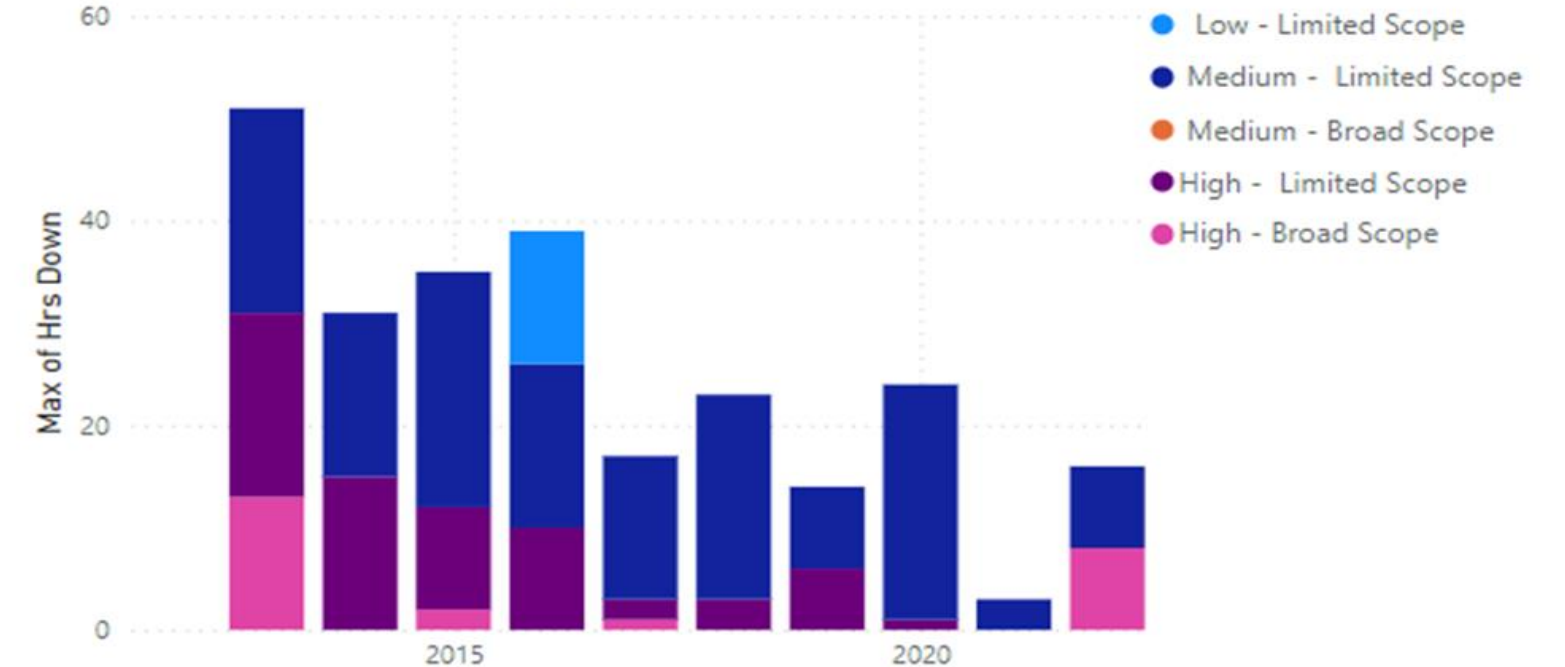
Maintain Current Service Levels

Service Desk Issue Resolution Time

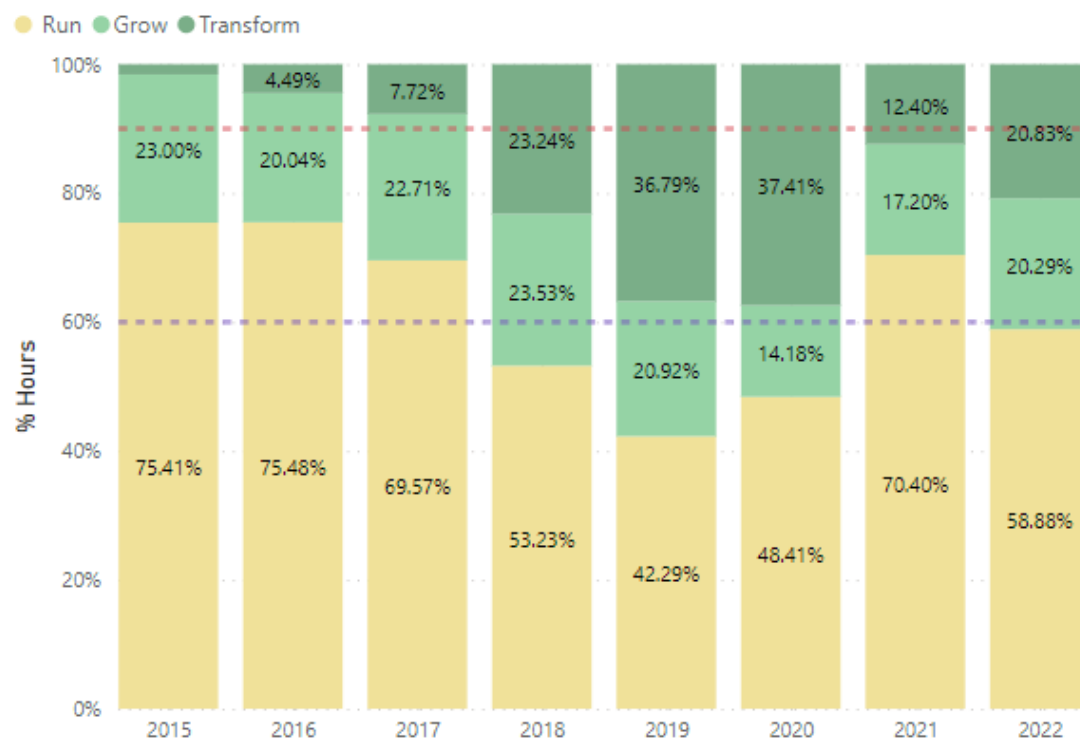


Enterprise Technology Availability

Largest Outage by Impact Category



% Time on Run, Grow or Transform the Business
Enterprise Applications Hours Spent Run/Grow/Transform



High Impact / Broad Scope

8.00

Total Business Hours Down

All Unplanned Outages

31.60

Total Business Hours Down

2022

High Impact / Broad Scope

16.00

Total Hours Down

All Unplanned Outages

88.10

Total Hours Down

Key Objectives for 2024

Operating & Capital

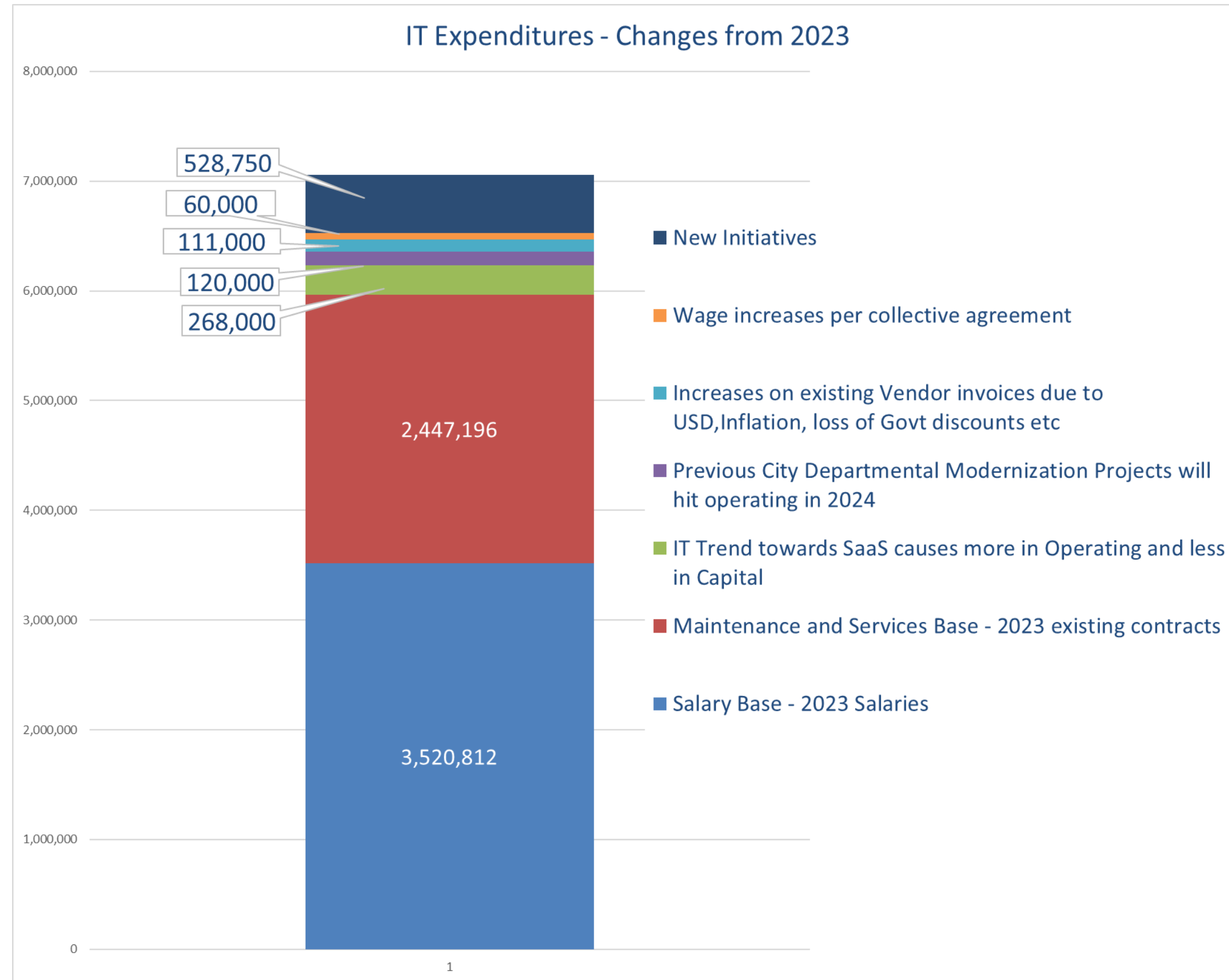
- **Advance SAP** : Continue with Capital projects but also create more internal capacity to “grow”
- **Leverage Office 365**: Continue to use SharePoint and Power Apps to maximize our investments through gained efficiencies
- **Cyber Security Vigilance**: continually look for ways to stay one step ahead of the latest threats
- **City Departmental Modernization**: Use of technology to advance the services (both internal and external). Key projects:
 - Records Management
 - Digital services / Portals: Building Dept, Clerks, Tax
- **Enterprise Technology advancements**: Ensure the City’s core server, storage and network assets are reliable and continue to meet the city’s expanding technology needs

Factors Affecting Operating Budget

- **Additional staff** to support key objectives: SAP, Office 365 Productivity, Cyber Security
- **Additional Services** to support Cyber Security
- **Operating impacts from** completed City Departmental Modernization **projects**
- **General trend in IT to move to SaaS** (Software as a Service) and Subscriptions rather than Capital investments
- **USD rate and inflation** adding increases beyond 3% (often 5%) to existing contracts
- **Supply chain issues are driving up costs** on various operational keep-the-lights-on purchases

2024 Net Operating Increase
\$663,517 (17.8%)

2024 Operating Budget Changes



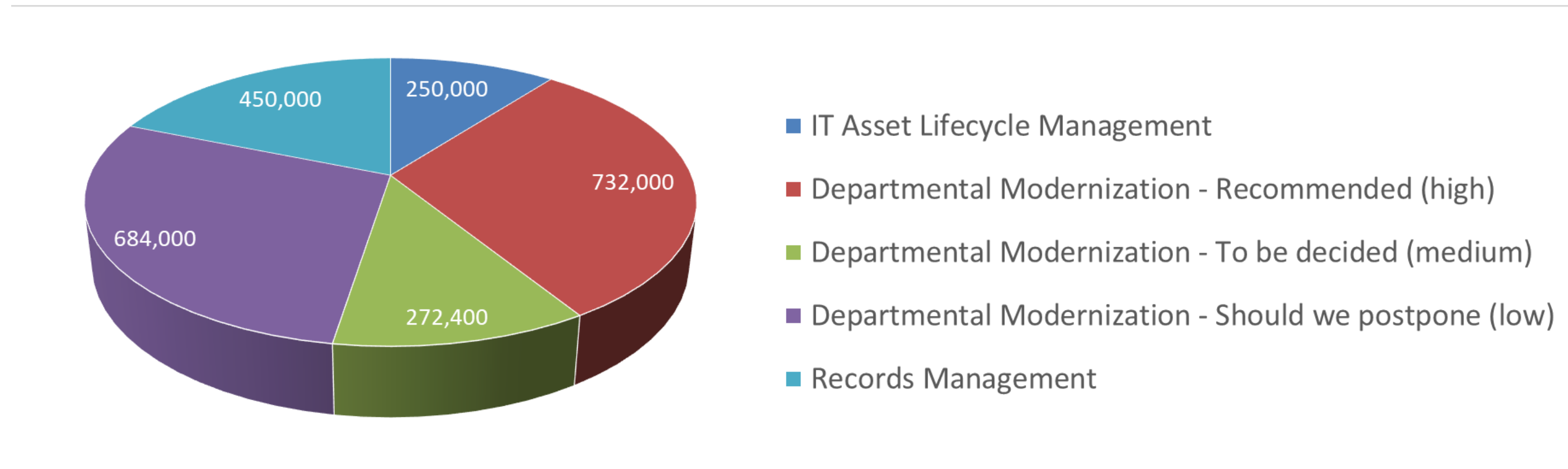
At a glance

Proposed New Operating Initiatives

Initiative	\$	%
Advance SAP - Add FTE to help with small requests from the business	50,000	0.8%
Advance SharePoint and PowerBI - Add FTE to help with efficiency and analytic requests	93,750	1.6%
Advance Cyber Security posture – enhance Services and add an FTE	385,000	6.5%
Total	528,750	8.9%

Large Capital Projects

- Approximately \$2.388MM in capital projects have been put forward for review as depicted below



Implications of 3% All-Inclusive Tax Rate

We are currently presenting an 18.3% increase in expenditures in the IT budget which contributes a 0.3% increase to the total City budget

- 1) Removing the Proposed New Operating Initiatives (Slide 8) reduces to 9.4%
- 2) The remaining 9.4% comes from things that can't be removed
 - Previous City Departmental Modernization Projects Hitting Operating for the first time in 2024 (adds 2%)
 - IT Trend Move From Capital to SaaS. SAP is now making this mandatory (adds 4.5%)
 - Increases on existing Vendor invoices due to USD, Inflation, loss of Government discounts etc. (adds 1.9%)
 - Wage increase as per Collective Agreement (1%)
- 3) To get lower than 9.4% would require Service cuts in IT. We could present options and implications but we would need Senior Admin to make final selections

Office of the City Solicitor, comprised of:
Legal Services Division, Realty Services
Division, Municipal Law Enforcement
Services Division, and Court Services Division

Corporate and Legislative
Services

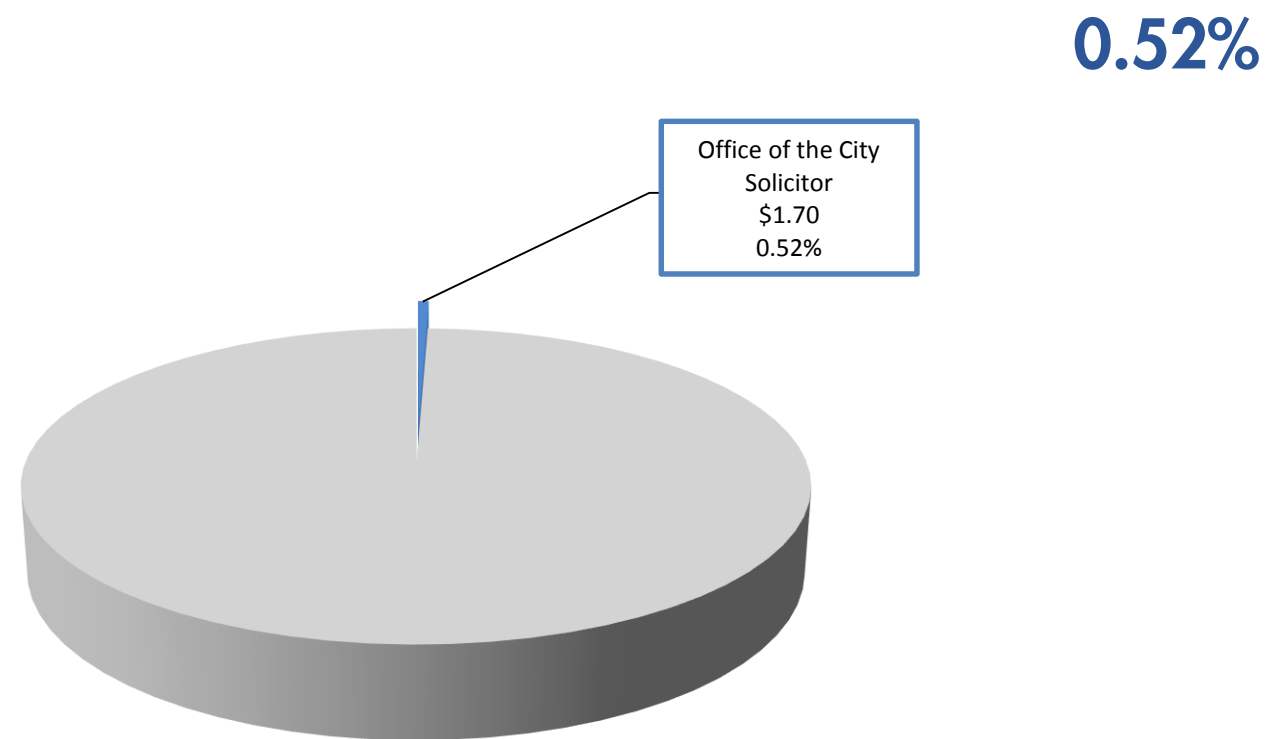
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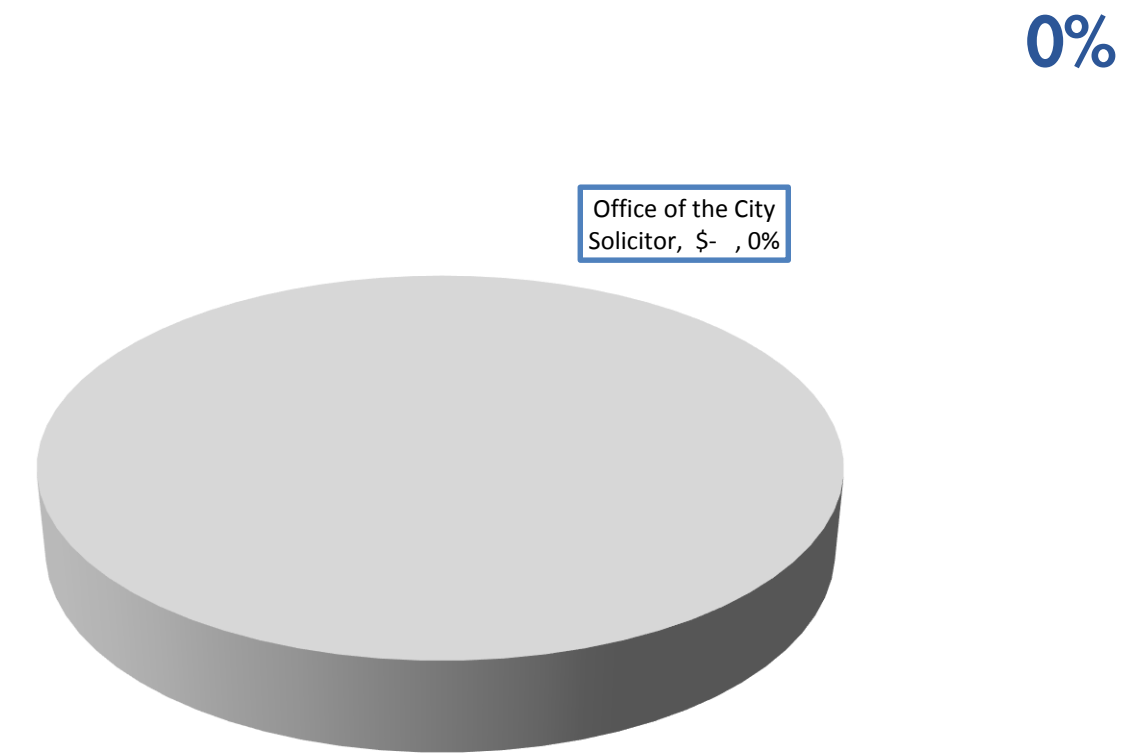

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2024 Budget

Total of Four Divisions' 2023 Net Operating Budget 0.52% of City

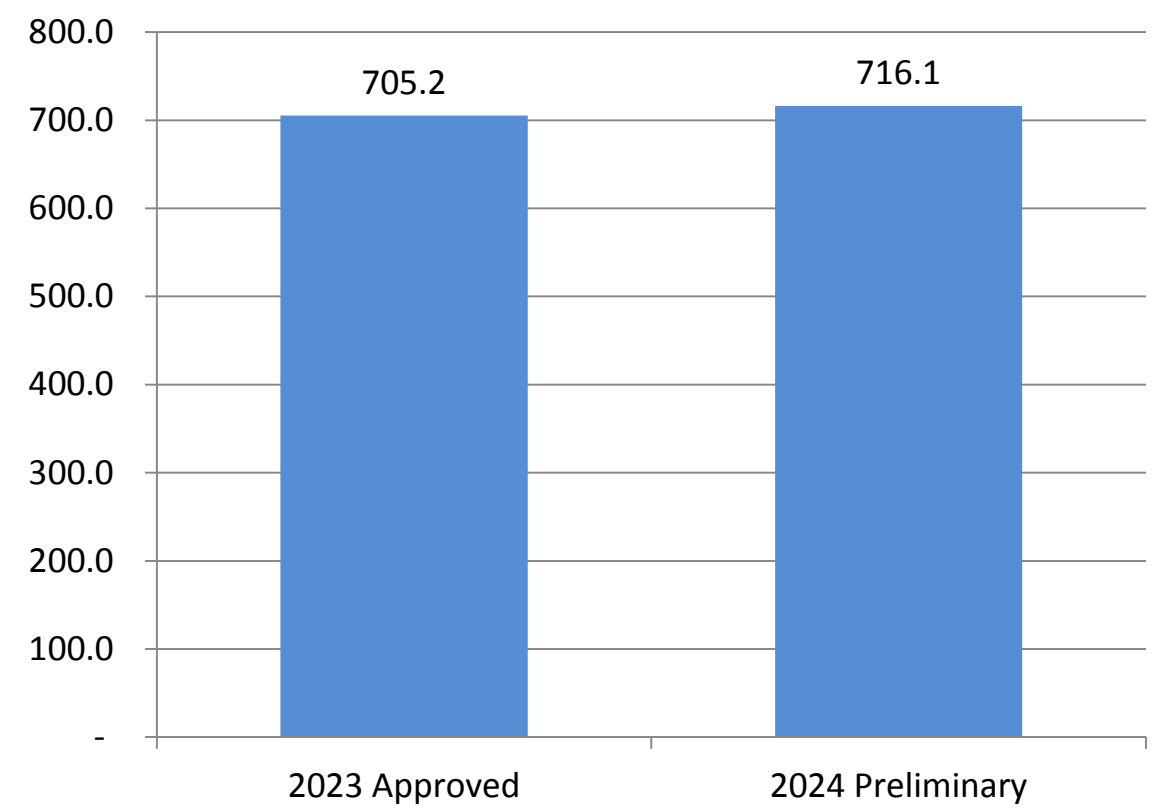


Total of Four Divisions' 2023 Capital Budget % of City



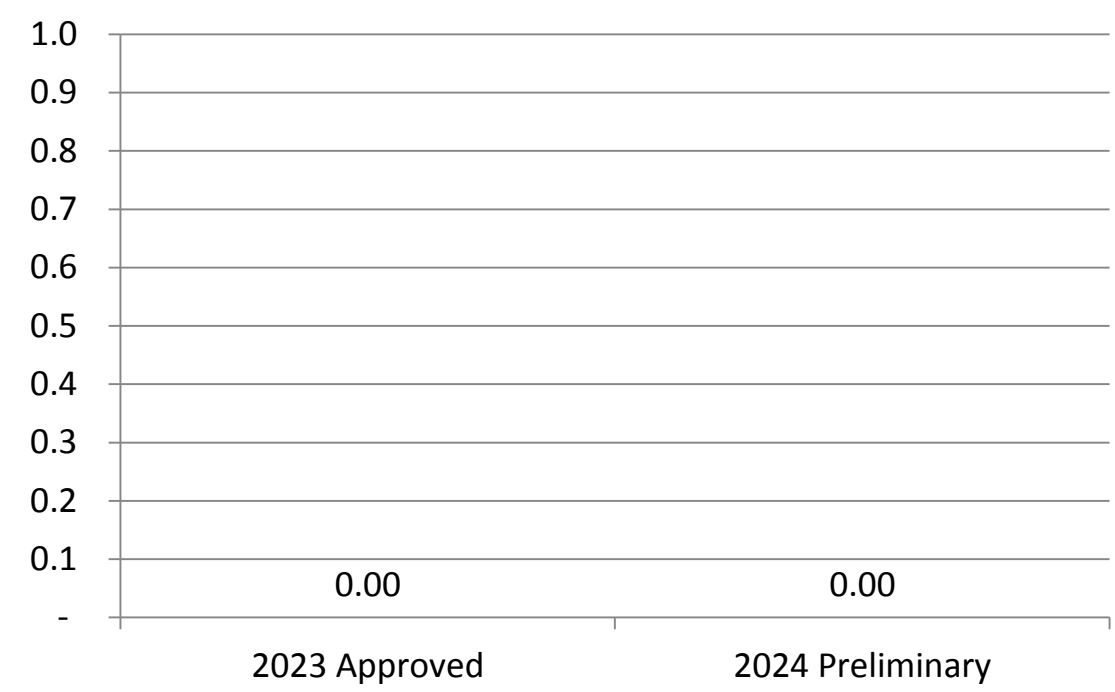
2023-2024 Net Operating Budget – Legal Services Division (\$000s)

Proposed increase: \$10,960 (1.55 %)



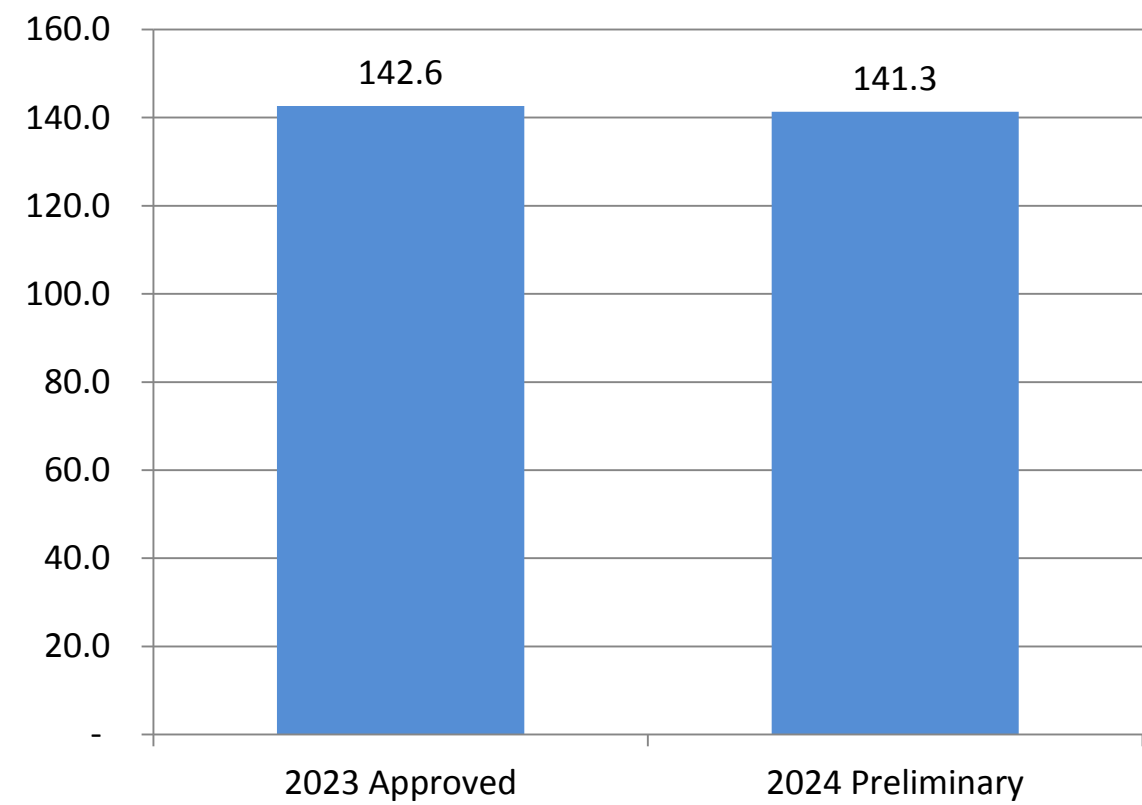
2023 Capital Budget (\$000s)

Proposed increase: \$



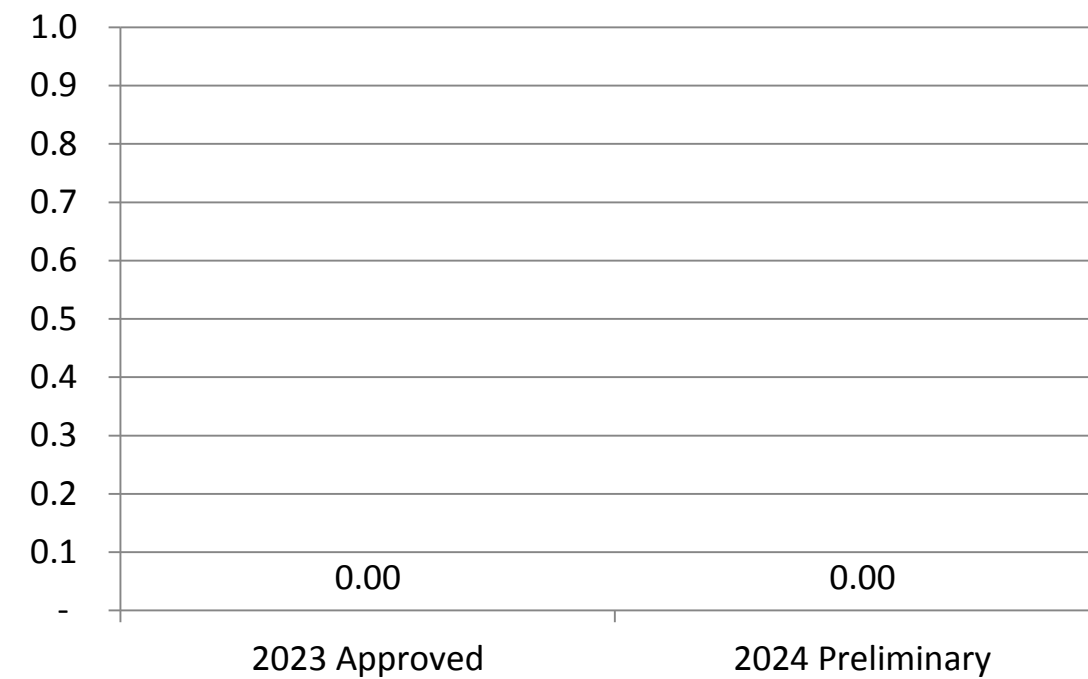
2023-2024 Net Operating Budget – Realty Services Division (\$000s)

Proposed decrease:
\$(1,316)
(0.9 %)



2023 Capital Budget (\$000s)

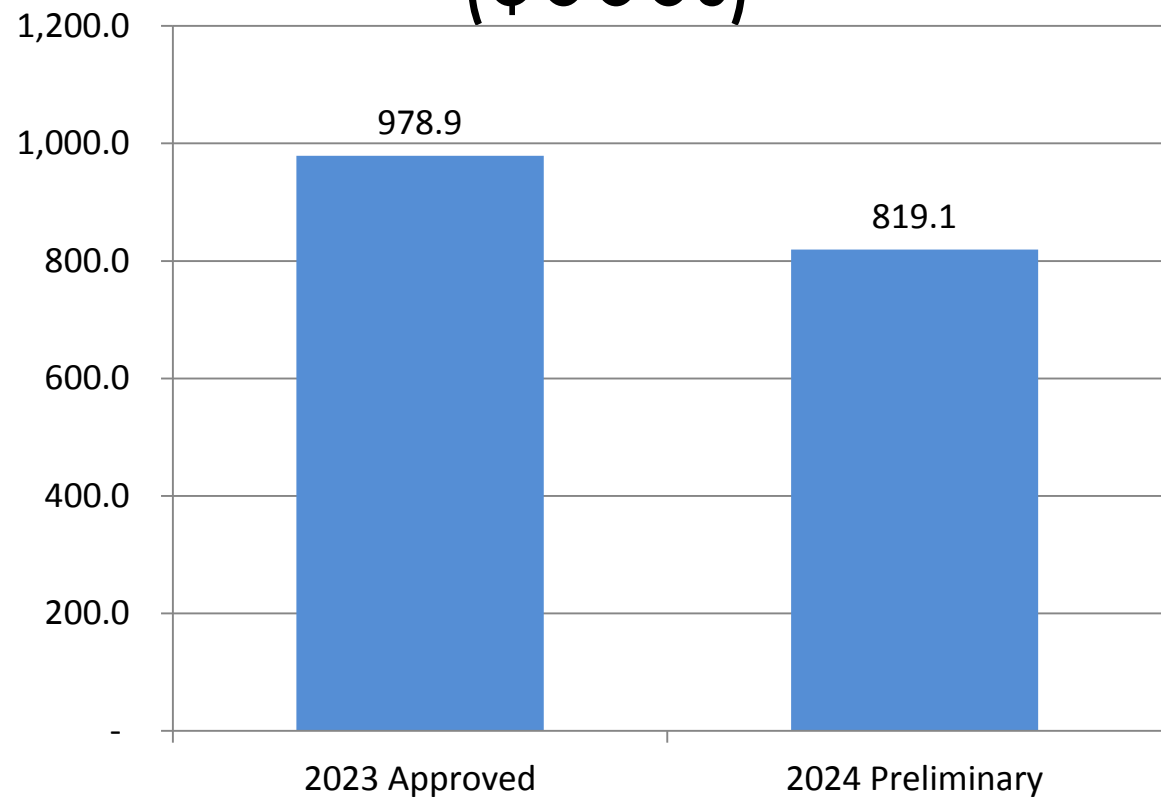
Proposed increase:
\$



At a glance

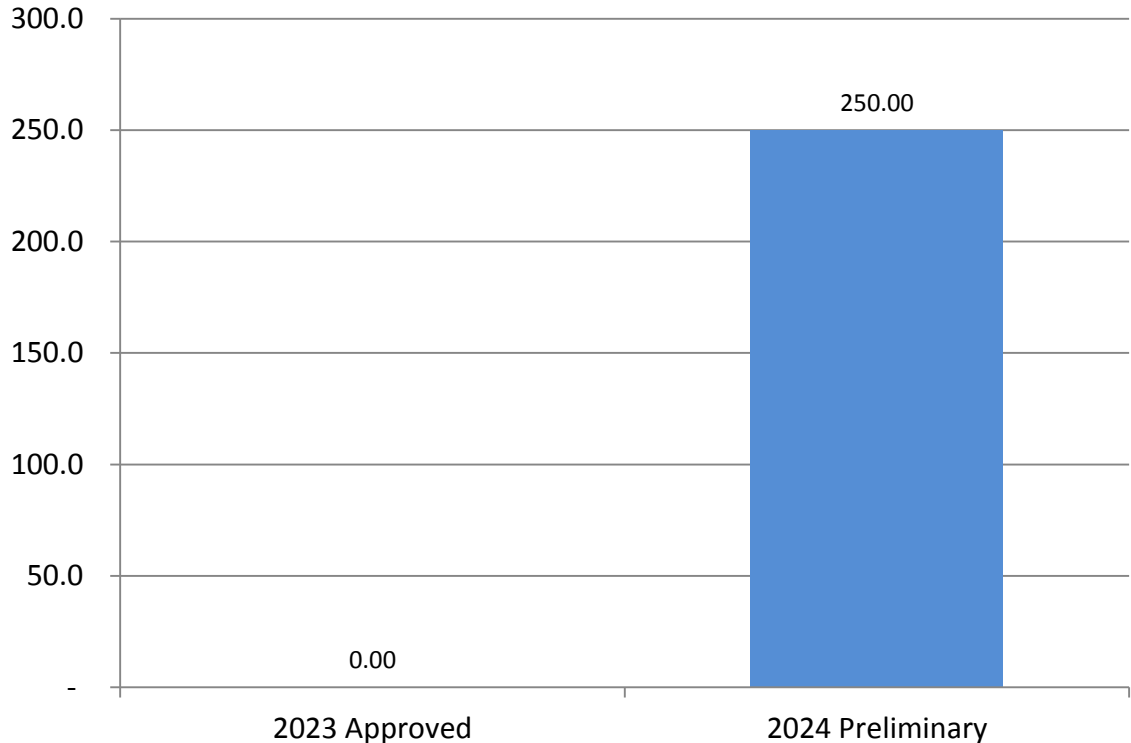
2023-2024 Net Operating Budget – Municipal Law Enforcement Services Division

Division (\$000s)



Proposed decrease:
\$(159.8)
(16.3%)

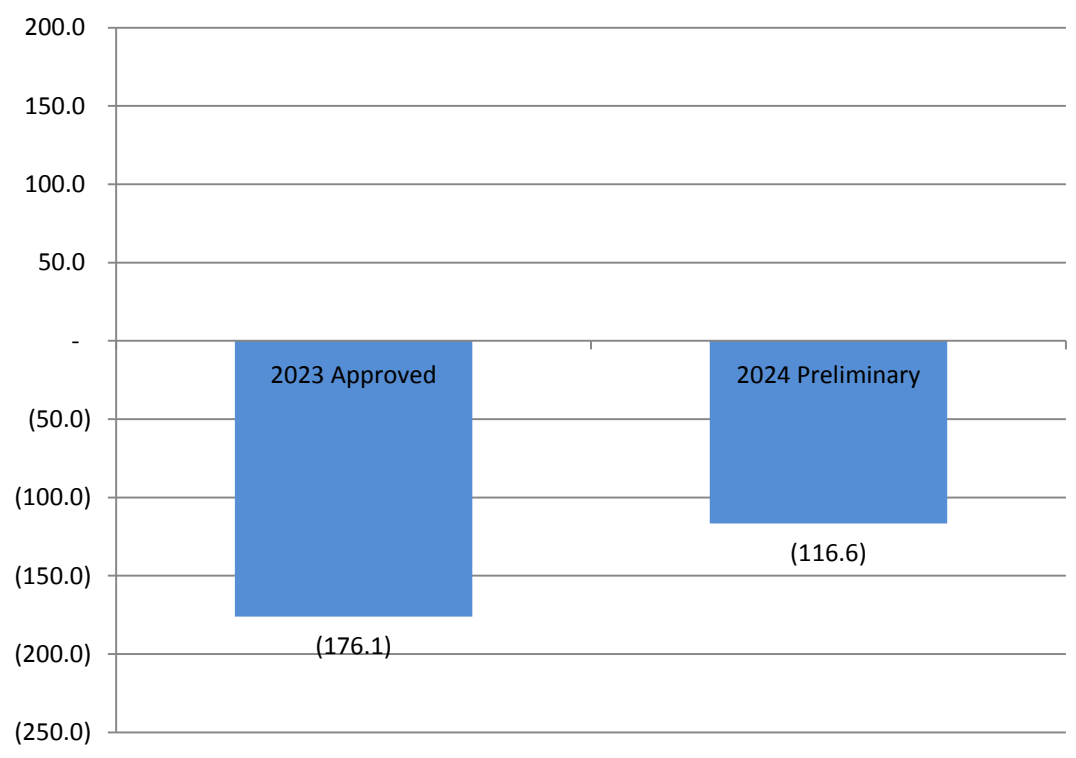
2023 Capital Budget (\$000s)



Proposed increase:
\$250.0

2023-2024 Net Operating Budget – Court Services Division (\$000s)

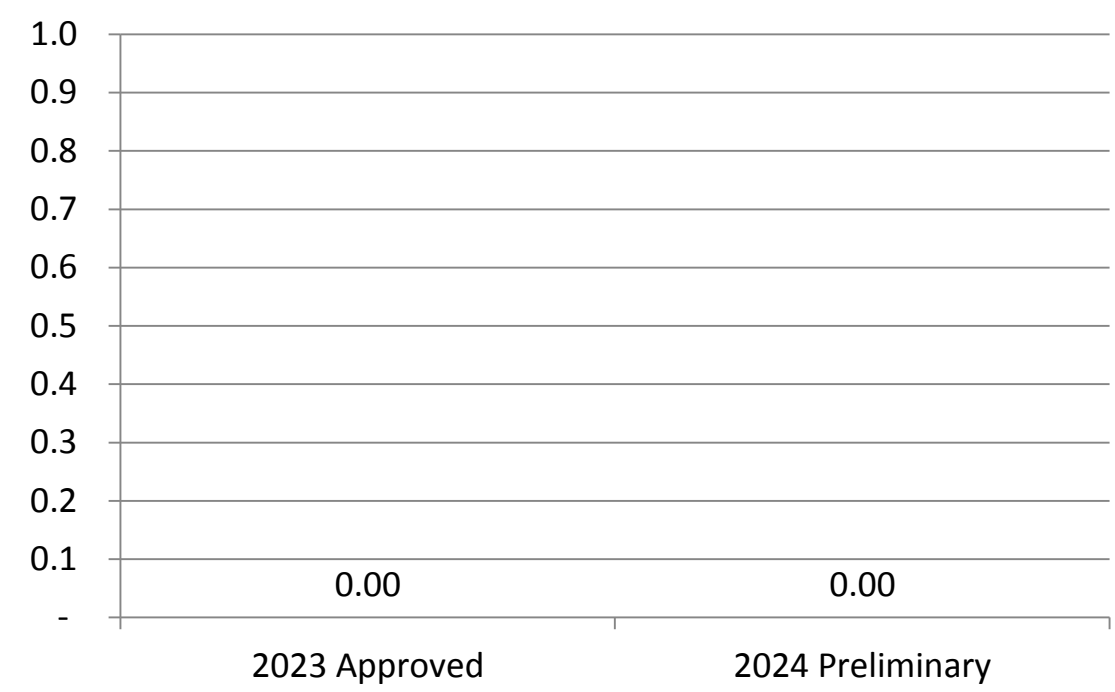
Proposed decrease:
\$59.5
(%34)



Note: The Court Services Division operates with a negative (net surplus) budget

2023 Capital Budget (\$000s)

Proposed increase:
\$

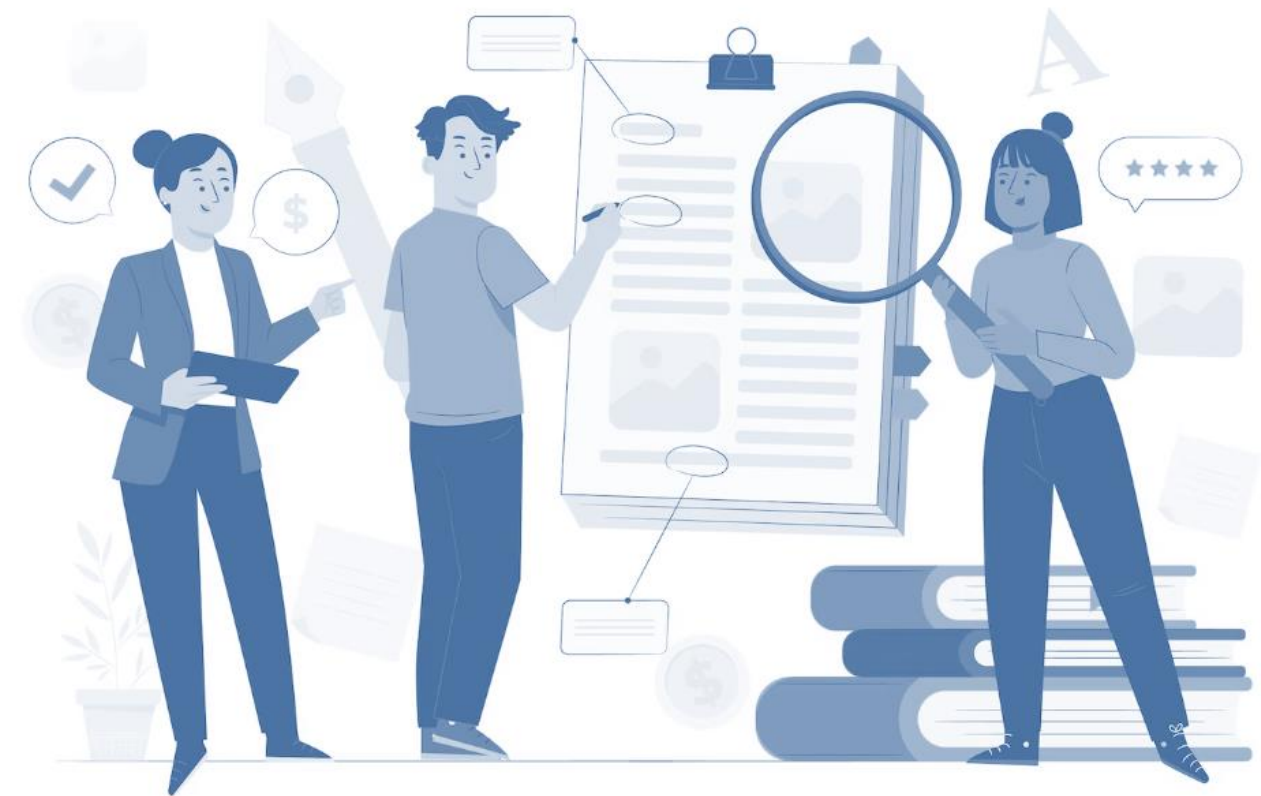


Maintain Current Service Levels

Legal Services Division

Providing legal services on issues related to:

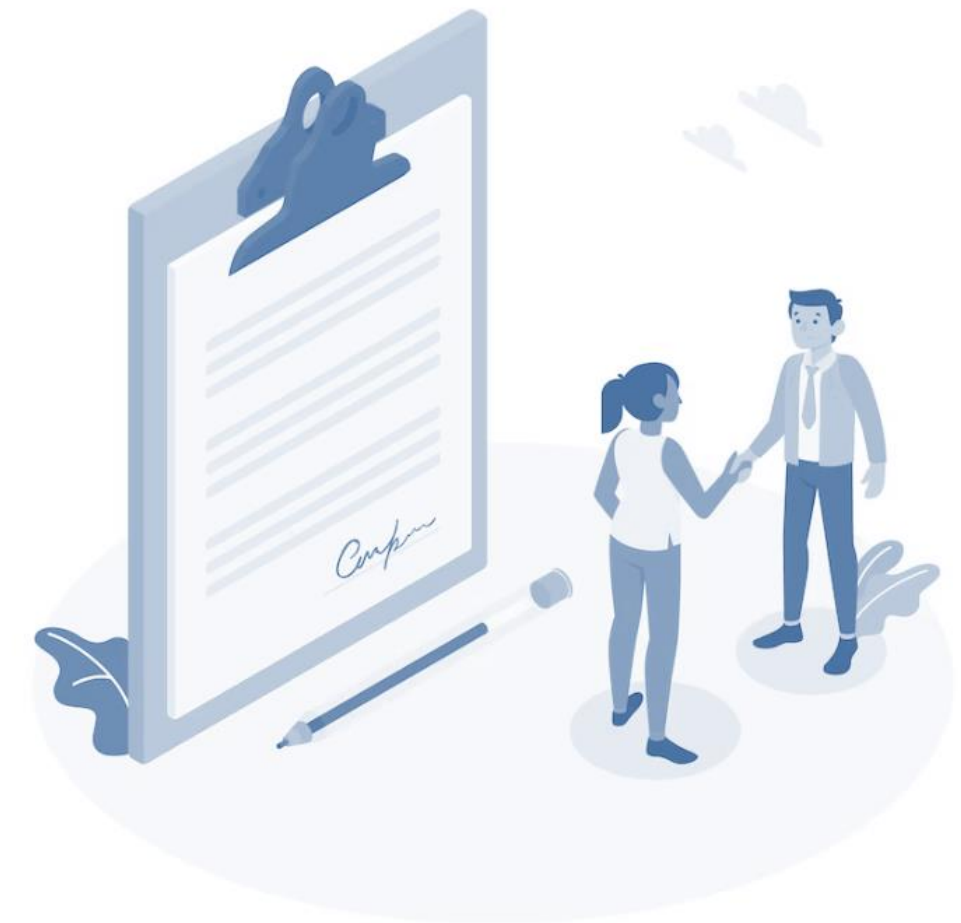
- Planning and land development;
- Real estate transactions;
- Real property agreements;
- By-law drafting;
- Labour and employment;
- Social services including housing;
- Legislative interpretation;
- Contracts; and
- Advocacy before administrative tribunals and the courts



Maintain Current Service Levels

Realty Services Division

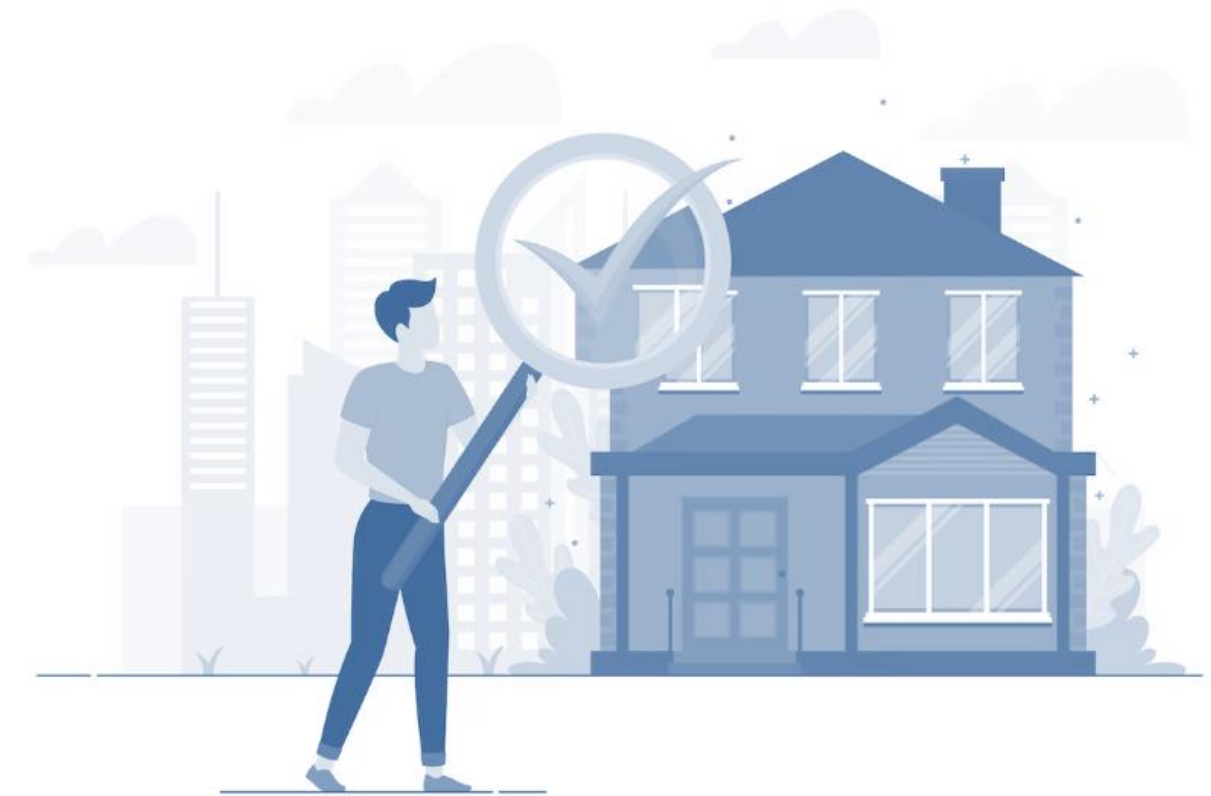
- Acquisitions and dispositions;
- Leases, licenses, easements, encroachments and other agreements;
- Appraisal services;
- Real estate consulting;
- Marketing, procurement, and negotiations; and
- Management of inventories of the City's real property interests



Maintain Current Service Levels

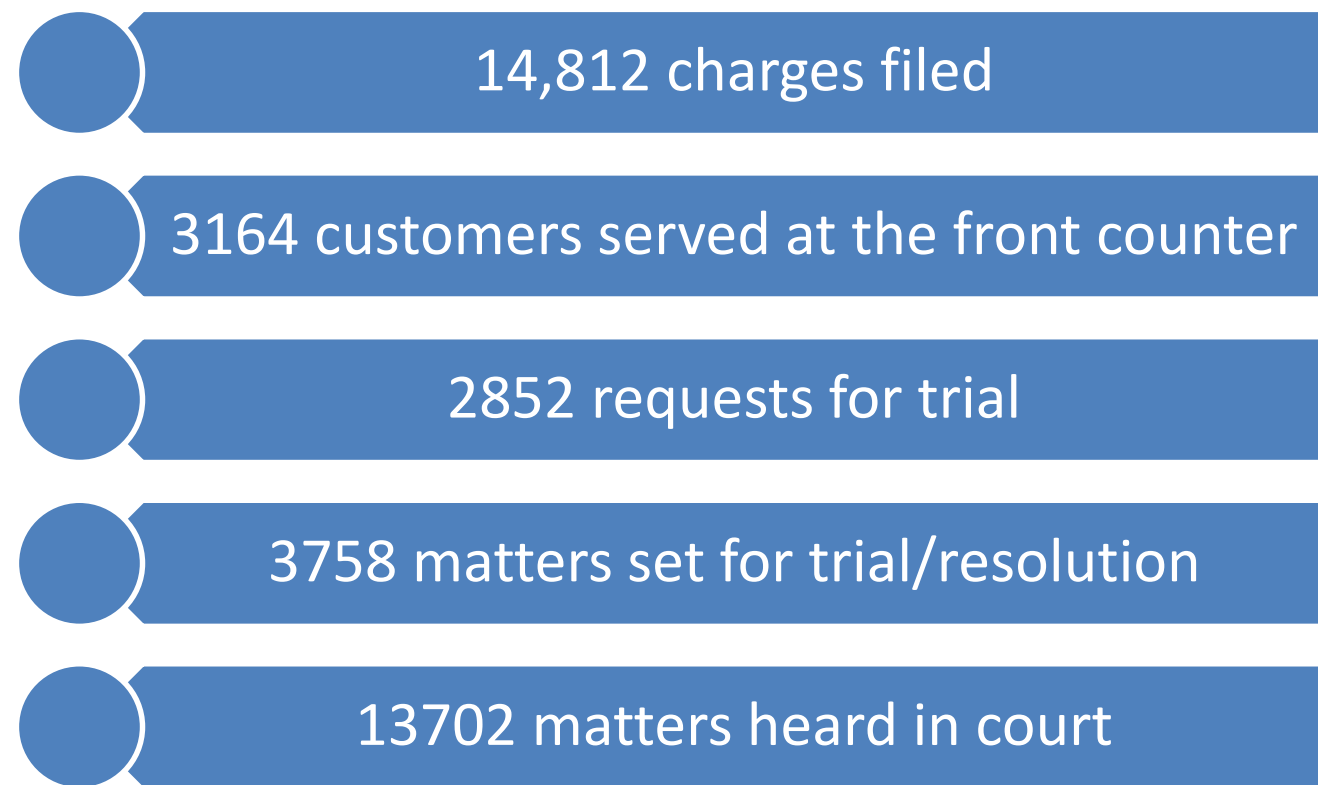
Municipal Law Enforcement Division

- 1000 Investigations of Municipal Standards
- 800 Investigations of Illegal Tenting
- Enforcement of 26,000 Parking Violations
- Issuance of 225 Sign Permits
- Issuance of 45 Swimming Pool Enclosure Permits
- 100 Rental Dwelling Licenses reviewed



Maintain Current Service Levels

Court Services Division



Key Objectives for 2024

Municipal Law Enforcement Division

- The continued implementation of the 24 recommendations approved by Council related to Municipal Law Enforcement
- Provide enforcement of the City's by-laws by the most efficient and effective means
- Increase staffing levels to better meet the needs of enforcement throughout the City



Factors Affecting Operating Budget

Municipal Law Enforcement Services Division

Current net decrease reflects migration of AMPs revenue to MLES, maintenance of 2023 service levels and implementation of Council's short-term objectives (Report IPSBD23-001)

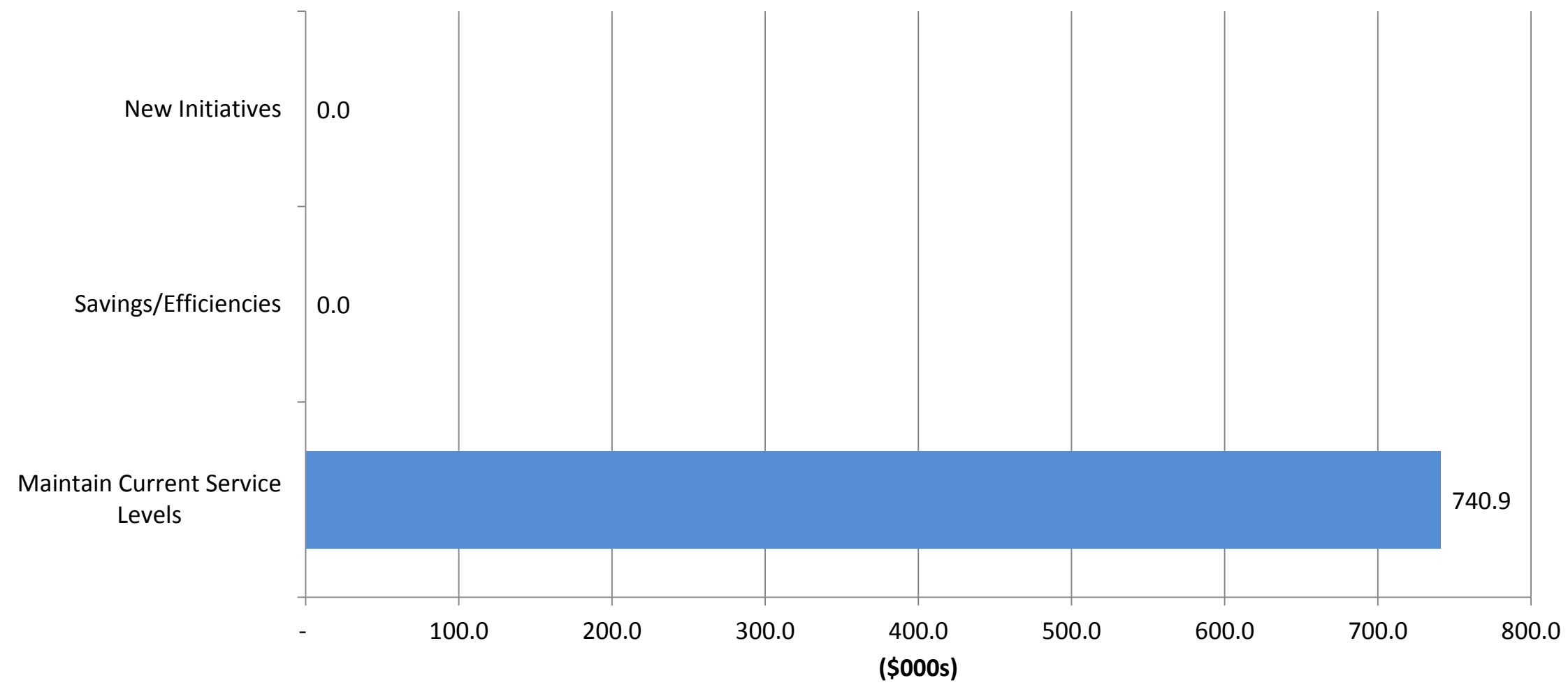


2024 Net Operating Decrease
\$(159,810) (16.3%)

2024 Operating Budget Changes

Legal Services, Realty Services and Court Services Divisions

Net Operating Increase: \$69,164 or 10.3 %

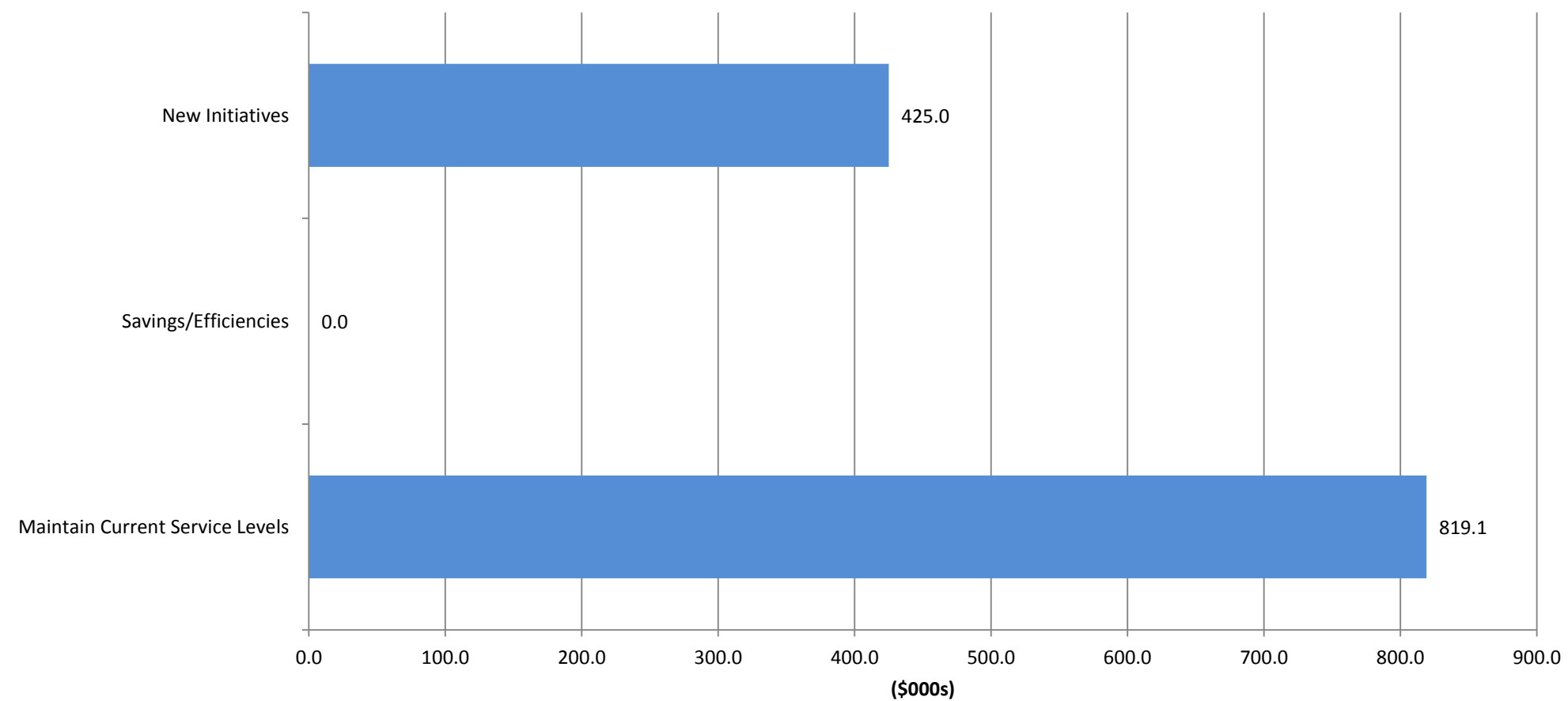


Proposed New Operating Initiatives Municipal Law Enforcement Division (Implementation of Council's Approvals)

Longer term objectives contemplate consolidating the City's security services, increasing staff (NU Supervisor, 4 security and 1 admin position), uniforms and PPE totalling approximately \$425,000 would require net 2024 Division **increase** of \$265,190 or 27.1% over 2023 Division budget

2024 Operating Budget Changes Municipal Law Enforcement Services Division

Net Operating Increase: \$265,190 or 27.1%



Implications of 3% All-Inclusive Tax Rate

- 3 of the Divisions, Legal Services, Realty Services and Court Services, are each able to operate within a 3% Tax Rate
- Municipal Law Enforcement Services Division can operate at 2023 service levels within 3% but implementation of Council's longer-term objectives would be deferred



Emergency and Risk Management

Corporate Services

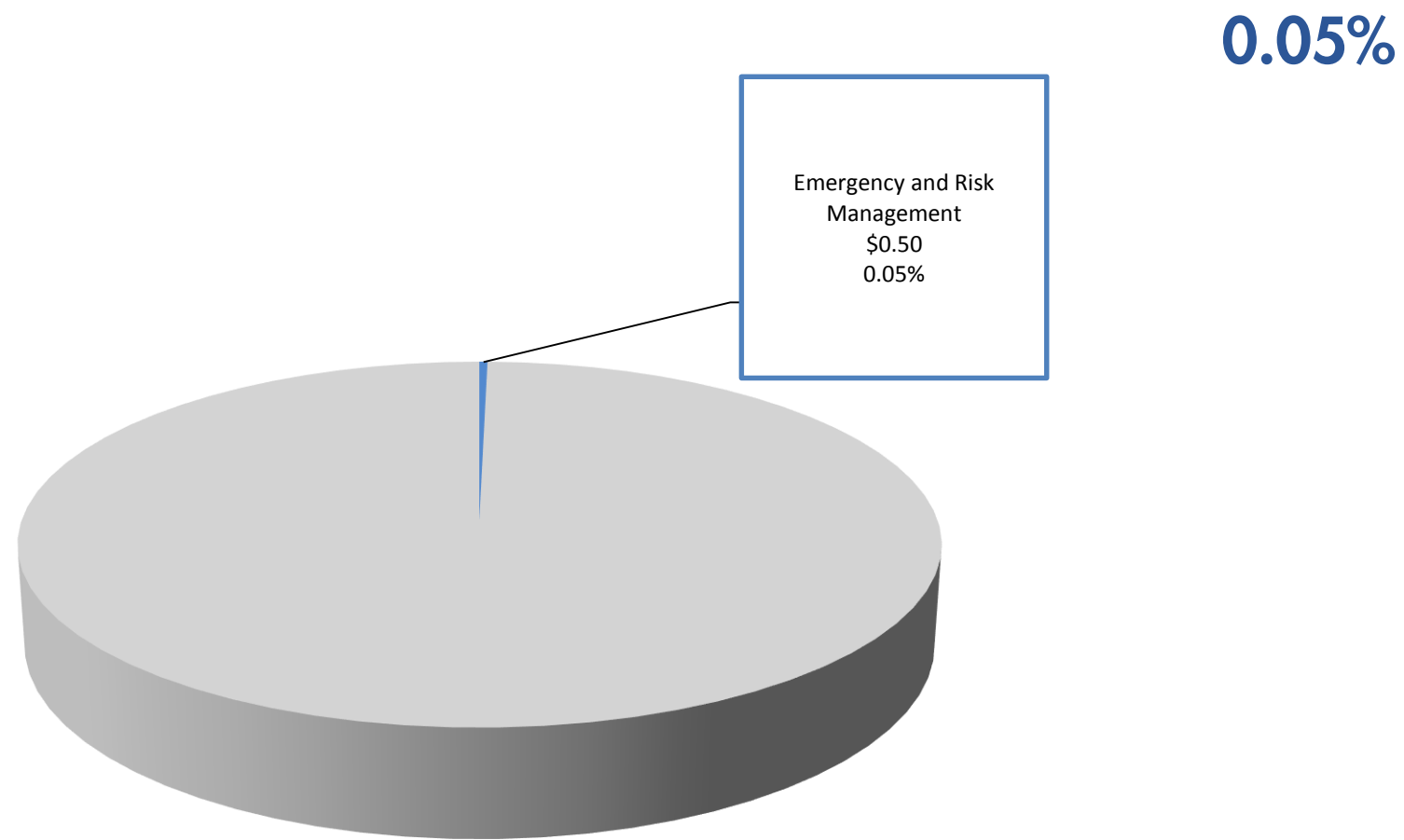
2024 Budget
Presentation to Finance Committee
August 16, 2024



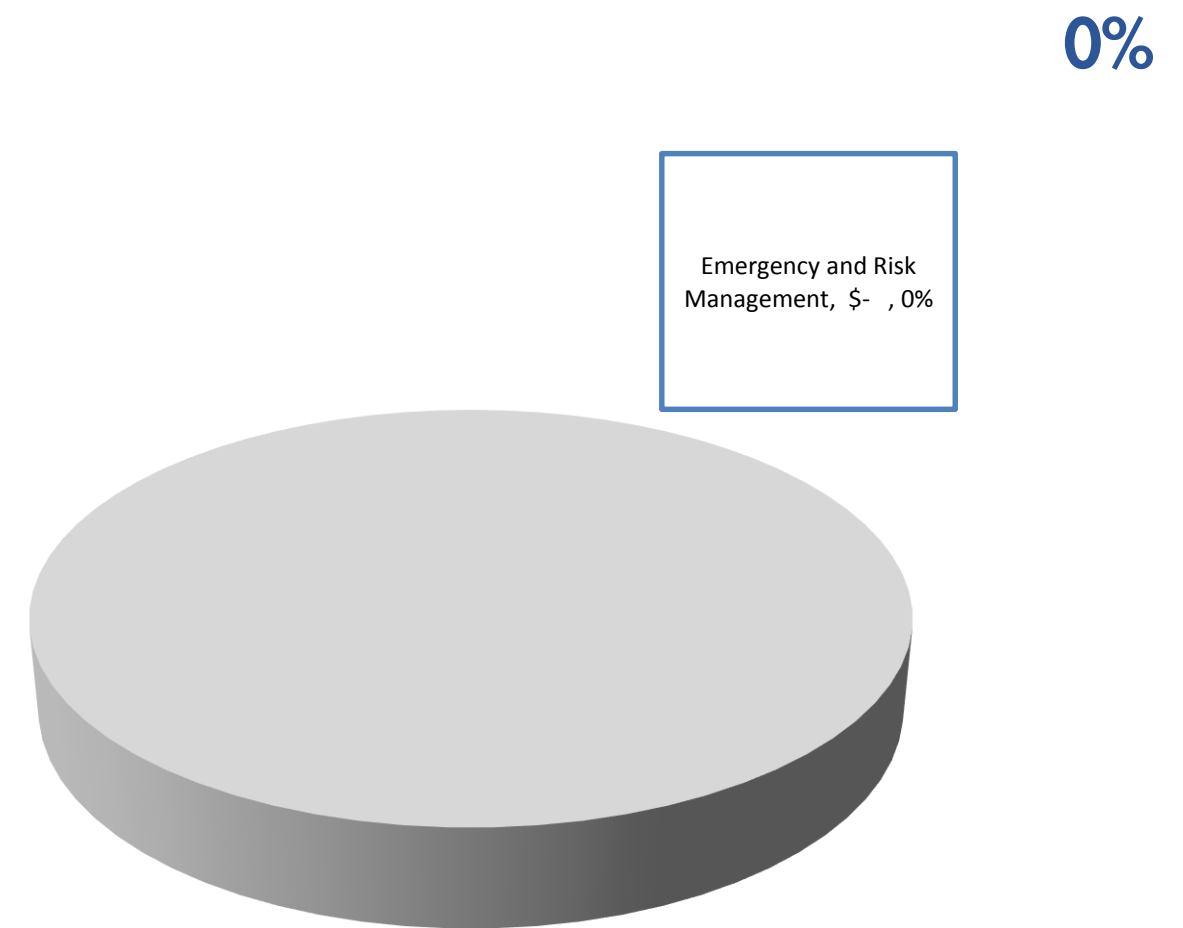

peterborough

2024 Budget

2023 Net Operating Budget % of City

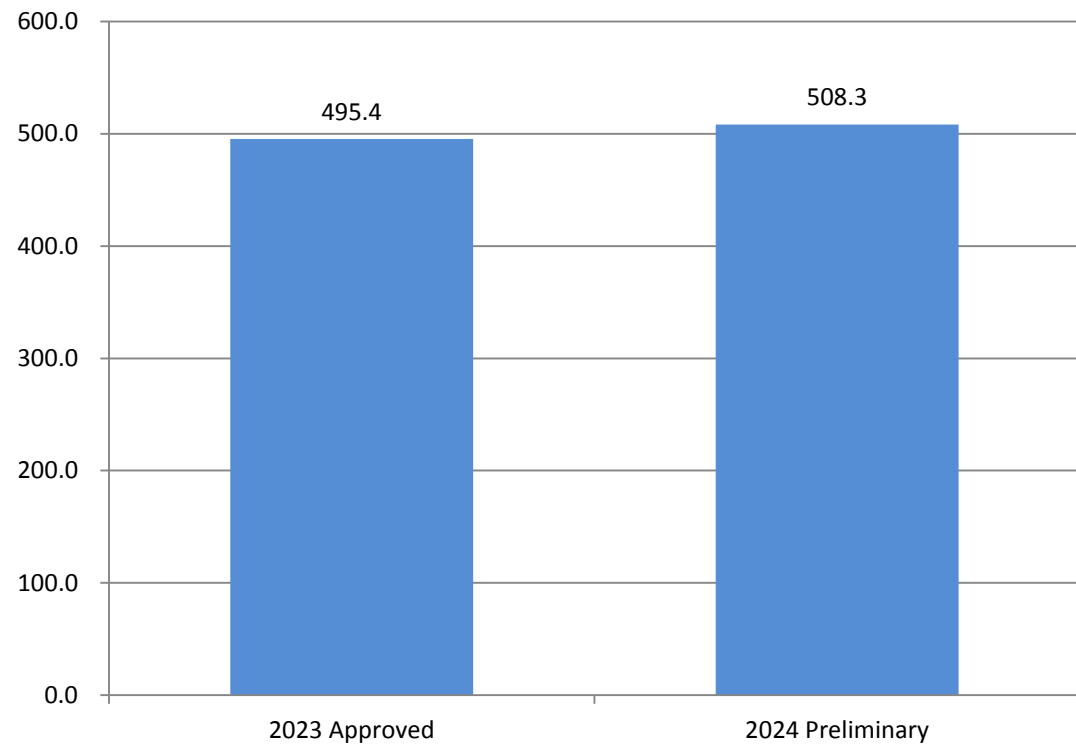


2023 Capital Budget % of City



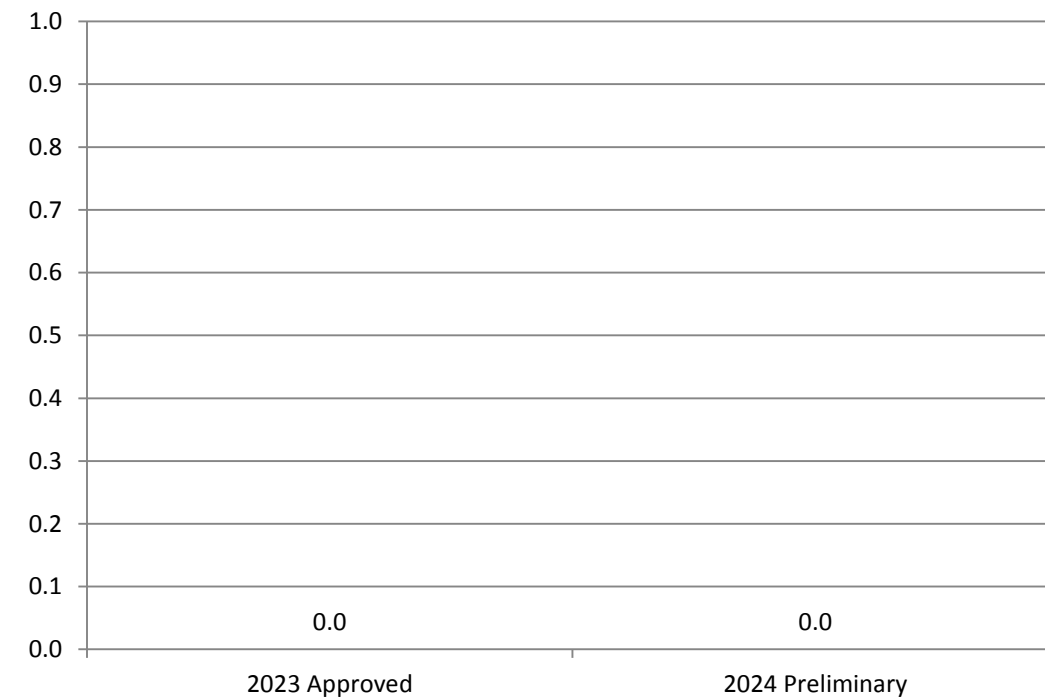
2023-2024 Net Operating Budget (\$000s)

Proposed increase: \$12,948 (2.61%)



2023 Capital Budget (\$000s)

Proposed increase: \$0



At a glance

Maintain Current Service Levels

- Manage Corporate Insurance Program and consult on insurance terms and conditions for City contracts
- Manage claims handling process (approx. 115 claims per year)
- Facilitate Fleet Operations Management Program – Collision and Incident Review Committee (approx. 140 incidents per year)
- Exceed legislated compliance - Emergency Management & Civil Protection Act (plans, exercises, training, education)
- Track and consult on corporate risk & incident response, as necessary (approx. 700 incidents per year)
- Manage Corporate Labour Disruption Contingency Plans and Business Continuity Program



Key Objectives for 2024

- Transfer social housing properties from City property insurance schedule
- Streamline insurance processes for special events
- Implement Insurance Certificate tracking program
- Conduct workplace risk mitigation & employee emergency procedures training
- Develop & implement major event emergency & operational plans
- Design & facilitate:
 - - Provincial Extreme Heat Exercise
 - - Nuclear Reception Centre Exercise
 - - 2024 Solar Eclipse Plan



Factors Affecting Operating Budget

- Operating budget reflects stand-alone Emergency Operations Centre utility and maintenance costs
- Nuclear Host Community Transfer Payment from Province (Amount TBC; revenues will be amended accordingly)
- Note: Emergency response / recovery costs are not reflected in operating budget; costs tracked through separate account established at time of emergency

**2024 Net Operating Increase
\$12,948 (2.61%)**

Proposed New Operating Initiatives

- Expand engagement with community agencies to promote resilience and organizational business continuity to ensure ongoing support for vulnerable populations during emergencies
- Launch Emergency Management Portal



Questions

An aerial photograph of a city at sunset. The sun is low on the horizon, casting a warm orange glow over the scene. A large river flows through the city, reflecting the sky. A bridge crosses the river in the foreground. The city is densely packed with buildings, including a prominent green building. The sky is filled with dramatic, dark clouds.