



2019 Budget Guideline Report

Budget Committee
First Public Meeting

June 6, 2018

Richard Freymond

Treasurer



No decisions necessary tonight

- Council is not being asked to make any budget decisions tonight
- Council will receive the presentation and hear public delegations
- Public meeting to provide a forum for the public to comment prior to discussion on June 25th

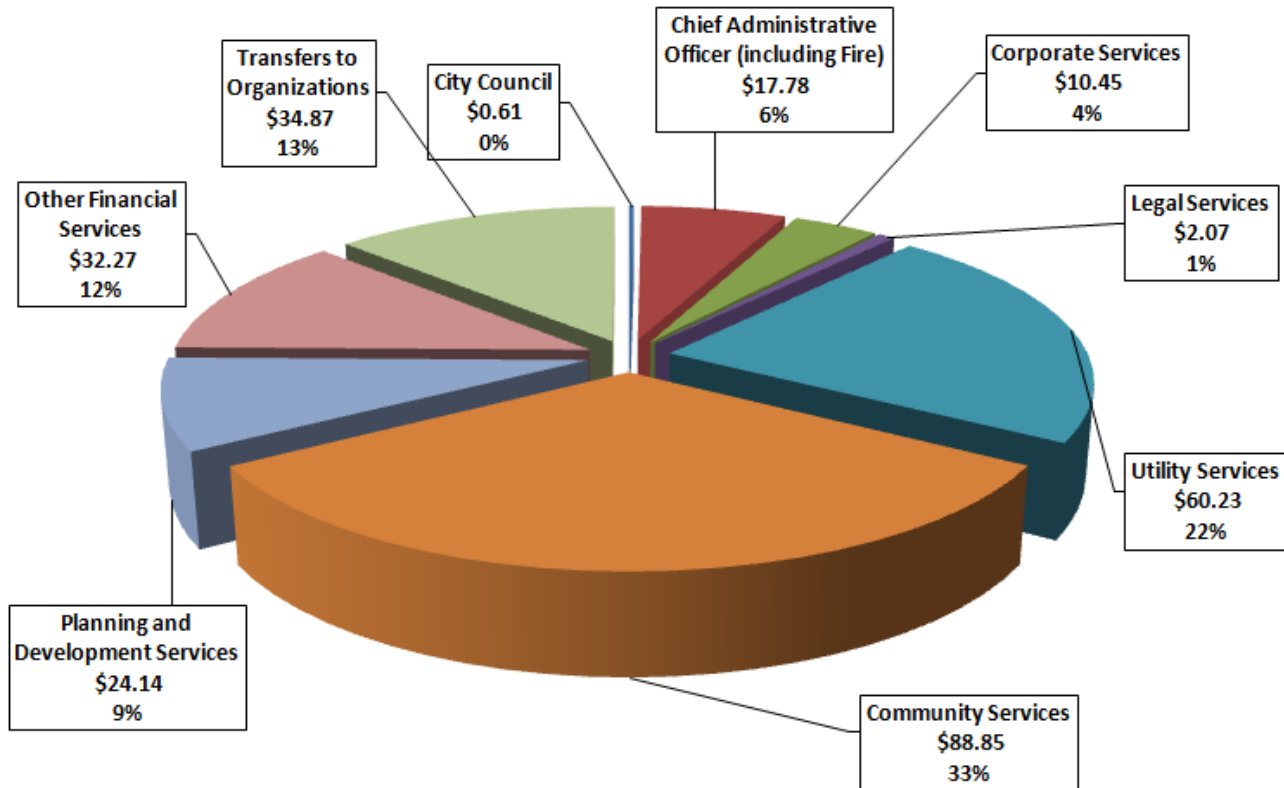


Guideline Process

- Setting a 2019 Budget Guideline starts with the 2018 Approved Budget
- This presentation does not reflect the recent reorganization of the City Department structure, but 2019 Budget will reflect new structure

2018 Budget

Operating Gross Expenditures \$ 271.3 (Million)





2018 Budget

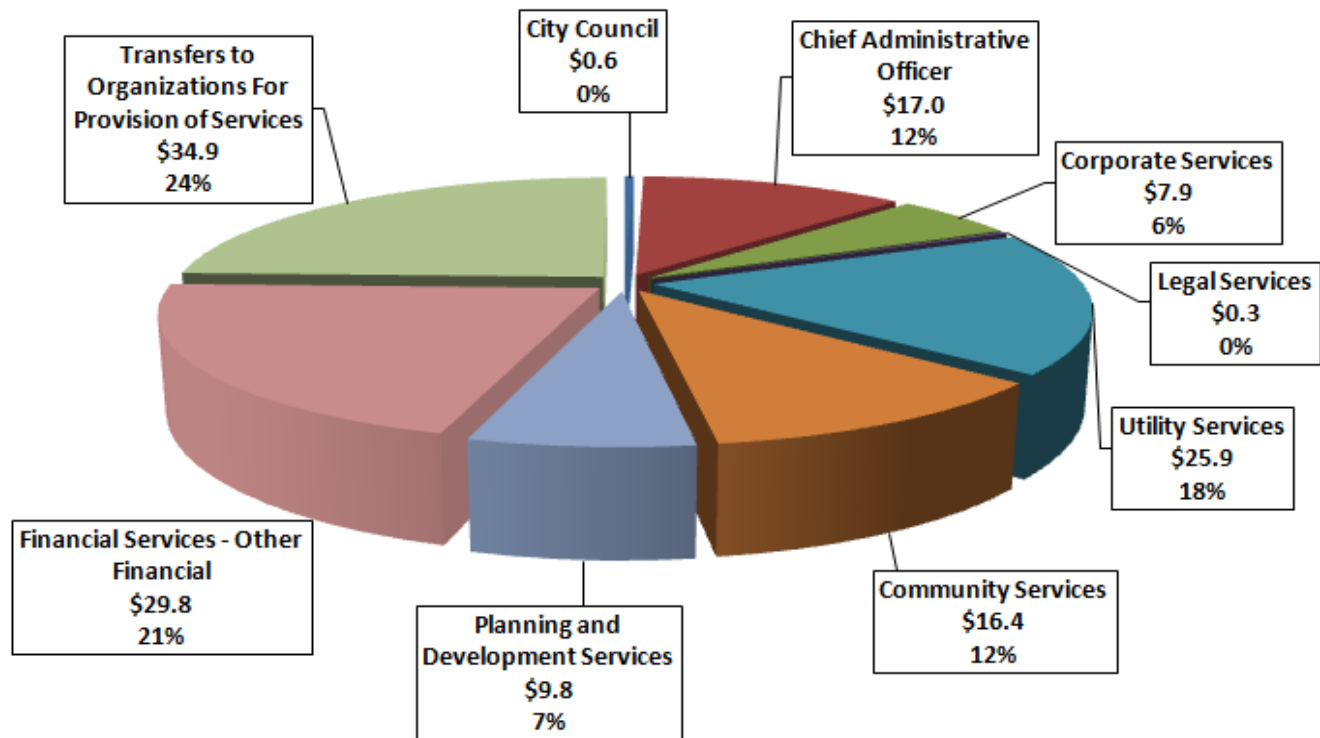
Gross expenditures of \$271.3 million less

\$ 128.9 million in direct revenues, such as conditional grants and user fees, results in net expenditures of \$142.4 million

2018 budget net expenditures had a year over year increase of 4.41%

2018 Budget

Net Expenditures - increased by 4.41 %





Net Expenditures(\$142.4 M) to Net Tax Levy Reqmt (\$127.4 M)

- Corporate revenues (\$15.0 M) such as Supp Taxes, Investment Interest, Payments-in-lieu and Dividends from COPHI are deducted to arrive at 2018 budget Net Tax Levy Requirement (\$127.4 M) that must be raised through the Municipal Tax Rate



The Guideline Report

- Guideline Report provides updates on key information and recommendations for 2019
- Overall Guideline provides staff with an “All-inclusive” target that staff will meet when Draft Budget presented in December 2018



2019 Budget Guideline

Key recommendations for 2019



All inclusive increase proposed 2.5%

- For 2019 a 2.5% all-inclusive increase = \$98.4 annual increase.
- “all inclusive” means the municipal, education and sewer surcharge increase for single family dwelling “not on water” assessed at \$251,700
- The 2018 equivalent increase was \$109.17



2019 Budget Guideline

The Draft 2019 budget is to reflect an estimated 2.5% all-inclusive tax increase comprised of:

- 1.87% for increased operating costs
- 0.38% to provide \$620,000 for Storm Water Protection
- And 0.25% to provide \$350,000 in Sewer Surcharge.
- **0.00%** to implement the Capital Financing Policy approved by Council at its meeting held April 23, 2012



2019 Budget Guideline

- The portions of the all-inclusive tax increase for operating cost increase, and waste water protection are included in the increase in Net Requirement (the taxes to be collected)
- The additional sewer surcharge capital financing is collected through an increase to the Sewer Surcharge rate from 97.1% to 99.1%



Tax Ratio Reduction Program (TRRP)

- It is recommended that the tax ratio program continue for 2019 for **Commercial** and **Industrial Tax** ratios
- **Shifts tax burden** from the these classes to residential
- Changes to the program starting in 2015 have sought to ease the transition to the residential tax payer through plan deferrals and pushed out the target date from 2017 to 2020 for Commercial and 2021 for Industrial
- With the work that has been done to date, the City is now below average among its peers



Areas of Interest in Operating Budget

- Personnel Costs - \$2.3 M
- Utility cost pressures - \$600,000
- Casino tax revenues - \$(800,000)
- Increase in Min Wage - \$100,000
- Vehicle fuel prices \$ 500,000
- Additional funding of \$150,000 to the Downtown Business Improvement Area
- Waste water protection and storm & sanitary sewer - \$ 970,000
- "Below the line" PCCP expanded levels of service - \$900,000



Peterborough Police Service

That the increase in the Police Services portion of the draft 2019 Operating Budget reflect no more than the Operating portion of Net Tax Levy increase (estimated to be 2.9%), and any increase in the net Police Services budget beyond the estimated Operating Portion of the Net Tax Levy increase be addressed by Council as part of the detailed 2019 Budget deliberations to occur in January of 2019.



2019 Capital Budget

- The pressure of City capital asset maintenance and expansion programs continues
- However, staff recommend a **0.0%** increase related to the Capital Financing Policy Report CPFS12-011 April 14, 2012.
- Rationale:
 - Tax supported debt will be supported by \$1.2 million of servicing costs freed up by maturing debt - equates to \$10.6 M of tax supported debt financing
 - Casino – 2019 first full year of gaming revenues - \$4.0M
- The following chart shows pre-committed amounts of Debt and Capital Levy

2019 Tax Supported Capital Pre-commitments

	Project Name	Report Reference	Development Charges	Casino Reserve	Tax Supported Debt/Capital Levy	Total 2019 Commitment
1	Crawford Drive and Harper Road Extension - 2018-2019	PLPD17-026 (2019 only)	\$2,000,000	\$1,000,000	\$1,000,000	\$4,000,000
2	Peterborough Memorial Centre – Floor	CPPS17-015			\$2,000,000	\$2,000,000
3	Peterborough Operations Centre - New Generator	USDIR18-006			\$450,000	\$450,000
4	Canadian Canoe Museum – Capital Build	CSD17-030			\$500,000	\$500,000
5	Hospice Peterborough 2016 – 2018	CPFS15-036			\$200,000	\$200,000
6	Humane Society 2017-2021	OCS16-002			\$400,000	\$400,000
7	Fairhaven	CPFS12-062			\$208,100	\$208,100
8	Total		\$2,000,000	\$1,000,000	\$4,758,100	\$7,758,100



Key Challenges Ahead for Staff

- Accommodating both inflationary and incremental cost pressures within the 1.87% operating portion of the all-inclusive increase
- Continuing Capital Pressures – scope of capital works required and cost escalations

Next Steps - Budget Review Timetable

Date	Event
Budget Committee/Council deliberates 2019 Guideline Report	June 25, 2018 / July 9, 2018
Documents presented to New Budget Committee	Dec 3, 2018
Public Meeting	Jan 9, 2019
Council members review documents individually	Until Jan14, 2019
Budget Committee Reviews	Jan 14 – Jan 17
2019 Budget Approved	Feb 4, 2019



Questions