

2014 Draft Budget

Budget Committee

November 4, 2013

Richard Freymond
Manager of Financial Services



No decisions necessary tonight

- Officially transferring the 2014 Draft Budget from staff to Council
- Simply asking Council to receive the presentation
- Council is not being asked to make any budget decisions tonight



2014 Budget Guideline

- The 2 key recommendations from the Budget Guideline Report CPFS13-030 dated June 24, 2013:
 - 1) Draft budget to reflect at most a 2.0% all-inclusive tax increase for increased operating costs and traditional support for the capital program
 - 2) Draft budget to reflect an additional 1% all-inclusive tax increase to continue with the Capital Financing Policy approved in 2012.



Tentative Budget Review & Approval Timetable

Date	Event
Documents presented to Budget Committee	Nov 4
Council members review documents individually	Until Nov 25
Budget Committee Reviews	Nov 25 – Nov 28 Nov 26 – Outside Agencies & Boards
Public Meeting	Dec 4
2014 Budget Approved	Dec 9



Balance of tonight's presentation

- Remind Budget Committee of how the budget books are set up
 - Highlights Book is the focus of Budget Committee reviews
- Take you through the overview section of the Highlights Book identifying key numbers and changes over 2013



Four Budget Books

The 2014 Draft Budget is presented in four books:

Book 1 - 2014 Budget Highlights

Book 2 - Operating Budget details and User Fee Listings

Book 3 - Capital Budget details

Book 4 - Supplementary Information - Work Programs; Organization Charts; Staffing; Assessment, Tax Rate and Tax Policy; Glossary

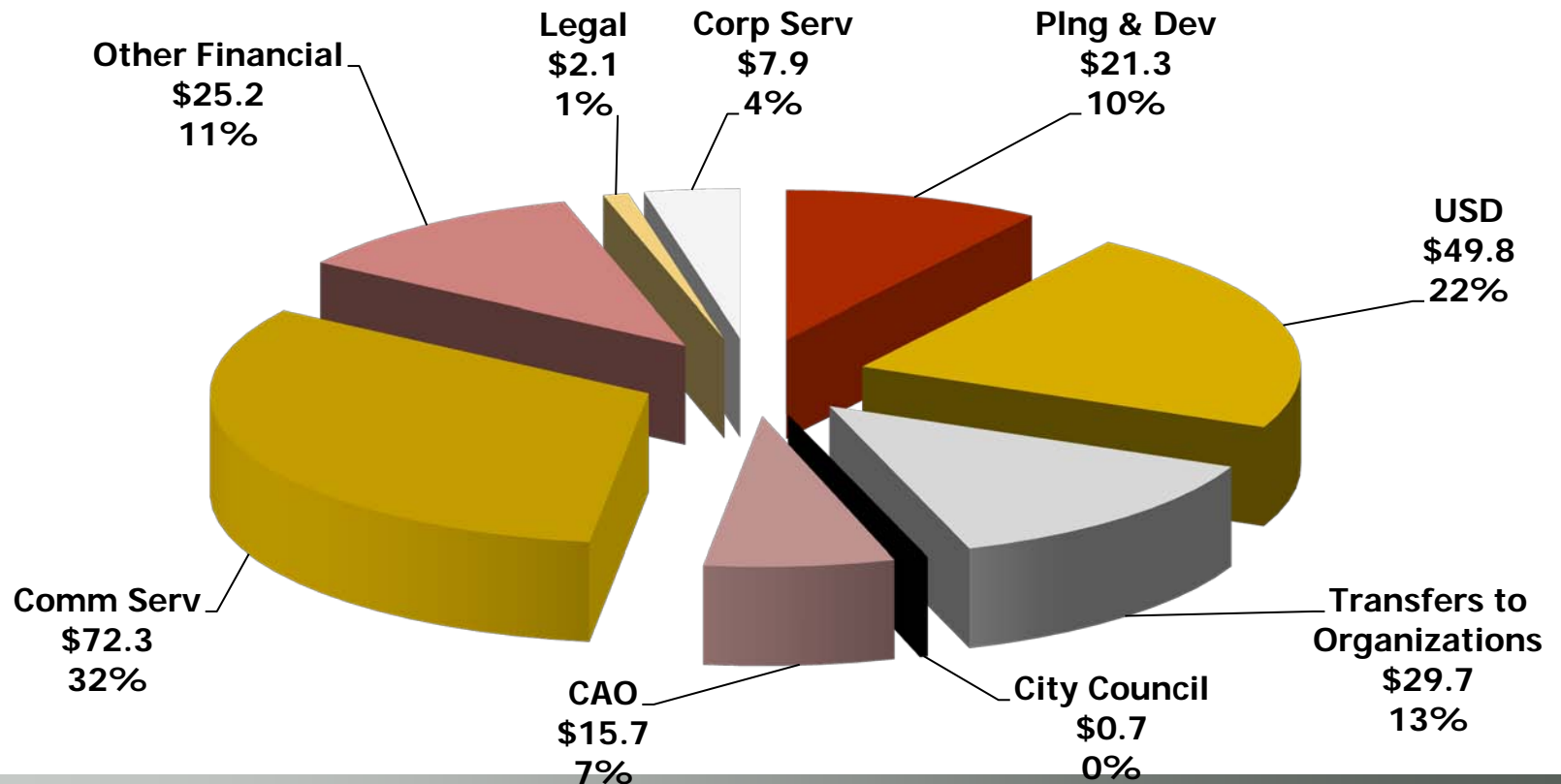


Gross expenditures (Millions)

2013	2014	\$ Change	% Change
\$218.3	\$224.6	\$6.3	2.9%

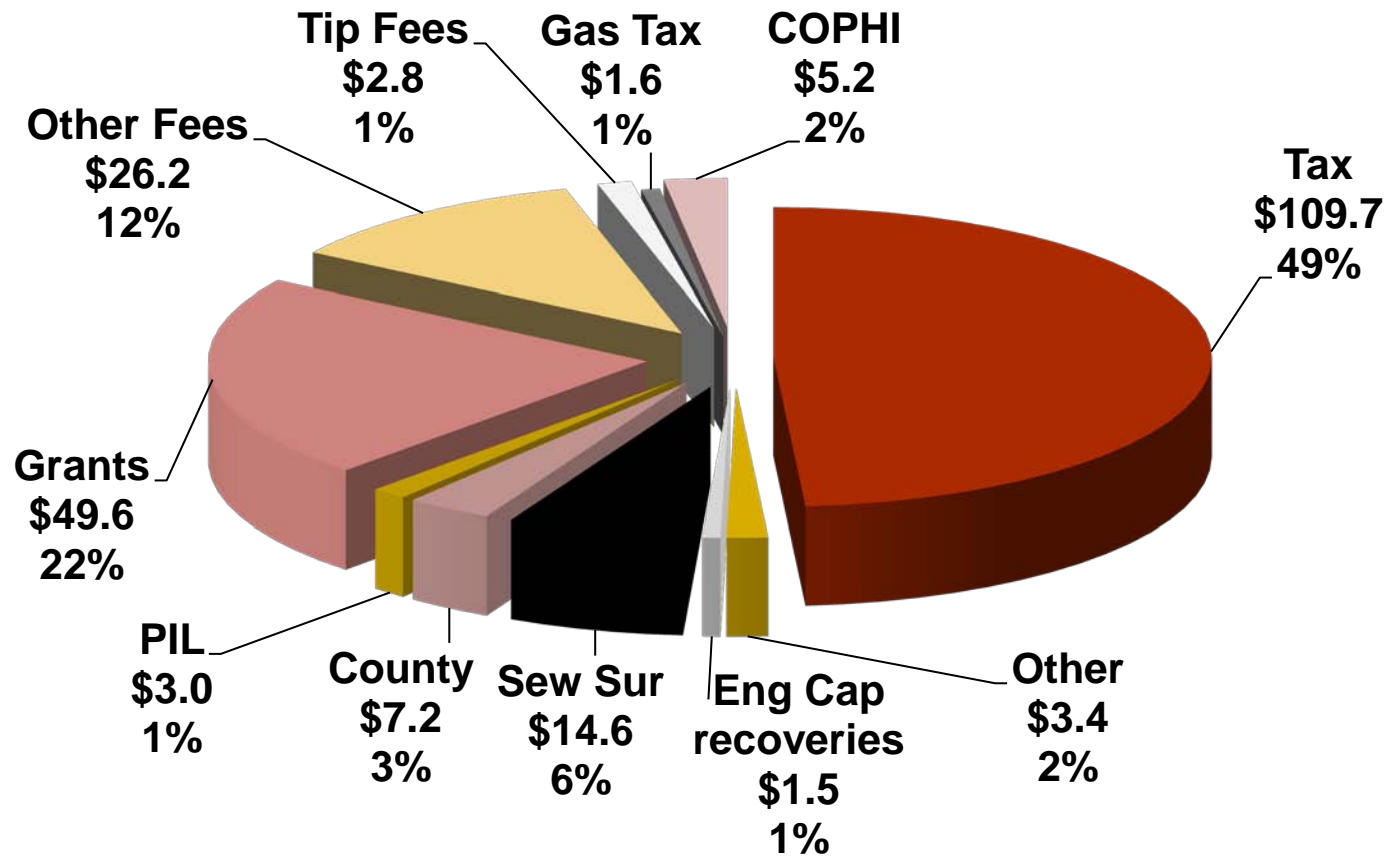
2014 Operating Budget – Gross Expenditures – increase by 2.9% - Page 4

\$224.6 million



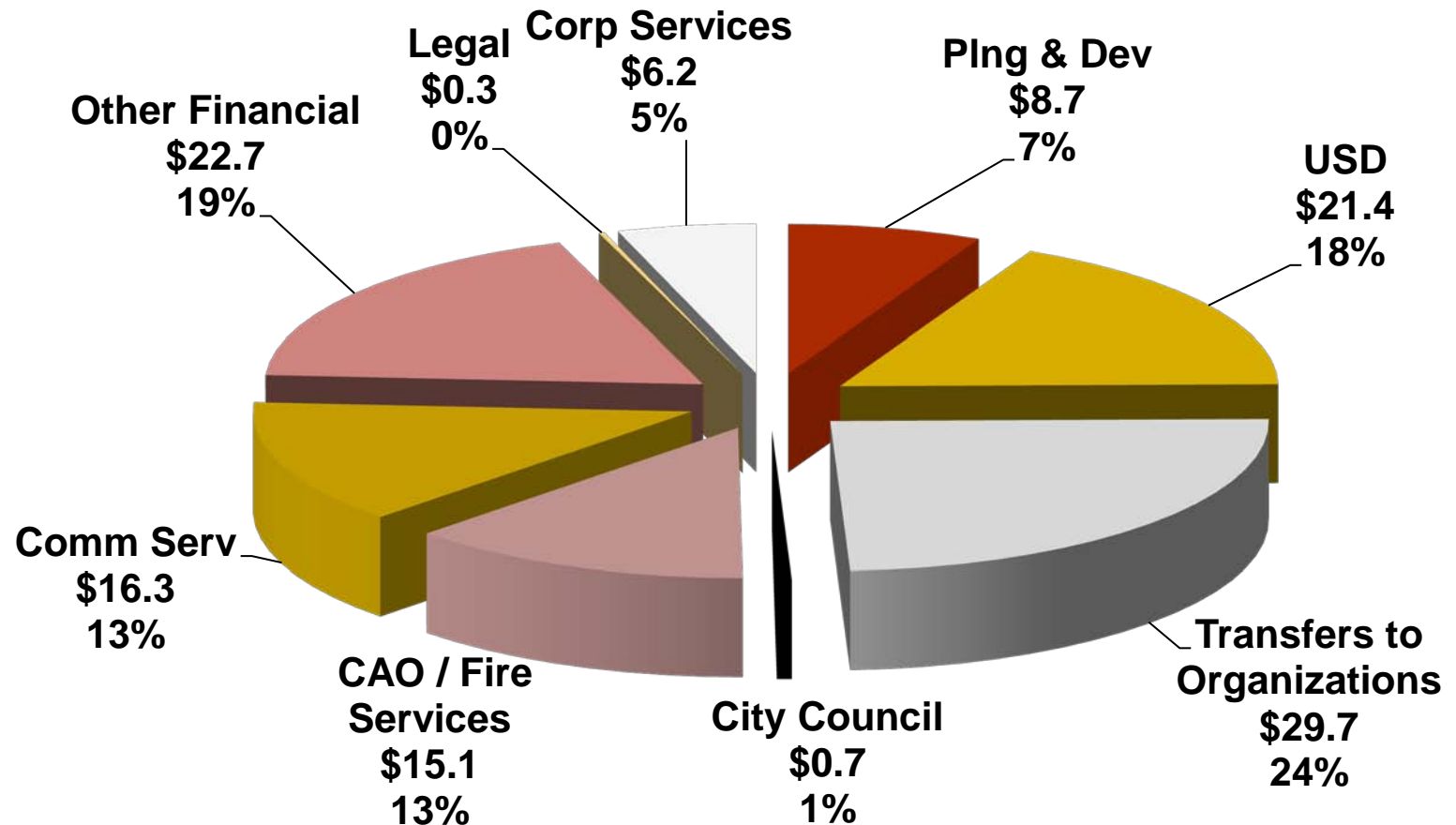
2014 Operating Budget – Revenues by Type

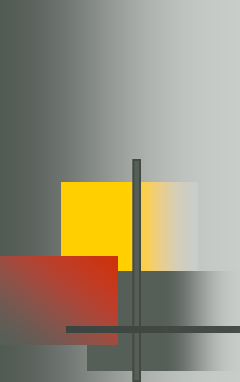
\$224.6 million



2014 Operating Budget – Net Expenditures – increase by 4.9%

\$121.3 \$ million





Guideline - 3.0% increase

Page 9 of the Highlights Book

Following slides provide some additional details



Impact to Median Single Family Dwelling

- “all inclusive” means municipal, education, & sewer surcharge levies increase for single family dwelling “not on water” assessed at \$212,900 for 2014 and \$210,250 for 2013 or 1.3% increase
- 3.0% = \$99.88 annual increase



Assessment (Millions)

2013	Real Growth Change	Market Value Change	2014
\$7,588	\$72.0	\$177.0	\$7,837
% Change	.95%	2.33%	3.28%

2014 represents year 2 of a 4-year phase in whereby Jan 1 2012 market values are being phased in over the 4-year period 2013 - 2016



Municipal Residential Tax Rate

2013	2014	% Change
1.1788%	1.2132%	2.9%

**Tax rates are affected by net municipal tax levy,
assessment and tax ratio policies**

Impact of Ratio 0.5% - would have been 2.2%




8 Year Tax Ratio Reduction Policy

- Under the 8 year tax ratio policy **Multi-Residential, Commercial, and Industrial Tax** ratios would be reduced by a set amount in each of the years **2010 through 2017** so that by 2017, the tax ratio for all three classes would be 1.5
- **Shifts tax burden** from the three classes to residential
- Commercial and Industrial ratios have been adjusted in the 2014 budget. Multi-Residential ratios have been maintained at 2010 levels.



Education Residential Tax Rate

2013	2014	% Change
.2120%	.2025% 	(-4.5%)



Estimate only – Is a Province-wide rate to be regulated by Province.



Water and Sewer

- Average **water bill** to increase by **2.5%** (**\$10.66**)
- **No change** proposed to the **95% sewer surcharge rate**
- Average **sewer surcharge** to increase by **2.5%** (**\$10.13**)



Tax levy requirements (Millions)

2013	2014	\$ Change	% Change
\$103.8	\$109.7	\$5.9	5.7%

**Page 11 identifies major impacts attributing to \$5.9M
(5.7%) increase**



What is included in Budget?

- The same levels of service as previous year unless the enhancement was specifically approved by Council
ie. Transit operations review, new artificial turf
- Adj's for inflationary factors including salary settlements, grid steps, energy costs, etc.



What is included in Budget?

- Legislated enhancements
- Increases / decreases on both direct and indirect revenues that are beyond our control
- Increases to reserve transfers where contributions have not kept up with capital requirements:
 - Transit - \$45,000
 - WMRF - \$160,000
 - Parking - \$150,000



Operating Budget

Police Services Budget

- Direction through the Guideline Report was to include a 3.6% increase in Draft Budget from Police
- Draft Budget reflects the 3.6% increase
- However, Police Board request is 4.76%
- Difference of 239,580

2014 Budget: Tax levy Requirement Change Factors

Ref C1	Description C2	Total C3	2014 Impact on All-in Tax Rate C4
1.00	2013 Net Tax Levy Requirement	103,815,267	
<i>Legislated or Council Approved Additions/Enhancements or Required to Maintain Levels of Service</i>			
2.00	<u>Personnel costs (contract provisions, annualization of 2013 hires)</u>		
2.01	Fire	489,098	0.50%
2.02	Police	1,068,632	1.00%
2.03	Other	1,764,766	1.70%
		3,322,495	3.2%
3.00	<u>Legislated/Mandated/Third Party</u>		
3.01	Increase in Social Services cost per case	213,326	0.20%
3.02	Decrease in Social Services Case Load	(154,287)	-0.10%
3.03	Decrease in Social Services Prov sharing percentage	(706,608)	-0.70%
3.04	Increase in EMS	293,930	0.30%
3.05	Increase in CCHU	73,062	0.10%
		(280,577)	-0.3%
4.00	<u>Service Level Enhancements Approved by Council in 2013 or Prior</u>		
4.01	New Capital Financing Policy - Increase in Capital levy & Tax supported Debt	1,414,000	1.40%
		1,414,000	1.4%



Operating Budget (continued)

Discretionary Benefits

- 2nd year since Province reduced funding (July 1, 2012)
- Eligible amount is capped at \$10 per case per month by Province
- For 2014, Province then pays 88.6%
- Total cost \$15 per case per month
- Impact to tax base to maintain level of service, being phased-in 2014 -\$80,000

2014 Budget: Tax levy Requirement Change Factors Con't

Ref C1	Description C2	Total C3	2014 Impact on All-in Tax Rate C4
5.00	<u>Inflationary Factors / Other Increased Costs</u>		
5.01	Net impact of reduction in Tipping Fees and Recycling Revenues due to volumes	847,334	0.80%
5.02	Increase in Transfer to Waste management Reserve	160,000	0.20%
5.03	Reduction in Municipal Supplementary Taxes	250,000	0.20%
5.04	Insurance	95,700	0.10%
5.05	Decrease in Lottery license revenue	80,000	0.10%
5.06	Increase in Fuel costs	270,265	0.30%
5.07	Increase in Transit costs, excl Compension & Fuel	203,502	0.20%
5.08	Utilities	140,485	0.10%
5.09	Increase in Contingency	255,602	0.20%
5.10	Decrease in Arenas Revenues	57,746	0.10%
5.11	Increase in Tax Write-offs	403,600	0.40%
		2,764,234	2.7%
6.00	<u>Increased Revenues or Decreased Expenditures offsetting Budgetary pressures</u>		
6.01	Transit revenues	(777,690)	-0.70%
6.02	Increase in Parking Revenues	(69,407)	-0.10%
6.03	Increase in Airport Revenues	(121,559)	-0.10%
6.04	Increase in Utilities Group Dividend	(152,012)	-0.10%
6.05	Engineering & Construction increase in recoveries from Capital	(132,534)	-0.10%
6.06	Court Security funding	(118,845)	-0.10%
		(1,372,047)	-1.3%
7.00	Subtotal Tax Levy Change Requirement Factors	5,848,105	5.6%
8.00	General Inflation & Other Tax Levy Change Requirement Factors	31,497	0.0%
9.00	2013 Net Tax Levy Requirement	109,694,869	5.7%



Operating Budget (continued)

Landfill Tipping Fees

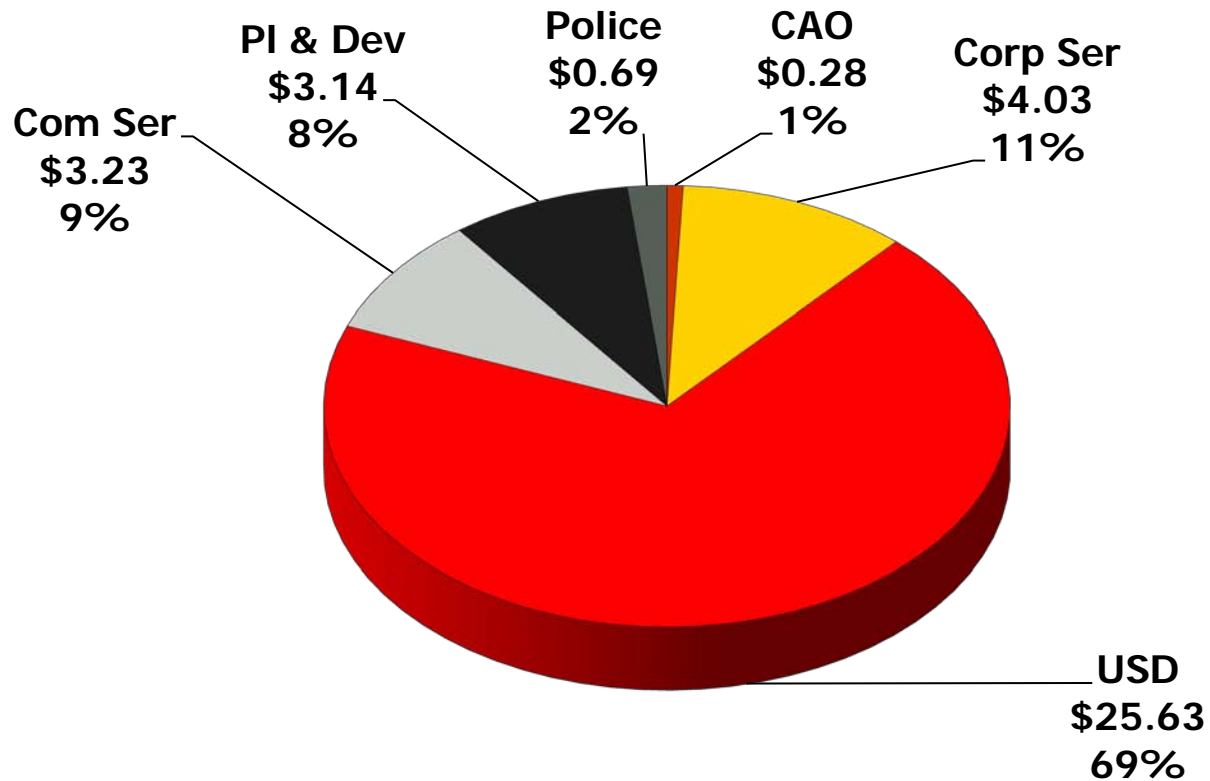
- Decreased Tonnage in 2013 and expected in 2014
- Commerical Haulers going elsewhere
- Increases years of use for Landfill Site but
- Tipping fees decreased by \$0.9 million



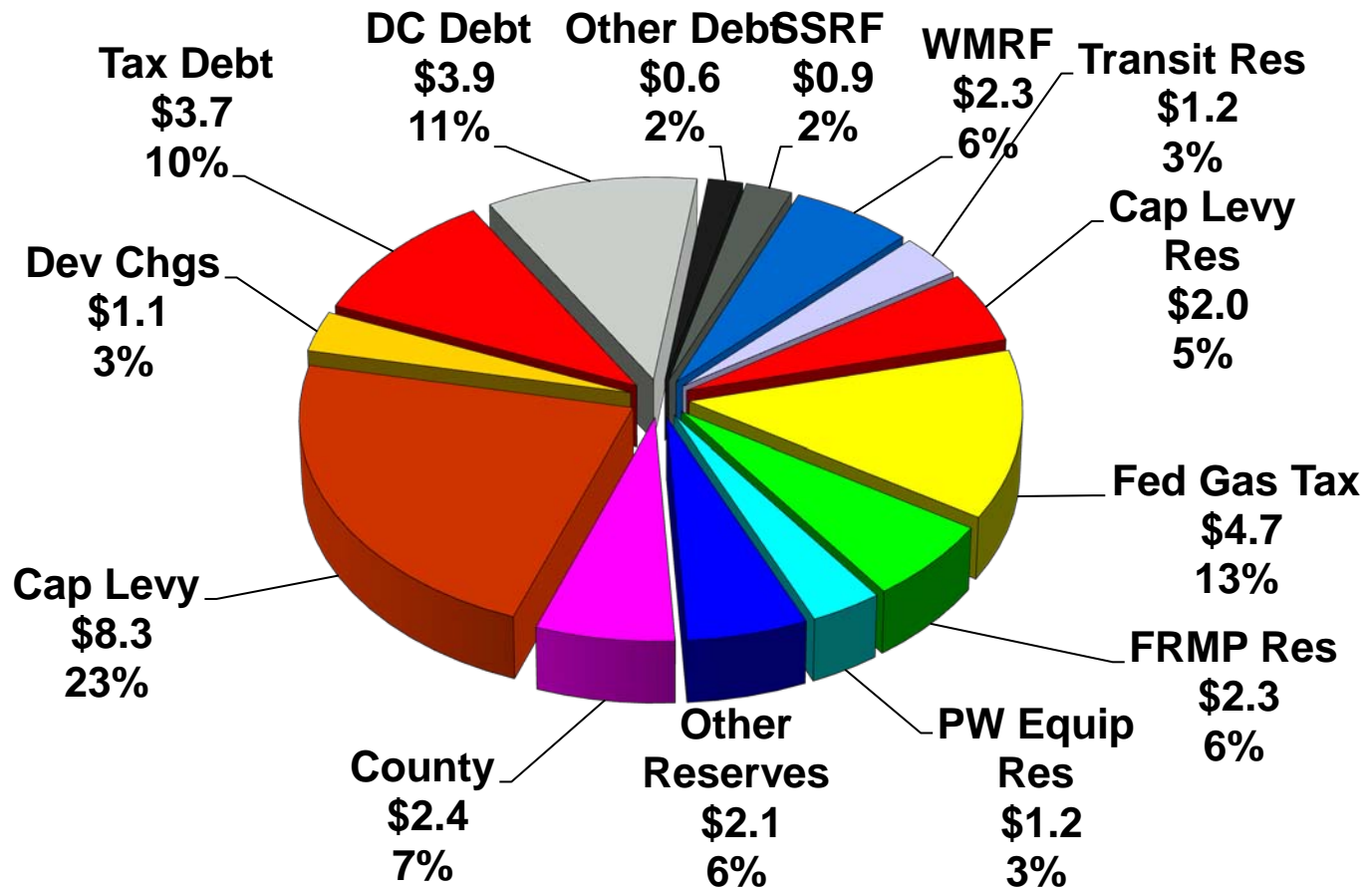
Capital Budget

Capital Budget by Department on Page 19 to 152, Supplementary Information on Page 153 to 155 and Detailed Projects in Book 3

2014 Capital Expenditures (\$37.0 Million)



2014 Capital Financing by Source (\$37.0 Million)



Largest Dollar Value Capital Projects

Ref	Project Description	Project Number	2014						
			TOTAL COSTS	REV	NET COST	CAP LEVY	DEV CHG	DEB	OTHER
1	Peterborough Landfill Site	5-10.01	4,527.9	2,264.0	2,263.9				2,263.9
2	Parkway Corridor Extension	5-2.01	3,990.0		3,990.0			3,990.0	
3	Various Road Resurfacing	5-3.01	1,900.0		1,900.0	340.0			1,560.0
4	Jackson Creek Flow Diversion	5-15.01	1,800.0		1,800.0				1,800.0
5	Transit Buses	5-11.01	1,698.0		1,698.0				1,698.0
6	PW Vehicle & Equip Replace/Additions	5-8.02	1,230.6		1,230.6				1,230.6
7	Monaghan Rd/Crawford Intersection	5-3.02	1,200.0		1,200.0				1,200.0
8	Ashburnham - Lansdowne to Maria	5-2.02	1,000.0		1,000.0	330.0		670.0	
9	Brealey - Lansdowne to Stenson	5-2.03	1,000.0		1,000.0			265.0	735.0
10	Sidewalk Reconstruction	5-8.01	1,000.0		1,000.0			1,000.0	
11	City Buildings - Mechanical	3-2.03	950.0		950.0	214.1		572.6	163.3
12	City Buildings - Partitions & Finishes	3-2.02	940.0	25.0	915.0	915.0			
13	Property Acquisitions	7-1.02	900.0		900.0	530.0			370.0
14	Additional Library Space	6-4.03	695.0		695.0	69.5	625.5		
15	Various New Sidewalk Installations	5-5.01	662.7		662.7		165.7		497.0
16	Central Traffic Signal Ctrl Sys Replace	5-13.02	600.0		600.0	600.0			
17	Equipment Upgrades & Replacements	5-9.02	596.6		596.6				596.6
18	Sherbrooke St - Glenforest to W. City Limit	5-2.05	560.0		560.0			310.0	250.0
19	Various New Multi-Use Trails	5-5.02	521.3		521.3	391.0	130.3		
20	Chemong Rd-Parkhill to Parkway ROW	5-2.04	500.0		500.0			500.0	



Capital and Other Challenges

Sandra Clancy

Director of Corporate Services



Capital is Greatest Challenge

- Despite the Capital Financing Policy and more funding available
- Capital Requests coming forward were \$21. M more than available funds under the policy
- 50 Projects touched in some way - eliminated, reduced, postponed
- Problem is only solved for this year!



Why Capital is Greatest Challenge

- Capital includes funding to:
 - Maintain existing assets
 - Expand existing assets
 - Improve our community as desirable place to live and visit
 - Contribute to other community facilities to one of the previous 3 things
- Not enough funds to keep up



Why Capital is Greatest Challenge

- Council made a number of pre-commitments against the 2014 Capital Budget as follows:
 - Museum Storage Facility - \$2.0 M
 - Airport Crosswind Taxiway - \$1.0 M
 - Airport Taxiway Bravo - \$2.4 M
 - Seneca – Additional Airside Improvements- \$2.1 M
 - Fleming College – Trades and Technology Centre - \$1.0 million over 3 years (2014-2016) - \$0.3m

- Total of \$7.8 Million or 68% of the additional capital financing available in 2014



Why Capital is Greatest Challenge

- Other reasons for the Increase is Capital Pressures:
 - The City is growing in all directions
 - In the past, the maintenance of its assets has not kept up to its life cycle
 - Environmental pressures such as Harper Road, 400 Plastics Road, Coal Tar Remediation
 - The implementation of many Plans which improve our community such as Transportation Master Plan, Municipal Cultural Plan, Sustainability, Central Area Master Plan



Other Challenges

- The Draft Budget includes staff recommendations for both operating and capital and now it is up to Council to review and ensure that these are their priorities
- With every new request, ensure it is a priority when compared to all other demands
- Looking ahead to 2015, there will be new challenges such as no Selwyn revenue towards policing costs
- Looking ahead to 2019, OW upload complete
- Encourage planning for future years



If you have questions during your review of documents

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Questions