



City of
Peterborough

TO: Members of Budget Committee

FROM: Sandra Clancy, Director of Corporate Services

MEETING DATE: April 4, 2012

**SUBJECT: Report CPFS12-025
2012 Budget**

PURPOSE

A report to recommend the City's 2012 Operating Budget be approved with one amendment, any 2011 operating surplus in excess of \$250,000 be transferred to the Capital Levy Reserve and the Harper Road Landfill Environmental Monitoring Study and Seepage Remediation Capital Project funding be amended.

RECOMMENDATIONS

That Council approve the recommendations outlined in Report CPFS12-025, dated April 4, 2012, of the Director of Corporate Services, as follows:

- a) That the 2012 Operating Budget, as recommended in the Budget Committee Report No. 5 from its meetings held November 7, 28 and 29, 2011, as was presented to the December 12, 2011 Council meeting, now be approved with the following additional amendment:
 - i) That any net reduction to the 2012 Peterborough Lakefield Community Police Services net Budget requirements, ultimately determined by Council, be added to the 2012 Contingency Budget, some of which Council may redirect to priority areas throughout the balance of the year.
- b) That any portion of the 2011 operating surplus in excess of \$250,000 be transferred to the Capital Levy Reserve.

- c) That the \$2,000,000 Tax Supported Debt financing for the 2012 Capital Project "Harper Road Landfill Environmental Monitoring Study and Seepage Remediation Project" established by Council at its meeting held January 30, 2012 based on recommendations outlined in Report USEP12-001, be changed to Capital Levy Reserve funding.

BUDGET AND FINANCIAL IMPLICATIONS

The recommendations will have no impact on the 2.5% all inclusive tax increase for 2012 that the Budget Committee recommended to Council for approval December 12, 2011.

The balance in the Capital Levy Reserve after the 2011 Surplus is transferred and after transferring the \$2.0 million to the Harper Road Remediation Project will be approximately \$0.8 million.

BACKGROUND

2012 Operating Budget Deferred

On November 28, 2011 and November 29, 2011, Council, sitting as Budget Committee, reviewed the 2012 Draft Budget. The Budget reflected a 2.5% All-Inclusive (Combined municipal, education and sewer surcharge) percentage increase for a typical house.

On December 12, 2011, based on a recommendation of Budget Committee Chair, Councillor Clarke, Council approved the 2012 Capital Budget and deferred consideration of the 2012 Operating Budget. Although the recorded motion did not provide any reasoning, in his introductory comments Councillor Clarke referenced an unexpected 2011 operating surplus which could impact the 2012 Operating Budget and cited more time was need to establish the 2012 Police Budget.

At its meeting held January 30, 2012, based on a recommendation outlined in Report CPFS12-005 dated January 23, 2012, Council did adopt the 2012 User Fees that were proposed in the 2012 Budget.

2012 Police Services Budget

The Police budget issue has not yet been resolved. A separate "Report CPFS12-022, 2012 "Police Services Budget" is also on tonight's agenda, and provides some additional information.

Notwithstanding the fact the Police Budget is not resolved, there is a growing sense of urgency to approve the City's overall 2012 Operating Budget to allow time for final tax bill preparation. Recommendation a (i) allows the 2012 Operating Budget to be approved at the April 23, 2012 Council meeting. Although transferring any net reduction to the police request to the City's general contingency will not lower the 2.5% all inclusive rate increase, it does provide some recognition that other areas of the City's budget were severely limited to come in at the 2.5% and still accommodate the 8.4% increase in police requests. Through the balance of the year Council can redirect portions of the contingency to priority areas.

2011 Overall City Surplus

Although staff will continue to make final year-end adjustments to the 2011 books, the 2011 surplus will be approximately \$1.7 million.

The 2011 Budget included a recommendation that "any net surplus funds, in excess of \$100,000 be transferred to the Capital Levy Reserve to be used for capital works."

The 2012 Draft Operating Budget has been prepared assuming a 2011 surplus of \$250,000 coming forward as revenue into 2012.

On January 23, 2012, Council approved Report USEP12-001 Former Harper Road Landfill Site - Establishment of Budget for Environmental Monitoring Study and Seepage Remediation. The report recommended that a 2012 Capital Budget in the amount of \$2,000,000 be created and be funded from Tax Supported Debentures to undertake the work. The report further specified that staff would review the uncommitted balance in the Capital Levy Reserve after all 2011 transactions are complete, and may be able to recommend all or a significant portion of the \$2.0 million tax supported debt proposed for the Harper Park Environmental Monitoring Study and Seepage Remediation project be switched to Capital Levy Reserve funding.

Staff recommend that the project now be funded from the Capital Levy Reserve and that the requirement for tax-supported debt financing be removed. This will leave a balance of approximately \$800,000 in the Reserve.

Further details on the 2011 year-end will be forthcoming in the 2011 Fourth Quarter Financial Update Report.

SUMMARY

This report provides some additional recommendations for Budget Committee to consider regarding the 2012 Operating Budget.

Submitted by,

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Director of Corporate Services

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