



City of  
**Peterborough**

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**To:** **Members of the Budget Committee**

**From:** **Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **June 29, 2016**

**Subject:** **Report CPFS16-014**  
**Notice of Public Meeting – June 29, 2016**  
**2017 Budget Guideline Report**

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## **Purpose**

A report to advise Council that a public meeting will be held Wednesday, June 29, 2016 at 6:30 pm to present a 2017 Budget Guideline Report and to hear public delegations.

## **Recommendations**

That Council approve the recommendations outlined in Report CPFS16-014 dated June 29, 2016, of the Director of Corporate Services, as follows:

- a) That Report CPFS16-014, advising Council that a public meeting will be held on June 29, 2016 at 6:30 pm to present a 2017 Budget Guideline Report, as set out in Appendix A to Report CPFS16-014, and to hear public delegations, be received.
- b) That the 2017 Guideline Report, as set out in Appendix A, be presented to the July 25, 2016 Budget Committee meeting.

## Budget and Financial Implications

There is no budget or financial implications to receiving the report. A report will be presented to the July 25, 2016 Budget Committee containing specific recommendations for the 2017 Budget Guideline Report and which addresses issues that may arise during the June 29, 2016 public meeting.

## Background

A public meeting will be held on June 29, 2016 at 6:30 pm, during which staff will present a 2017 Budget Guideline Report, attached as Appendix A.

Members of the public will then have an opportunity to make presentations or comment to Council about the proposed Guidelines. 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.

Three other documents are attached to this report to provide some context as to the cost of City services and to provide updated information on topics that were specifically of interest at the 2016 Budget Public Meeting. They are:

- Appendix B – 2016 Gross Operating Expenditures and 2016 Net Operating Expenditures
- Appendix C - What a Residential Taxpayer Pays for Various Municipal Services for the year 2016
- Appendix D - Comments made during the 2016 Budget Public Meeting with updated staff responses

The purpose of the Public Meeting is to provide an opportunity for the public to provide input into the budget process prior to July 25, 2016 when the guideline will be discussed and set by Council.

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

Council is not required to make any final decisions during the June 29, 2016 Public Meeting or give direction to staff.

A staff report will be presented to the July 25, 2016 Budget Committee, setting out the final recommendations, and staff will attempt to address any issues raised during the public meeting or will outline how the issue will be addressed.

Submitted by,

Sandra Clancy  
Director of Corporate Services

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Attachments:

- Appendix A - CPFS16-015 - 2017 Budget Guidelines Report
- Appendix B – 2016 Gross Operating Expenditures and 2016 Net Operating Expenditures
- Appendix C - What a Residential Taxpayer Pays for Various Municipal Services for the year 2016
- Appendix D - Comments made during the 2016 Budget Public Meeting with updated staff responses

Appendix A

**Report CPFS16-015**  
**2017 Budget Guidelines**



City of  
**Peterborough**

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**To: Members of the Budget Committee**

**From: Sandra Clancy, Director of Corporate Services**

**Meeting Date: July 25, 2016**

**Subject: Report CPFS16-015  
2017 Budget Guidelines**

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## **Purpose**

A report to recommend the 2017 Budget Guidelines.

## **Recommendations**

That Council approve the recommendations outlined in Report CPFS16-015, dated July 25, 2016, of the Director of Corporate Services, as follows:

- a) That the Draft 2017 Operating Budget reflects an estimated 2.00% all-inclusive (Municipal, Education and Sewer Surcharge) increase for increased operating costs and traditional support for the capital program.
- b) That the Draft 2017 Operating Budget reflect an additional 1.0% all-inclusive (Municipal, Education and Sewer Surcharge) increase to fund the 2017 increase for tax-supported debt charges and any increase to base capital levy to continue to implement the Capital Financing Policy approved by Council at its meeting held April 23, 2012.
- c) That the revised Tax Ratio Reduction Program continues for the 2017 Draft Budget and reflects reductions:
  - i) to the Commercial and Industrial Class Tax Ratios but not the Multi-residential Class, and
  - ii) at the reduced rate established through the 2016 Budget process.

- d) That the increase in the Police Services portion of the draft 2017 Operating Budget reflect no more than the Operating portion of Net Tax Levy increase ( estimated to be 2.1%), 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 2017 Budget deliberations to occur in November of 2016.
- e) That the 2017 Highlights Book includes a section on the information gathered through the Public Meeting held on June 29, 2016 and a response to each.

## **Budget and Financial Implications**

When ultimately approved, the Budget will have significant financial implications for both the City and taxpayers.

Based on a number of early assumptions, a 3.00% all inclusive rate increase equates to a \$4.1 million (3.4%) increase in total tax levy requirements. Approximately \$1.5 million (1.3%) of the total increase would be used to implement the capital financing policy and \$2.6 million (2.1%) would be used to fund all other operating increases.

For an average taxpayer based on an estimated 2017 median assessed value of \$233,500, 3.00% would add an estimated \$112 to the combined municipal, education and sewer surcharge levy.

Recommendation c) does not impact the 2017 levy requirement nor the amount of tax collected, but does reduce the tax burden from the Commercial and Industrial Classes, and shifts the burden to the Residential and Multi-residential Tax Classes. The impact to the Residential and Multi-residential Tax Class is estimated to be \$387,500 or 0.25% on the all-inclusive increase.

## **Background**

### **2017 Budget Process Began April, 2016**

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In April 2016, staff began the process of compiling the preliminary 2017 Budget estimates.

During the various review stages, staff will ensure the 2017 Draft Budget, to be presented to Budget Committee on November 7, achieves the guidelines ultimately approved through discussions of this report.

### 3.00% All-Inclusive Increase

Staff recommend a 3.00% all-inclusive increase comprised of a 2.00% general increase and a 1.0% component to continue to implement Council's Capital Financing policy approved April 23, 2012.

Based on the preliminary analysis done to date, further amounts will have to be found through a combination of expenditure reductions and revenue increases to meet the 2.00% general increase target in order to present a draft budget at 3.00%.

### 2017 Operating Budget

A general discussion on a number of factors is set out below:

#### Assessment – 2017 is Year 1 of New 4 Year Cycle

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.

Beginning with the 2009 taxation year, amendments to the Assessment Act provided for a four-year assessment update cycle. The years 2009 – 2012 were based on a valuation date of January 1, 2008. For 2013, and continuing through 2016, property assessment values have been based on a January 1, 2012 valuation date. For 2017, and continuing through 2020, property assessment values will be based on a January 1, 2016 valuation date.

The following provides a sample calculation of the assessment phase-in.

CVA based on January 1, 2016 valuation date:	\$280,000
CVA based on January 1, 2012 valuation date:	<u>\$240,000</u>
Change in CVA (total amount to be phased-in):	\$40,000

Annual amount to be phased-in: \$40,000 / 4 years = \$10,000 per year

Taxation Year	2016	2017	2018	2019	2020
Valuation Date	January 1, 2012	January 1, 2016	January 1, 2016	January 1, 2016	January 1, 2016
Phase-in %	--	25%	50%	75%	100%
CVA figure used for taxation	\$240,000	\$250,000	\$260,000	\$270,000	\$280,000*

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

For the purposes of the preliminary analysis presented in this report, staff have assumed that reassessment has no overall impact.

### **Assessment – 0.61% 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 and estimate real assessment will follow similar increases as used in the 2016 Budget. Overall, assessments will increase by 0.61% and with each class as follows for 2017:

- Residential 0.75%
- Multi-residential 1.00%
- Commercial 0.00%
- Industrial 0.00%

The preliminary analysis completed so far, does not substantiate any realizable growth in the Commercial sector.

### **Economic Factors - Consumer Price Index (CPI) projected to be approximately 2.0% for 2017**

In 2016, in releasing the Ontario Budget, the Province provided their Economic and Fiscal Outlook. In doing so, the Minister projected inflation for 2017 at 2.0%.

<b>TABLE 3.1 Ontario Economic Outlook (Per Cent)</b>					
	<b>2013</b>	<b>2014</b>	<b>2015p</b>	<b>2016p</b>	<b>2017p</b>
Real GDP Growth	1.3	2.7	2.5	2.2	2.4
Nominal GDP Growth	1.9	4.1	3.6	4.0	4.6
Employment Growth	1.8	0.8	0.7	1.1	1.2
CPI Inflation	1.0	2.4	1.2	1.8	2.0

p = Ontario Ministry of Finance planning projection.

More recent information published by the financial sector, such as CIBC Capital Markets (Economic Insights – May 11, 2016), project 2017 inflation at 2.2% for Canada. Similarly, Scotiabank (Global Forecast Update – May 11, 2016) project 2017 inflation at 2.0% for Canada. For 2017, the City's Draft Budget will be prepared assuming a 2.0% inflationary increase.

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.

**Personnel Costs (excluding Police) - \$2.1 million impact**

Personnel costs are a major component of the operating budget. Contracts actually settled for 2017 include all the CUPE groups as well as the Non-Union group. Appropriate assumptions for negotiated settlements will be made for contract settlements with the Amalgamated Transit Union (Local 1320), and the Peterborough Professional Fire Fighters Association (Local 169). When grid steps and annualizations of 2016 new hires are considered, the 2017 impact is expected to be \$2.1 million. These numbers do not include Police Services which are referenced in a separate section of this report.

**Utility Services**

In the last decade, annexation as well as new subdivisions have been putting additional pressure on Utility Services staff. To maintain existing levels of service in the areas such as road maintenance, parks maintenance, garbage collection, street light maintenance and traffic studies, it is anticipated that additional staff and expenses will be recommended in the 2017 Operating Budget. Specific amounts are not yet known.

**Social Services**

There are numerous issues that staff are currently working through for the 2017 Draft Budget. Three of the more significant issues are as follows:

**A. Mandatory Benefits - Provincial Upload, Case Load and Cost Per Case**

The Province is continuing to upload social assistance benefit costs. The programs affected include: Ontario Works (OW) – Mandatory Benefits, OW - Discretionary Benefits and portions of Addiction Services and OW Administration. The upload plan was announced in the fall of 2008 as part of the “Provincial – Municipal Fiscal and Service Delivery Review (The Plan) document, and The Plan was to upload the cost over the period 2010 to 2018. The Plan clearly stated municipalities benefiting from the upload of the three major social assistance benefit programs over time, will have greater room in their budgets for infrastructure spending. The Province – and some others in the community have argued, however, that municipalities should redirect some of these savings to offset Provincial cut backs in discretionary benefit funding and housing.

For 2017, the Provincial share becomes 97.2% (2016 – 94.2%) and the municipal share 2.8% (2015 – 5.8%). In dollar terms, the 3.0% shift in impact for the City is estimated to be \$916,000.

The average caseload, for the first quarter of 2016 is approximately 3,181, which is below the budgeted average of 3,270. For 2017, staff are projecting a decrease of 1.9% in the average caseload (3,208) from the previous year budget.

However, the projected decrease in average caseloads will be somewhat offset by a projected increase in the mandatory benefits cost per case. The average cost per case for January-April 2016 is \$678.39. However, the Province has made several changes that will impact the Cost per Case of Mandatory Benefits in 2017. These include a 1.5% rate increase to families, an additional increase of \$25/month for single individuals (approximate 3.7% increase) and the reduction of recoveries applied to OW benefits. Although all are good news to the most vulnerable in our community, it does increase the average cost per case for 2017 to \$704.33.

Altogether, the net impact of changes to Mandatory Benefits is expected to be reduced by approximately \$830,000.

#### **B. Discretionary Benefits**

For 2017, it is anticipated that an additional \$50,000 will be requested for dentures to help support this high pressure area, however, the increase in provincial subsidy will partially offset this amount. No draw is expected to be required from the Social Services Reserve.

#### **C. Community Homelessness Prevention Initiative (CHPI)**

In a letter dated March 30, 2015, the Ministry of Municipal Affairs and Housing announced that the \$3.3 million in CHPI funding would be annualized for the next two fiscal years – to March 31, 2017. The City will not know the CHPI funding allocation for the next fiscal period April 2017-March 2018 until sometime in the fall. The 2017 budget assumes that funding will remain the same. Staff will review and report on any changes in funding at that time.

#### **D. Net Value of Upload**

When all other program increases and decreases are considered, such as inflationary cost increases with some contracts and goods and services, and the change in the cost per case for mandatory benefits, the resulting value of the upload is reduced to approximately \$0.7 million.

#### **Utilities**

Although the City does have a Price Hedging contract in place that should mitigate at least a portion of any increase, staff estimate that electricity expenses will increase by approximately 6% in 2017 over 2016 actual costs. However, for 2017, staff have established a new centralized approach to setting utility budgets, and for this reason there is a truing up budget estimates across City Departments. Altogether, staff estimate a budget impact of approximately \$239,000 (4.4%) when the electricity used in street lights is included.

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

The Consolidated Service Agreement with the County of Peterborough uses the previous year's weighted average current value assessment to calculate the City-County proportionate share for both Provincial Offences and Social Housing. For 2017, the County's share is 54.5% (2016 – 54.2%) and the City's is 45.5% (2016 – 45.8%).

## **Municipal Rent Supplements**

Rent supplements are an effective way to address issues of affordability, create stability for low-income renters and prevent homelessness as was identified in the 10 Year Housing and Homelessness Plan. Commitment 6 of the Plan stated that the City would look for funding opportunities to expand the number of rent supplements. The City, as Service Manager, continues to advocate for the provincial and federal government to participate to a greater extent in this type of direct assistance.

Council approved, through Report PLHD14-002, a Municipal Rent Supplement Program of \$200,000 that was funded through a combination of Provincial and Municipal revenue. By 2015, 95 low-income households were signed up for the new Municipal Rent Supplement program, and these households continue to benefit from a small portion of their rent being paid directly to their landlord. Other provincially funded rent supplement programs administered by the City as Service Manager are time-limited with funding due to drop off as early as 2018.

Despite these efforts, there continues to be a significant affordability problem. Based on the 2015 Rental Housing Index Report, 2,650 households pay more than 50% of their income on housing costs.

Through Report CSSH16-002 Budget Update related to Housing Stability and Rent Supplements dated March 29, 2016, Council approved an immediate increase to the Municipal rent supplement budget in 2016 with a \$50,000 draw from the Social Services Reserve and then pre-committed (because rent supplements constitute an on-going commitment to landlords) \$100,000 in 2017 and subsequent years to maintain those rent supplements. This level of investment assists a minimum of 25-30 more low-income households with \$200 to \$300 in monthly payments to their landlords.

## **Emergency Services**

### **A. Police Services**

Based on the corporate guideline target of 2.0% + 1.0%, the net increase equates to an amount to be raised from taxation of 3.4% or \$4.1 million. The Operating component (or the 2.00%) results in an increase to the Net Tax Levy in the range of 2.1% or \$2.6 million. That means all departmental requests and outside board requests have to be accommodated within a 2.1% tax levy

increase for staff to meet the proposed 2017 budget guidelines. The percentage and amount will be updated as budget assumptions are refined.

Accordingly, staff recommend that the increase in the Police Services portion of the draft 2017 Operating Budget reflect no more than the Operating portion of Net Tax Levy increase (estimated to be 2.1%), 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 2017 Budget deliberations to occur in November of 2016..

With such an approach, Council can then determine, when reviewing all of the priorities from various department budgets, to what extent any additional Police amounts should be considered over and above the 2.00% + 1.0% guideline. Alternatively, Council may determine reductions should be made elsewhere in departmental budgets to be able to provide Police more than the 2017 increase in the Operating portion of the Net Tax Levy.

#### **B. Peterborough County/City Paramedics (PCCP)**

As reported to the June 9, 2016 Joint Services Steering Committee, the PCCP has now completed the 10 Year Resources and Facilities Master Plan consultation process for service delivery.

The number one priority of PCCP is to provide the best possible out of hospital response and clinical care to the residents and visitors of Peterborough County and City and to do so in the most effective and efficient method possible. To guide the department in planning to accomplish these goals sustainably, PCCP issued an RFP to complete a 10 Year Resources and Master Plan.

As part of this process, there were numerous deliverables including identifying optimal station locations, the number of ambulances required and personnel requirements.

The implementation of the various recommendations will be subject to annual budget processes or other reports as appropriate. Although too early to quantify financial impacts for the 2017 Budget, Council should expect financial pressures in this area.

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

The City is expecting to receive \$5.442 million in dividend payments in 2016 from CoPHI, the Peterborough Utilities Group of Companies. At the current time, 2017 dividend revenues, from CoPHI, are assumed to be \$5.553 million, however, the potential divestment of PDI would have a substantial financial implication should a transaction occur, including future expected dividend revenues. That matter will be the subject of a future report.

## Education Rates – expected to decrease slightly

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. The 2017 Draft Budget will be prepared and presented to Council based on the premise that the Education rates will decrease 3.75% as in 2016.

## Comparative All Inclusive Tax and Sewer Surcharge Rates and Levies

Taking all the above recommendations into consideration, the following chart summarizes the residential tax and sewer rates and resulting levies for a median single family dwelling:

Comparative All Inclusive Tax and Sewer Surcharge Rates and Levies For Median Single Family Dwelling (Not on Water)					
Ref C1	Description C2	2016 C3	2017 C4	Change from 2016	
				Amount C5	% C6
1.01	<b>Gross Expenditures</b>	250,192,721	260,200,430	10,007,709	4.0%
1.02	Amount raised from taxation (see note 3)	119,546,172	123,666,019	4,119,847	3.4%
1.03	Effect of tax ratio plan on change in all-inclusive rate				0.3%
1.04	Effect of 2016 Real Assessment Growth on change in all-inclusive rate				-0.6%
2.00	<b>Residential Tax Rates</b>				
2.01	Municipal	1.2544830%	1.2713020%	0.0168190%	1.3%
2.02	Education (estimate)	0.1880000%	0.1809500%	-0.0070500%	-3.8%
2.03	<b>Total</b>	<b>1.4424830%</b>	<b>1.4522520%</b>	<b>0.0097690%</b>	<b>0.7%</b>
3.00	<b>Average Annual Water Rates</b>	456.53	466.57	10.04	2.2%
4.00	<b>Sewer Surcharge Effective Rate</b>	<b>95.0%</b>	<b>95.0%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>Levies / Collected</b>				
5.00	Water Revenues	15,929,464	16,279,900	350,436	2.2%
5.01	Sewer Surcharge	15,133,000	15,465,900	332,900	2.2%
6.00	Estimated Median Assessed Value - SFD Not on Water	228,000	233,500	5,500	2.4%
7.00	<b>Residential Tax Levy on Assessment</b>				
7.01	Municipal	2,860.22	2,968.49	108.27	3.8%
7.02	Education	428.64	422.52	-6.12	-1.4%
7.03	<b>Total</b>	<b>3,288.86</b>	<b>3,391.01</b>	<b>102.15</b>	<b>3.1%</b>
7.04	Per month	274.07	282.58	8.51	3.1%
8.00	<b>Sewer Surcharge Payable</b>	433.70	443.24	9.54	2.2%
8.01	Per Month	36.14	36.94	0.80	2.2%
9.00	<b>Total Municipal Tax and Sewer</b>	<b>3,293.92</b>	<b>3,411.73</b>	<b>117.81</b>	<b>3.6%</b>
9.01	Per Month	274.49	284.31	9.82	3.6%
10.00	<b>Combined Mun and Ed Tax Plus Sewer Surcharge</b>	<b>3,722.56</b>	<b>3,834.25</b>	<b>111.69</b>	<b>3.00%</b>
10.01	Per Month	310.21	319.52	9.31	3.00%
<b>Notes</b> 1 The tax levies shown are for the median single family dwelling unit (not on water) assessed at \$228,000 for 2016 and 233,500 for 2017. Individual tax levies and percentage changes will vary depending on actual assessed values each year.  2 A \$1,550,807 change in net tax levy for 2017 equates to a 1% change in the Combined Municipal and Education Tax on Assessment plus Sewer Surcharge. For example, to lower the 2017 proposed 2.5% increase to 1.5%, \$1,550,807 net tax levy funded expenditures would have to be cut.					

## 2017 Capital Budget

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The amount of capital work to be done to maintain the City's assets or expand its infrastructure due to increasing demands continues. The following outlines the strategies suggested for 2017.

### 1.0% to Continue to Implement Capital Financing Policy

At its meeting held April 23, 2012, based on recommendations in Report CPFS12-011, dated April 4, 2012, Council approved a new Capital Financing Policy. The new policy identified additional capital levy and created additional capacity to issue new debt, but increased the amount of annual principal and interest to be repaid that has to be budgeted in the annual operating budget.

The following motions were included in Report CPFS12-011 and were approved:

- 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.

The Province calculates the City's Annual Debt Repayment Limit by comparing debt servicing costs, which is the amount of principal and interest payments made during the year, to the amount of the City's own-purpose revenues. The Provincial cap is 25% of own-purpose revenues. According to the Provincial limit, this equates to annual debt principal and interest payments for 2016 of approximately \$47.9 million, which is \$34.2 million above 2015 debt servicing costs.

The City's more stringent internal debt limit adopted by Council is 15% of own-purpose revenues, or \$28.7 million. The 15% is further split between tax supported debt of 8% and non-tax supported debt of 7%. For 2016, according to the internal limit the City has used, or has made commitments to use, 82% (\$23.4 million / \$28.7 million = 82%) of its debt capacity.

This policy was recommended and followed for the years 2013, 2014 and 2015.

For 2016, the initial guideline report (Report CPFS15-036, dated July 27, 2015, recommended that the 2016 Draft Budget include additional capital financing at a level of 0.5% of the all-inclusive tax increase. However, as a result of discussions from Report CPFS15-055 Funds Required and Timelines for Key Capital Projects, dated November 23, 2015, a further increase of 0.5% was approved. The motion read as follows:

That a further increase of 0.5% be added to the 0.5% 2016 capital component of the all-inclusive tax increase, for a total 2016 all-inclusive increase of 3.01%, and that the 2017 Draft Capital Budget be prepared to include a further 1.00% all-inclusive tax rate increase for key specific projects.

The key projects discussed are shown in Chart 1:

**Chart 1**

<b>Ref</b>	<b>Project Name</b>	<b>2016 Project No.</b>	<b>Estimated Total Tax Supported Amount (million)</b>	<b>Amount Included in 2016 and Prior Years (million)</b>	<b>Amount not funded (million)</b>
1	New Arena Facility	6-6.04	\$12.125	\$1.031	\$11.094
2	Public Works Relocation Project	5-8.06	\$15.06	\$8.852	\$6.208
3	Charlotte Street Renewal and Louis Street Urban Park	7-1.07	\$8.60	\$5.80	\$2.80
	<b>Total</b>		<b>\$35.785</b>	<b>\$15.683</b>	<b>\$20.102</b>

It is anticipated that Council will once again want to support the above 3 projects.

2017 will represent the fifth year of implementing the new policy.

The policy effectively created capacity to issue debt and move important capital works forward. The amount of debt that can be issued depends largely on the term of the debt and the interest rates available in the market place. Assuming all Tax Supported debt was issued for a term of ten years and non-tax-supported for 20 years, the policy would allow another \$25.2 million in tax-supported debt and \$35.3 million in non-tax-supported debt, for a combined amount of \$60.5 million, to be issued.

For 2017, assuming an interest rate of 2.5% and a 10 year term, this recommendation results in an additional \$13.1 million in tax-supported debt being issued.

**Pre-commitments of Capital Financing**

Council has made the following pre-commitments towards the 2017 Capital program:

**A. Bears Creek Flood Reduction**

Report CPFS16-007, dated February 22, 2016, was approved by Council which authorized the City to apply for funding under the Ontario Community Infrastructure Fund Application Based Contribution Agreement and the City's portion is to be funded through recommendation c) of the report which was:

- c) That the \$1,500,000 municipal share for the Bears Creek Flood Reduction – Marina Boulevard major System Bypass Project be funded from the 2017 Flood Reduction Master Plan Reserve – Capital Levy in the 2017 Capital Budget.

**B. Library Renovation and Expansion**

The Library renovation and expansion project is well underway. This was possible due to the recommendation contained in Report CPFS16-006, dated February 16, 2016 which read:

That the \$4,350,000 budget amount proposed for the 2017 Capital Budget for the Library Renovations and Expansion project be pre-committed.

**C. Peterborough Humane Society Funding Request**

Based on Report OCS16-002, dated May 30, 2016, the Draft 2017 Budget will include \$0.3 million as the City's first year commitment to the relocation project with a total of \$1.5 million towards the construction costs in total over the five year period 2017 to 2021.

**Other Capital Pressures**

In addition to these major construction projects and pre-commitments, there are many other requests for assistance for community projects that will also add pressure to the 2017 capital budget such as the Hospice Peterborough Care Centre, Canoe Museum relocation, Brock Street Mission renovation and Agricultural Society Revitalization.

**Flood Reduction Master Plan****A. Sewer Surcharge**

Since 2005, an amount has been set aside from Sewer Surcharge and directed towards the Flood Reduction Master Plan program. At the present time, it appears there is sufficient approved funding in place for the flood mitigation projects to continue throughout 2017 without infusing new funds into the program. As part of the 2017 Budget process, staff will review the \$2.5 million traditionally set aside from the Waste Water Reserve and other Waste Water funded capital projects and may recommend a change to this traditional support.

**B. Capital Levy**

Also since 2005, an amount has been set aside from Capital Levy and directed towards the Flood Reduction Master Plan program. As well, as part of the 2017 Budget process, staff will review the \$2.5 million traditionally set aside from the Capital Levy and may recommend a change to this traditional support.

**Casino – impacts on 2017 Budget**

On May 16, 2016, based on Report PLPD16-038 dated May 9, 2016, Council approved a change to the Official Plan and Zoning Bylaw that will permit the establishment of a casino, hotel and restaurant at 1400 Crawford Drive. It is anticipated that the casino will be operational near the end of 2017, therefore there are no direct impacts to the operating budget in terms of property tax revenues or other revenues until 2018.

The development of the subject site will necessitate the completion of the planned improvements to The Parkway/Crawford Drive intersection as well as the realignment of Harper Road. All roadworks are contemplated in the approved Class Environmental Assessment. The infrastructure costs for such improvements have a preliminary municipal cost estimate of \$5.0 million. However, detailed estimates and cost sharing arrangements will be finalized through the site plan agreement process and any City costs will be included in the 2017 Capital Budget.

Construction of the proposed casino and hotel are estimated to generate approximately \$900,000 in Development Charges.

**Participatory Budgeting Project**

The Participatory Budgeting process is being implemented as a pilot project in 2016. It will not be completed until after the 2017 budget has been completed. As has been expressed in previous reports, no process will be identified in the 2017 budget. Once the 2016 project has been completed and a de-brief has taken place, a similar project may be included in the 2018 budget.

## Summary

If the recommendations in this report are approved, staff will prepare a Draft Budget that reflects a target 3.0% all-inclusive tax increase, with up to 1.0% of that being used for the Capital Financing Policy. There are however, several impacts that are unknown at this time and there is risk in committing to this increase. As always, preparing a Draft Budget, supporting existing levels of service at a reasonable cost to taxpayers will be a difficult task.

Submitted by,

Sandra Clancy  
Director of Corporate Services

Contact Name:

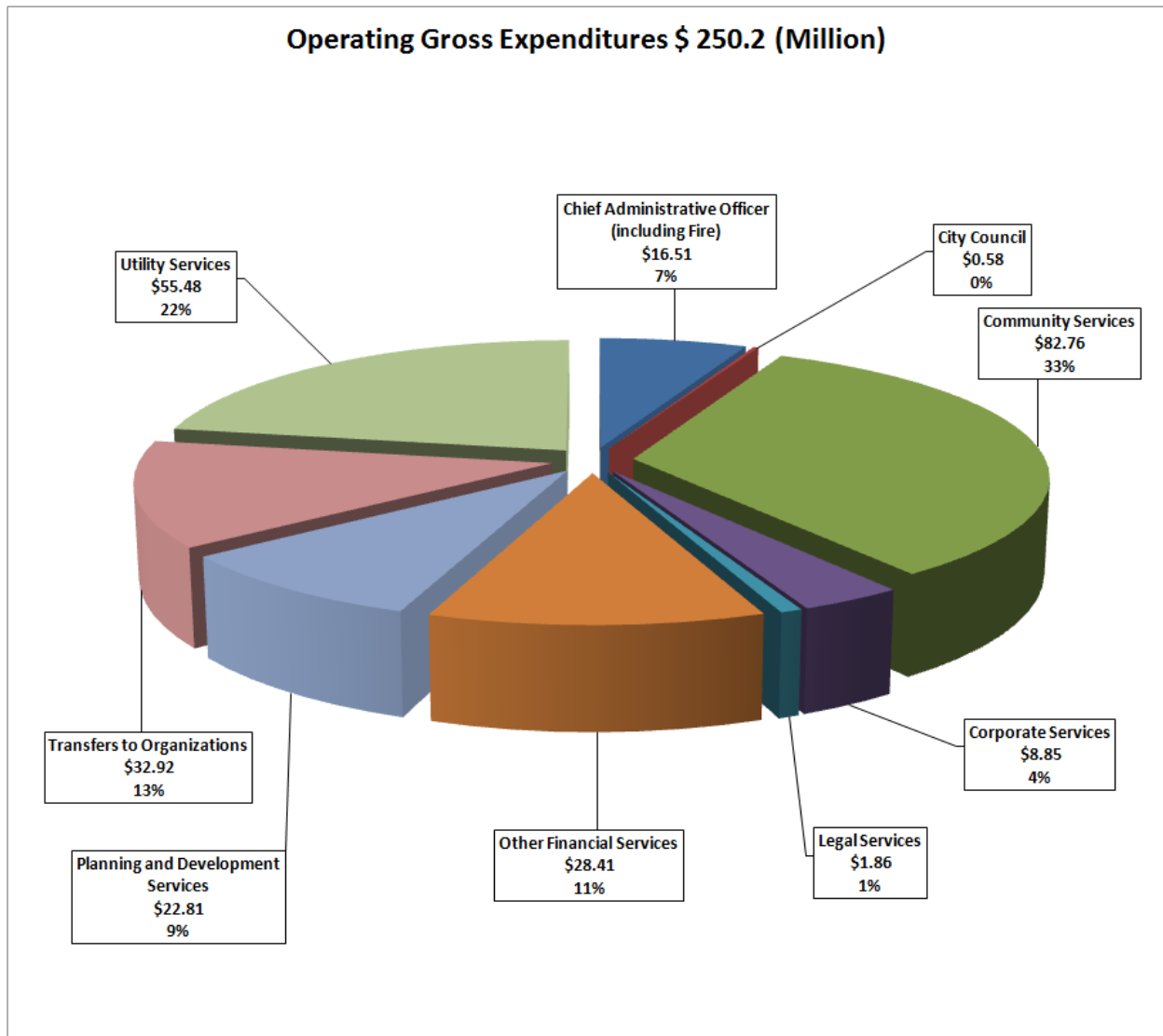
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Appendix B

**2016 Gross Operating Expenditures and  
2016 Net Operating Expenditures**

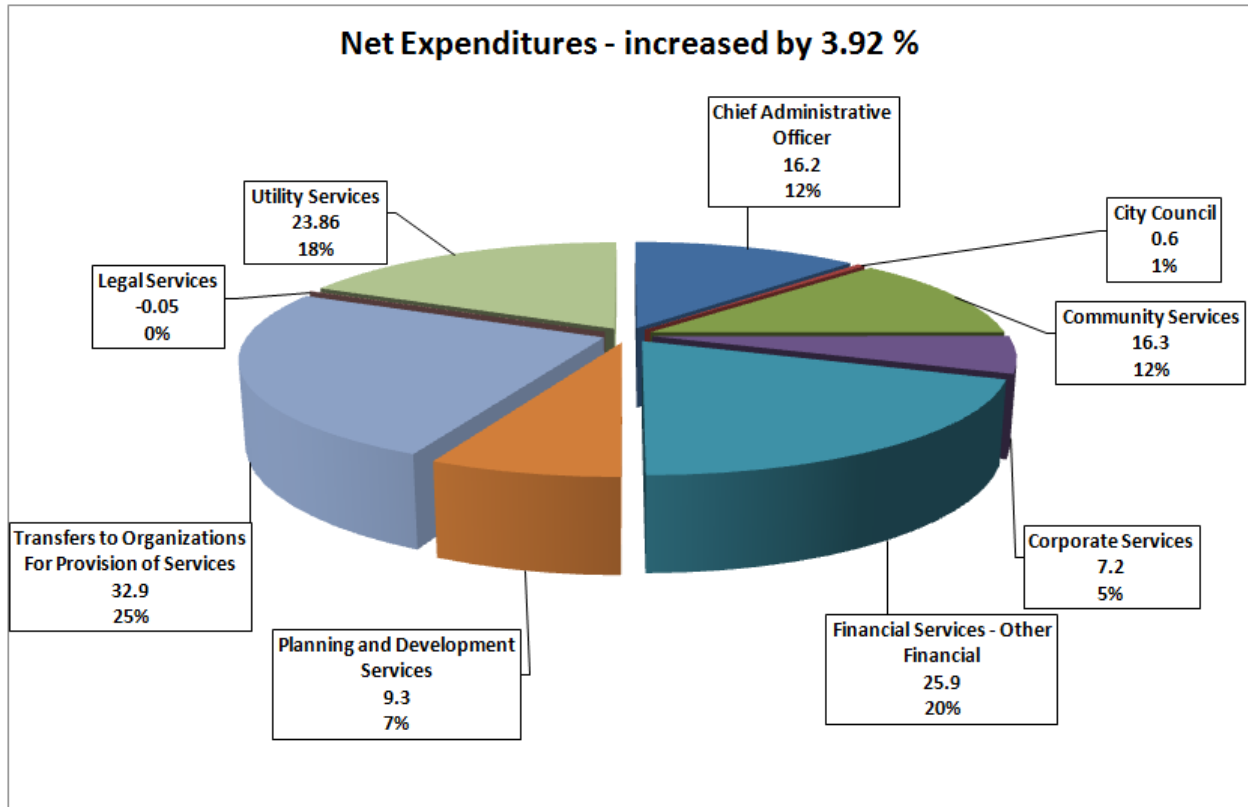
## 2016 Gross Operating Expenditures

The following chart illustrate the Gross Operating Expenditures by Department.



## 2016 Net Operating Expenditures

Gross expenditures, less direct revenues of \$118.0 million, such as conditional grants and user fees, result in net expenditure requirements for 2016 of \$132.2 million as shown in the following chart.



## Appendix C

### **What a Residential Taxpayer Pays for Various Municipal Services for the year 2016**

**What a Residential Tax Payer Pays for Various Municipal Services**  
**For the Year 2016**  
**Based on a home assessed at \$228,000**

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	580,955	55,814	525,097	0.005510%	12.56	0.44%
	580,955	55,814	525,097	0.005510%	12.56	0.44%
<b>Chief Administrative Officer</b>						
Office of Chief Administrative Officer	471,763	45,323	426,404	0.004475%	10.20	0.36%
Fire Services	15,392,283	1,478,768	13,912,343	0.145992%	332.86	11.71%
Emergency Management	296,917	28,525	268,369	0.002816%	6.42	0.23%
	16,160,963	1,552,616	14,607,116	0.153283%	349.48	12.30%
<b>Corporate Services</b>						
City Clerk	680,245	65,352	614,840	0.006452%	14.71	0.52%
Financial & Property Services	3,518,214	338,002	3,179,944	0.033369%	76.08	2.68%
Human Resources	1,047,467	100,632	946,755	0.009935%	22.65	0.80%
Corporate Information Services	1,803,494	173,265	1,630,091	0.017106%	39.00	1.37%
Facilities and Special Projects	144,503	13,883	130,610	0.001371%	3.12	0.11%
	7,193,923	691,134	6,502,240	0.068233%	155.57	5.47%
<b>Legal Services</b>						
Office of the Solicitor	540,650	51,941	488,668	0.005128%	11.69	0.41%
Provincial Offences Act Office	-467,524	-44,916	-422,572	-0.004434%	-10.11	-0.36%
	73,127	7,025	66,096	0.000694%	1.58	0.06%
<b>Utility Services</b>						
Office of the Utilities Services Director	414,696	39,841	374,823	0.003933%	8.97	0.32%
Engineering, Construction and Infrastructure Planning	1,590,518	152,804	1,437,593	0.015086%	34.40	1.21%
Public Works	8,126,225	780,703	7,344,904	0.077075%	175.73	6.18%
Transportation	8,900,200	855,061	8,044,462	0.084416%	192.47	6.77%
Environmental Protection	554,228	53,246	500,940	0.005257%	11.99	0.42%
Waste Management	4,271,962	410,416	3,861,221	0.040519%	92.38	3.25%
	23,857,829	2,292,071	21,563,943	0.226286%	515.93	18.15%
<b>Community Services</b>						
Community Service Administration	1,621,347	155,766	1,465,457	0.015378%	35.06	1.23%
Recreation	1,027,210	98,686	928,445	0.009743%	22.21	0.78%
Arts, Culture and Heritage	4,109,941	394,851	3,714,778	0.038982%	88.88	3.13%
Arenas	1,510,284	145,096	1,365,073	0.014325%	32.66	1.15%
Social Services	7,898,187	758,795	7,138,791	0.074912%	170.80	6.01%
	16,166,969	1,553,194	14,612,544	0.153340%	349.61	12.30%
<b>Planning and Development Services</b>						
Planning, Geomatics / Mapping Administration	2,108,692	202,586	1,905,946	0.020000%	45.60	1.60%
Housing	4,539,516	436,121	4,103,050	0.043056%	98.17	3.45%
Peterborough Airport	2,230,227	214,263	2,015,795	0.021153%	48.23	1.70%
Building Inspection and Protective Services	437,816	42,062	395,721	0.004153%	9.47	0.33%
	9,316,251	895,032	8,420,511	0.088362%	201.47	7.09%
<b>Capital Levy, Debt &amp; Financial Summary</b>						
Capital Financing Costs	19,738,985	1,896,365	17,841,118	0.187219%	426.86	15.02%
Property Taxation Costs	3,283,236	315,427	2,967,559	0.031141%	71.00	2.50%
Other Expenditures	1,358,709	130,534	1,228,072	0.012887%	29.38	1.03%
Contingency Provision	778,298	74,773	703,466	0.007382%	16.83	0.59%
	25,159,228	2,417,099	22,740,215	0.238629%	544.07	19.14%
<b>Transfers to Organizations For Provision of Services</b>						
Police Services	23,830,242	2,289,420	21,539,008	0.226024%	515.33	18.13%
Fairhaven	1,305,744	125,446	1,180,199	0.012385%	28.24	0.99%
Peterborough County/City Paramedics Service	4,547,895	436,926	4,110,623	0.043136%	98.35	3.46%
Otonabee Region Conservation Authority	714,746	68,667	646,025	0.006779%	15.46	0.54%
Primary Health Care Services Peterborough	17,496	1,681	15,814	0.000166%	0.38	0.01%
Peterborough County-City Health Unit	1,216,752	116,896	1,099,764	0.011541%	26.31	0.93%
Peterborough Economic Development	930,749	89,419	841,259	0.008828%	20.13	0.71%
Humane Society	349,900	33,616	316,258	0.003319%	7.57	0.27%
	32,913,524	3,162,071	29,748,950	0.312177%	711.76	25.04%
<b>Total Net Expenditures</b>	131,422,768	12,626,056	118,786,712	1.246513%	2,842.05	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 0.005510% and the resulting tax levy for a house assessed at \$228,000 is 12.56 (0.000551 X \$228,000 / 100 = 12.56). 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 2016 for the services.

## Appendix D

### **Comments made during the 2016 Budget Public Meeting with updated staff responses**

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
1	Create a Municipal Poverty Reduction Plan	Social Services	<p>The City has a number of plans that intersect with issues of poverty including the Housing and Homelessness Plan (HHP), the Ontario Works Service Delivery plan and Sustainable Peterborough. Age Friendly and Healthy Kids plans are currently in development.</p> <p>The HHP and Healthy Kids plans are on track and a Progress report on HHP went to Joint Services Steering Committee (JSSC) June 9, 2016 (Report PLHDJSSC16-002).</p> <p>Also at the June JSSC was Report CSSSJSSC16-005, a report on the Peterborough Poverty Reduction Network strategic plan. An overarching Municipal Plan has been delayed to consider linkages with CAO strategic directions and is evolving to a Community Well Being Plan with expected update to Council in last half of 2016.</p>
2	Invest more in the Housing Stability Fund (HSF)	Social Services	<p>The 2016 Draft Operating Budget included \$153,077 which sustains the 2015 HSF funding levels to help meet the demand for emergency housing. This amount is being funded from a \$100,000 draw from City reserves, an increase of \$27,054 from the City tax base and an additional \$26,023 from the County (above the maximum contribution of \$204,000 from the County as noted in the CMSM cost share agreement).</p> <p>Subsequent to 2016 budget approval report CSSS16-002 approved the following recommendation.</p> <p style="padding-left: 40px;">That \$50,000 be drawn from the Social Services General Assistance Reserve and that the Municipal Rent Supplement Program be increased by this amount in 2016 with the understanding that at least \$100,000 will be committed to this as an ongoing expense beginning in 2017.</p>

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
3	Invest in Child recreation	Social Services	<p>Recreation subsidies are provided through Discretionary benefits for Social Assistance clients, municipal programs for low income families as well as community based programs like Jump Start.</p> <p>Recreation subsidy budget for Social Assistance clients was increased by \$50,000 during the 2016 budget approval process and the level was returned to previous level of \$200 per child.</p>
4	Review Public Water Project status (banning the sale of water in public facilities)	Recreation	<p>Report CSRS15-006, dated September 21, 2015 provided an update. Bottled water is no longer sold from vending machines as of May 31, 2016. All food vendors and event organizers operating on City land have been instructed to cease the sale of bottled water as May 31, 2016. The opportunity to provide hydration stations at the arenas and various park locations is being investigated.</p>
5	Timing of Official Plan Update and that it address concerns about the City needing more direction, more greenspace, trails and more “community” not just subdivisions	Planning	<p>In March of 2016 the Planning Division released to stakeholders and interested citizens a first draft of the revised Strategic Policies sections of the Official Plan. This included an on-line survey for feedback. The Planning Division has recently focused on the update to detailed land use policies for intended release in early fall. A consultation strategy has been developed for fall implementation.</p> <p>The Official Plan will reflect the principle of a "complete community" as articulated throughout the initial consultation phase, consistent with Provincial policy direction.</p>
6	Puzzled about deferral of FRMP funding	Engineering	<p>This relates to \$2.1 million of the traditional \$2.5 million of capital levy FRMP funding not being funded in 2016. This does not delay the projects to be done given staff resources and the Bethune Street project, which attracted Provincial and Federal funding and will move that FRMP project years ahead in being completed.</p>

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
7	Propose property taxes be geared to income	Financial Services	Under the Municipal Act, 2001, property taxes must be based on the assessed value of the property, however, the City has several programs to assist seniors and low income individuals (Financial Services – Other).
8	Concerns over ability to pay	Financial Services	The City continues to try to balance service levels with reasonable tax increases. The City has several programs to assist seniors and low income individuals (Financial Services – Other).
9	Enhance information on City website to ensure current	Customer Service	There is a 2016 Capital project to Refresh the City website.
10	Concern over debt levels – (How much more debt can we sustain?)	Financial Services	The province of Ontario calculates the City's annual Debt Repayment Limit. A municipality cannot commit more than 25% of its total own-purpose revenues to service debt. The City has its own, more stringent, policy (approved through Report CPFS12-011, dated April 4, 2012), which limits its debt repayment to 15% of the City's total own-purpose revenue. If the 2017 Guideline is approved, it is estimated that the City will be at 12.95%.
11	Transit - Peak time routes established and successful; should be expanded in 2016 especially for George Street N, Charlotte Street W, Jackson Park, Ashburnham, Highland Road	Transit	Council and staff try to find balance between supporting worthy service level increases in various program areas and the residential tax increase. Implementing 20 minute peak period service on these five routes would require \$800,000 in new annual operating funding plus \$3.5 million in additional capital funding for seven new buses to provide the service. See also No. 18.

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
12	Provide more support to citizens with lower income; discretionary benefits	Social Services	See items 2 and 3 and 17 and 18.
13	Downtown infrastructure - sidewalks	Engineering/ Public Works	Funds are provided in the Operating Budget to repair/replace sections of sidewalk as necessary. Priorities are established and in some instances, repairs/replacement might extend into future years.
14	City could go further in listening to citizens; Suggest establishing districts within wards to enhance public input	Engineering/ Planning	<p>The City has processes to consult with neighbours on specific items and ensure compliance with all legislation. Sections 17 (Official Plans), 34 (Zoning By-laws), and 51 (Subdivisions) of the Planning Act describe the regulations for how a municipality processes applications made under the Act. All require the necessary information to be made available to the public and at least one public meeting to be held. For most applications that are processed, the City requires the applicant to hold a neighbourhood information meeting/open house to present their proposal to interested neighbours. In addition, although the Planning Act allows a municipality to give notice of a public meeting by either mailing it to all owners within 120 metres of the subject or publishing a notice in the newspaper, the City does both.</p> <p>A new protocol has been established whereby a Public Information Centre is held for all USD construction projects.</p> <p>As well, during 2015, Councillors are also having Town meetings which provide another opportunity for consultation.</p>

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
15	Residential taxpayers increase is higher than it needs to be due to programs such as Tax Ratio Reduction Program and funding provided to non-profit organizations; more review should occur before being so generous	Financial Services	Council and staff try to find balance between supporting other worthy causes and the residential tax increase; Tax Ratio program cut in half for 2016 and the same is proposed for 2017
16	Climate Change concerns; Impact should be factored into decision making	Sustainability	<p>Through By-law 12-049, the City committed to the ongoing pursuit of sustainability by adopting the Sustainability Plan, by embedding sustainability into decision making of City operations, and by demonstrating its leadership by championing corporate and community sustainability.</p> <p>The City committed to addressing climate change through Report CSD13-004, dated September 3, 2013, which initiated the Greater Peterborough Area Climate Change Action Plan.</p> <p>Report CSD15-022 presented to Council the City of Peterborough's Corporate and Community 2011 baseline greenhouse gas inventory, dated October 27, 2015.</p>
17	Denture Program funding needs to be increased	Social Services	<p>Report CSD12-010 – Discretionary Benefit Funding Report identified a number of benefits to be retained at the level of expenditure Council directed (\$15) when there was a reduction in provincial funding for discretionary benefits. Limiting the denture program was necessary to meet the financial level. A wait list has been established and when there is any underspending in other benefits, additional dentures are offered (but staff recognizes many people are not being assisted that require dentures.)</p> <p>An additional \$50,000 was added to budget for dentures during the 2016 Budget process.</p>

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
18	Universal assistance passes for low income (Social Services, Transit, Recreation, other services)	Transit (first phase)	<p>The City is working on the development of an Affordable Transit Pass Program to provide reduced transit fares for low income residents. Report USTR15-005 provided the key principles for the program and a report will be forthcoming to Council in early 2016 with recommendations and cost implications. Opportunities to introduce a universal assistance pass to provide access for low income residents to many different city programs and services may be considered in the future.</p> <p>Exploration of a low income affordable transit fare is in process. Consultations occurred in April.</p>
19	Transit service is needed on Statutory Holidays	Transit	<p>The draft 2016 budget includes a “below the line” proposal for transit service on eight additional Statutory Holidays at a net cost of approximately \$120,000.</p> <p>The 2016 budget does include the provision of an extended New Year’s Eve service.</p>
20	Ensure seniors have access to annual transit passes	Transit	<p>Seniors are currently able to purchase an annual transit pass for \$220 (\$18 per month) which is 70% cheaper than a typical adult monthly pass. A Transit Affordability Program is being developed to review existing fare discount programs and target future discounts to those in financial need. (See Note 18)</p>
21	Funding support for homeless shelters/programs (Concern that Lighthouse will be closed on Sundays)	Social Services	<p>Report CSSS15-004 extended the contracts for Lighthouse and Warming room through additional municipal funding.</p> <p>Hours were reduced at time of low volume to help balance the cost of the service with impacts on the residential tax rate.</p>
22	City of Peterborough needs Strategic Plan	CAO	<p>Report CAO16-007, dated May 30, 2016 proposed a Strategic Framework. The report is due for final approval on June 27, 2016.</p>

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
23	Need tools such as social media, to engage youth and broader spectrum of public	Customer Service	The City agrees that it needs to continue to do more with social media and the City web-site. There is a 2016 Capital project to Refresh the City website.
24	Support for "green" planning, such as bike and walking trails.	Engineering/ Planning	<p>The draft 2016 budget includes about \$2.5 million for various trail and cycling infrastructure capital projects. In addition, new Multi-use trails and protected crossings are being constructed as part of ongoing road reconstruction projects on Brealey Drive, Parkhill Road, and Ashburnham Drive.</p> <p>All road reconstruction projects and new road projects include consideration of the provision of new/improved bicycle and walking facilities.</p>
25	Investigate ability to use deferred FRMP capital funding for operations	Engineering	Deferring the FRMP capital funding is recommended for one year; if it were moved to the Operating budget, it would create a base funding problem in the operating budget for future years
26	More reporting to public on status of issues and Capital projects	All Departments	A weekly construction update for USD projects is provided to Council. This update will be placed on the City's webpage.
27	Promote City as an immigration destination	Community Services	While immigration is not a municipal responsibility, the City supports the New Canadian Centre and the Immigration Partnership Council. Responsible for the Immigration Portfolio, the City's Manager of the Arts Culture & Heritage Division has coordinated the development and maintenance of the Immigration Portal at <a href="http://www.welcomepeterborough.ca/welcome">http://www.welcomepeterborough.ca/welcome</a> to present the region as a viable location for newcomer settlement.
28	Include the Tax Ratio Reduction Program in the 2016 budget at its full amount instead of one-half	Financial Services	While this would be the preferred approach, in trying to balance the need with the impact on the residential tax payer, one-half of the program was implemented in 2016 and is recommended for 2017

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
29	Further analysis of the benefits/costs of the Tax Ratio Reduction Program	Financial Services	The original lengthy analysis that supported the Tax Ratio Reduction Program can be found in Report FAFS07-004 dated April 26, 2007
30	Requesting a tax freeze for 2016	Financial Services	Each budget is drafted with a view to keep the impact to the taxpayer at a reasonable level, maintain levels of service and enhance only as legislated or very selectively. Costs to provide City services continue to increase.
31	Invite businesses and corporate entities to help shape the budget through a separate meeting process	Financial Services	The additional public input being sought throughout the budget process is not meant only for individual citizens. Businesses and corporate entities may also attend public meetings and provide input.
32	Experience other communities success in dealing with economic, transportation and urban planning challenges	Planning	Staff do resource other communities through experience and research to assist them in bringing ideas to Peterborough
33	Measures taken to reduce electricity and fuel costs	Property	<p>Through Report CPFS11-047 dated December 5, 2011, the City is part of the Electricity Procurement Program with LAS. Savings from this program are estimated to be approximately \$200,000 annually. Report CPFS14-001 dated January 15, 2014 awarded the current fuel contract based on a Request for Tenders for the City and members of the Kawartha Cooperative Purchasing Group to get the best price based on volume of gas purchased.</p> <p>Report CPPS14-019 authorized the City to join AMO's Local Authority Services Natural Gas Procurement Program to lower the unit cost of natural gas through a community hedge program.</p>

## Appendix D – Comments made at 2016 Public Meeting with Updated Staff Responses

Ref	Comment	Division or Area Responsible	Staff Response
C1	C2	C3	C4
34	Present a table or report on projects or operational improvements not funded	Financial Services	The Draft Highlights Book includes a section on Operating budget requests not recommended.
35	Staff prepare a plain language summary of the budget	Financial Services	The report that introduces the Draft Highlights Book and the Budget Overview summarize the budget at a high level and provide key information
36	City should not increase debt beyond current limits	Financial Services	Municipalities are responsible for maintaining their assets. This requires funding and given the low interest rates, incurring debt is being recommended at this time.