City of Peterborough

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**

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

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:	$240,000
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 Minster projected inflation for 2017 at 2.0%.

TABLE 3.1 Ontario Economic Outlook
(Per Cent)

	2013	2014	2015p	2016p	2017p
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 CSSS16-002 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 indentifying 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	Description	2016	2017	Change from 2016 Amount	%
C1	C2	C3	C4	C5	C6
1.01	**Gross Expenditures**	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	**Residential Tax Rates**				
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	**Total**	**1.4424830%**	**1.4522520%**	**0.0097690%**	**0.7%**
3.00	**Average Annual Water Rates**	456.53	466.57	10.04	2.2%
4.00	**Sewer Surcharge Effective Rate**	**95.0%**	**95.0%**	**0.0%**	**0.0%**
	Levies / Collected				
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	**Residential Tax Levy on Assessment**				
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	**Total**	**3,288.86**	**3,391.01**	**102.15**	**3.1%**
7.04	*Per month*	*274.07*	*282.58*	*8.51*	*3.1%*
8.00	**Sewer Surcharge Payable**	433.70	443.24	9.54	2.2%
8.01	*Per Month*	*36.14*	*36.94*	*0.80*	*2.2%*
9.00	**Total Municipal Tax and Sewer**	**3,293.92**	**3,411.73**	**117.81**	**3.6%**
9.01	*Per Month*	*274.49*	*284.31*	*9.82*	*3.6%*
10.00	**Combined Mun and Ed Tax Plus Sewer Surcharge**	**3,722.56**	**3,834.25**	**111.69**	**3.00%**
10.01	*Per Month*	*310.21*	*319.52*	*9.31*	*3.00%*

Notes

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

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

Ref	Project Name	2016 Project No.	Estimated Total Tax Supported Amount (million)	Amount Included in 2016 and Prior Years (million)	Amount not funded (million)
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
	Total		**$35.785**	**$15.683**	**$20.102**

It is anticipated that Council will once again want to support the above three 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 would result 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.

Public Meeting held on June 29, 2016

The first public meeting for the 2017 Budget was held on June 29, 2016. Approximately 15 people attended and 9 people spoke. In addition, two emails were received with specific comments regarding the 2017 budget process.

As was the case last year, a common theme throughout the presentations was thanking Council for the opportunity to have more dialogue with the community with respect to the budget. It was also acknowledged that Council listened to the concerns raised last year and has made some additional investments into the areas that were discussed such as Rent Supplements, Recreation Subsidy and Dentures.

The comments did not change the recommendations in this guideline report. The focus of most of the presentations was around specific areas within the budget and proposed service level changes such as, but not limited to:

- Continuing to assist the most vulnerable citizens in a variety of ways such as Rent Supplements and Housing Stability Fund;
- Encouraging continued support of active transportation;
- Enhancing Transit Service, especially the Handi-van service;
- Proposing the Participatory Budgeting continue in 2017 (rather than waiting until 2018 after completion of the projects);
- Increasing the amount for the Community Investment Grants Program;
- Installing stations for dispensing City water due to the City ban of bottled water and the new Pouring Rights Contract;
- A 3% all-inclusive tax increase is too high; and,
- Maintaining the current infrastructure including sidewalks and streets and not being so anxious to expand (eg. New twin pad community arena and new sidewalks on City streets).

If the Budget Committee wishes to ensure a specific request brought forward is included in the 2017 Draft Budget, they may wish to make a specific motion. Otherwise, as the budget process will proceed and the Draft Budget will be developed, staff and then Budget Committee will consider all the suggestions made. Similar to 2016, it is proposed that the 2017 Highlights Book include a section on the information gathered through this Public Meeting process and a response to each. The Budget Committee will then be able to see how, and if, staff have addressed the issue in the Draft 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,

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