





2017 Budget Introduction

About Greater Sudbury

Far from its origins as a railroad outpost and small mining town, Greater Sudbury has grown into the metropolitan centre of northeastern Ontario.

The City of Greater Sudbury was formed on January 1, 2001, through the amalgamation of the towns and cities which comprised the former Regional Municipality of Sudbury and several unincorporated townships.

The city is centrally located in northeastern Ontario at the convergence of three major highways. It is situated on the Canadian Shield in the Great Lakes Basin and is composed of a rich mix of urban, suburban, rural and wilderness environments, including 330 freshwater lakes, and the largest city-contained lake in the world, Lake Wanapitei.

Greater Sudbury is 3,267 square kilometres in area, making it geographically the largest municipality in Ontario and second largest in Canada.

In 2015, Greater Sudbury was home to approximately 161,900 people. It is a truly bilingual community with more than 26 % of people reporting French as their mother tongue in 2011, and a further 38 % identifying as bilingual. Italian, Finnish, German, Ukrainian and Polish are the top five languages other than French and English spoken in the city. More than 8 % of people living in the city are First Nations.

Mining continues to be a driving force in Greater Sudbury's economy. A century of mining experience has made us a global leader in the industry. This has contributed to the growth of a robust and thriving mining technologies, services and supplies sector, with more than 300 companies generating close to \$4 billion in revenue each year and employing about 10,000 people. The city's mining companies themselves employ approximately 6,000 people.

More than a mining centre, however, Greater Sudbury has become a regional hub for all of northeastern Ontario. The continued strength of its health and education sectors, investment and diversification into research and innovation, a growing arts, tourism and film industry, along with a recent boom in the retail sector, all illustrate the strength of Greater Sudbury's diversified economy and point to a bright future.

Economic Indicators

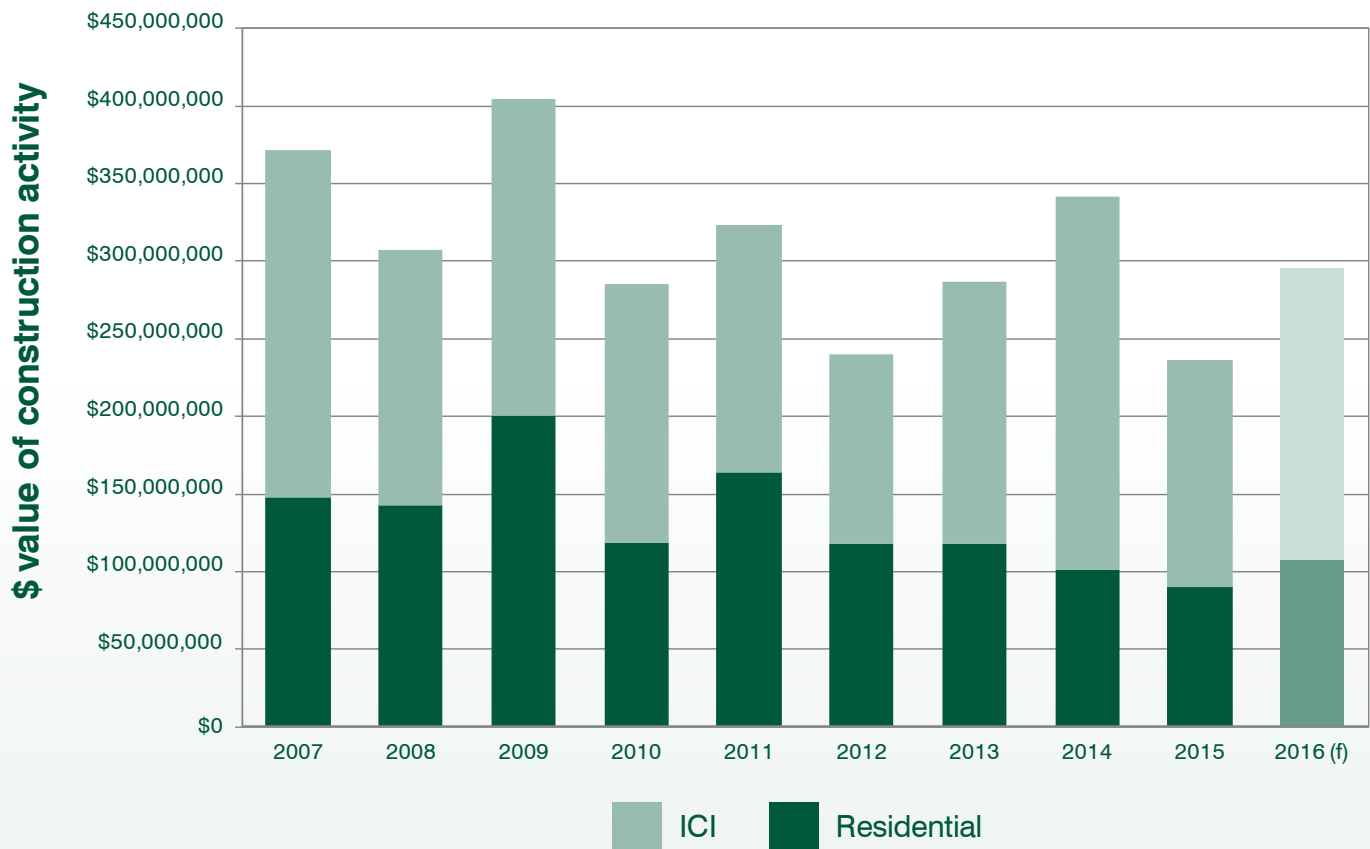
Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	8,251	8,214	8,147	8,196	8,296	8,399	8,507	8,611
percentage change	-0.6	-0.5	-0.8	0.6	1.2	1.2	1.3	1.2
Total employment (000s)	83	83	82	83	84	83	83	83
percentage change	2.9	-0.4	-0.7	0.8	1.0	-1.1	0.4	0
Unemployment rate (per cent)	7.3	6.5	7.4	8.5	7.5	7.2	6.8	6.8
Personal income per capita (\$)	44,445	44,526	45,427	46,464	47,631	48,530	50,040	51,428
percentage change	0.5	0.2	2.0	2.3	2.5	1.9	3.1	2.8
Population (000s)	166	165	165	165	164	164	164	164
percentage change	0.1	-0.2	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1
Total housing starts	431	271	247	226	344	349	381	412
Retail sales (\$ millions)	1,896	1,924	1,968	1,988	2,046	2,099	2,158	2,207
percentage change	-0.6	1.5	2.3	1.0	2.9	2.6	2.8	2.3
CPI (2002 = 1.0)	1.23	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f - Forecast

Source: Metropolitan Outlook 2, Summer 2016, Conference Board of Canada

Prepared by the Community and Strategic Planning Section, City of Greater Sudbury

Building Permits



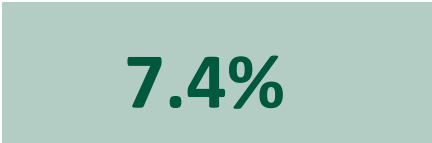
Local Economy

As an economic centre for northeastern Ontario, the growth of Greater Sudbury is affected by the growth of this area of the province. Greater Sudbury is a great place to live, work, shop and play, and plays a key role

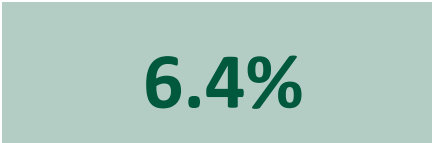
in the economic growth of northeastern Ontario. Our medical, retail, business, financial and research services are critical to residents across the northeastern part of the province.

Greater Sudbury

Ontario



UNEMPLOYMENT
RATE
October 2016



Labour Force Survey, October 2016, Statistics Canada



MEDIAN
HOUSEHOLD INCOME
2014

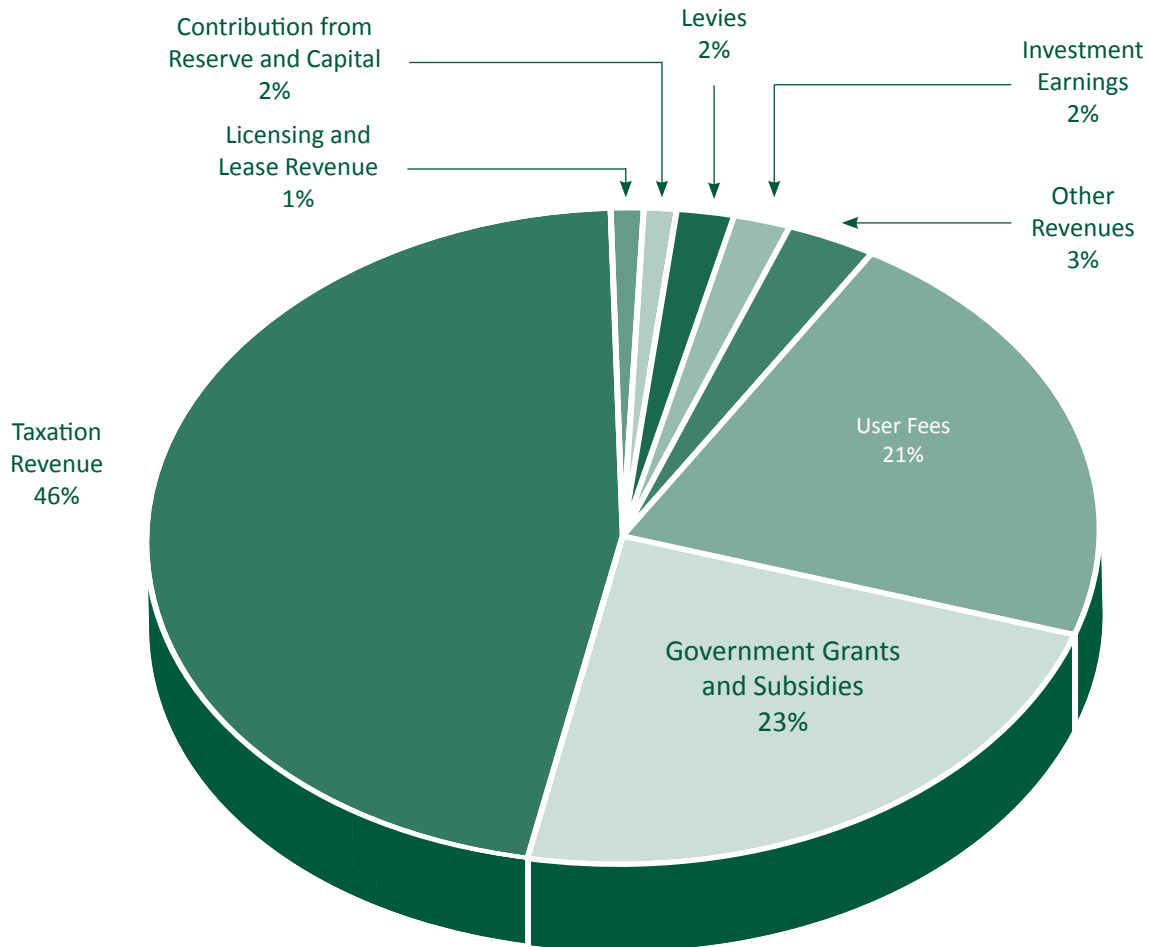


2015 BMA Study

EMPLOYMENT BY SECTOR

Greater Sudbury		Ontario
20.0%	Industrial	19.0%
26.7%	Office	34.4%
9.0%	Education	7.3%
13.6%	Health	10.1%
4.2%	Transportation and Warehousing	4.5%
16.0%	Wholesale and Retail Trade	15.4%
8.5%	Non-Commercial Services	6.7%
2.0%	Other	2.6%

City of Greater Sudbury Revenue Sources



Organizational Profile

The City of Greater Sudbury is a single-tier municipality, which means it is responsible for all municipal services and for maintaining all City infrastructure and assets across 3,267 square kilometres. The operating budget funds the day-to-day operations of the City, such as maintaining services, program delivery, employee salaries and benefits, and more.

Operating Budget

A little less than half of the operating budget comes from property taxes, with the rest coming from other levels of government, user fees, investments, fines, penalties, and other revenues.

Resident Safety:

- Police
- Fire
- Ambulance
- By-Law Enforcement
- Building Inspections
- Animal Control

Public Health:

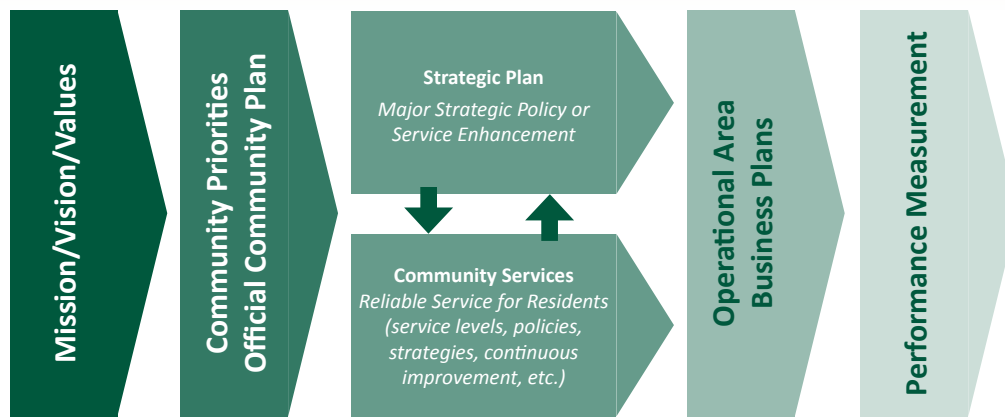
- Water treatment and distribution
- Drainage and Flood management
- Wastewater collection and treatment
- Sudbury & District Health Unit

Resident transportation:

- Roads and bridges
- Transit
- Winter road maintenance
- Traffic control
- Sidewalks and bike lanes

Resident quality of life:

- Parks and playgrounds
- Recreation programs and facilities
- Land use planning oversight
- Community grants
- Social Services



Greater Together, the 2015-2018 Corporate Strategic Plan

Greater Sudbury's Planning Framework

City of Greater Sudbury Council approved a Strategic Plan designed to create a fiscally responsible, innovative, and responsive municipal government.

The plan outlines four key pillars that form the foundation of planning and service delivery for the next several years:

- Growth and Economic Development
- Responsive, Fiscally Prudent, Open Governance
- Quality of Life and Place
- Sustainable Infrastructure

Employees are committed to producing results for the community that reflect Council's desired outcomes. This is why, to support the pillars of Council, a Corporate Implementation Plan was developed. It is a roadmap of some of the larger, more resource-intensive and transformational projects expected to be undertaken during the rest of this Council's term. The plan's success depends on staff working collaboratively with Council, other levels of government, community partners, residents and businesses in Greater Sudbury. The performance metrics included help track and report progress to demonstrate accountability.

The Vision:

A growing community, recognized for innovation, leadership, resourcefulness and a great northern lifestyle.

The Mission:

Providing quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

The Values:

As stewards of the City of Greater Sudbury, we believe in recognizing the specific needs of all our citizens in urban, rural and suburban areas, and are guided by our belief in:

- Acting today in the interests of tomorrow
- Providing quality service with a citizen focus
- Embodying openness and transparency
- Communicating honestly and effectively
- Creating a climate of trust and a collegial working environment to manage our resources efficiently, responsibly and effectively
- Encouraging innovation, continuous improvement and creativity
- Fostering a culture of collaboration
- Ensuring an inclusive, accessible community for all
- Respecting our people and our places

The Greater Together Corporate Strategic Plan forms the basis for all other plans to be built. This, coupled with the Official Plan, which guides Greater Sudbury's development over the next twenty years, ensure the responsible growth, financial sustainability, and economic health of our city.

The Official Plan:

The Official Plan (The OP) is a blueprint to help guide Greater Sudbury's development over the next twenty years. It establishes long-term goals, shapes policies and outlines social, economic, natural and built environment strategies for our city.

The OP guides municipal decision-making on important issues that affect the daily life of every City of Greater Sudbury resident. From the location of schools and other community facilities, to the development of residential, commercial and industrial areas, these decisions shape the future of our community.

Focusing on Services and Performance

The details in this budget document focus on the relationship between services, services levels and costs. It incorporates benchmarks to facilitate Greater Sudbury's performance compared to other municipalities.

Annual Business Plans and Budgets

Annual business plans and budgets for different service areas were developed as part of the budget process. The plans reflect the actions and goals defined in the Corporate Strategic Implementation Plan, with summary financial information included. The programs and services outlined in the plan are reflected in their summary budget information.

Each summary business plan includes:

- Financial information
- An overview of the service area and the services provided
- Issues and opportunities
- Key accomplishments for 2016
- Key deliverables for 2017, as defined by the Corporate Implementation Plan

This budget document presents the corporate-wide annual business plan, with details on the services the municipality provides. The financial information provided throughout reflects choices that are in line with resources available, levels of service planned, tax and user fee increases, and other funding sources to ensure that the budget is balanced. That means projected revenues equal projected costs.

Drivers for the 2016 Business Plan and Budget

Strategic Context for 2017

The global economy continues to show signs of moderate growth and is expected to gain strength throughout 2017, driven by China and the United States.

However, the Canadian economy continues to adjust to lower commodity prices, which has resulted in a reallocation of investment and employment from the resource sector to the non-resource sector. For 2017, Gross Domestic Product (GDP) is expected to increase driven by U.S. domestic demand and the Federal infrastructure spending program. The forecasted GDP growth for 2017 is 2.2 %.

For Greater Sudbury, the economy is expected to continue to grow as reflected in the Conference Board of Canada forecasted GDP growth of 1.2 % to 1.3 % over the next few years with steady employment growth. In 2016, nickel prices dipped to \$3.50 per pound but have rebounded and currently trade in the mid \$4 range. The unemployment rate has declined from a high of 8.6 % in January of 2016 to 7.4 % in October, reflecting more confidence in the local economy.

In 2016 and expected in 2017, significant investments in the commercial and institutional sectors will provide stimulus for the local economy. Major construction projects such as Maley Drive and the next phase of Highway 69 will improve opportunities for future connectivity and growth.

Priorities and Issues

Growth Management

Within this economic context, Greater Sudbury's employment and population is expected to grow modestly over the next 20 years. This growth will be driven by labour force turnover and ongoing economic development efforts. At the same time, the population will continue to age. It is expected that this aging and trend toward smaller housing types will generate demand for new housing.

Given our relatively modest growth, the City of Greater Sudbury must find ways to reduce costs and improve revenue growth. Growth management is one way that we can reduce costs, and improve our efficiency and long-term sustainability. Historically, the City used a two-part growth management strategy which saw approximately 80 % of development occur in fully-serviced communities. While this is positive, more can be done through land use planning policies and incentives to encourage continued growth and intensification in our communities. Concentrating jobs and people in fully-serviced urban communities means that we will have to build and maintain less hard and soft infrastructure, thereby reducing our costs.

The City will also need to work with its regional planning partners, such as the Sudbury East Planning Board, to ensure growth in the region is properly planned. Residents in these areas use City services, but do not contribute to the municipal tax base.

Asset Renewal and Financial Viability

In an effort to reduce the annual property taxation increase in past years, the City deferred the renewal of several capital assets and infrastructure. This has resulted in a significant backlog of necessary infrastructure repairs. This includes the renewals and replacements of roads, water and wastewater mains, and City facilities, to name a few.

This is an indicator that describes the risk of service interruption due to asset failure/breakdown. The risk can be managed with Asset Management Plans and an investment strategy for asset replacement that, over time, reduces the likelihood of asset failure.

As identified in a recent Auditor General's report, the City currently has an infrastructure deficit of \$1.4 billion which may impact the City's ability to provide services. Annual maintenance costs are increasing as the infrastructure continues to age past its useful life. The City is completing an asset management plan which will be presented to Council in late 2016. The plan addresses the current infrastructure deficit and provides some strategies to manage the ongoing pressures and mitigate the deficit.

Public Engagement

Enhancing trust and credibility with residents is essential in helping them understand what services they get for their tax dollars and their costs. This will lead to important discussions about the effect changes in service levels have on operational and capital costs.

As the City works to address our growing infrastructure deficit, implement an asset management plan, and embark on other large financial projects, conversations with the public about the appropriate balance between affordability and service delivery will be essential in ensuring the City is successful in managing the long-term needs of our community.

In order to gain the trust of residents, they must believe that the City is effectively and efficiently managing its delivery of services. New tools and methods to clearly evaluate and demonstrate elements of service delivery to the public are being developed. The Corporate Strategic Implementation Plan is one of these tools, which outlines measurable action items, accountability, how they relate to the priorities of Council, and their level of completion. Residents are encouraged to visit our website to take a look at this very important document, which guides key decisions over the next few years.

Employee Engagement and Retention

Forty-five per cent of the City's budget is spent on salaries, but City of Greater Sudbury employees are invaluable to the delivery of the services residents rely on every day. Whether it's a transit operator, a firefighter, a swimming instructor or anyone in between, a city is dependent on the skills and loyalty of its municipal workforce and we believe a great employee experience drives a great citizen experience.

Despite a downturn in sectors important to growth in our community, unemployment remains historically, relatively low. Therefore, some recruiting challenges still exist in certain occupations. For example, the operation of the water and wastewater utility is highly regulated. Some roles require significant training and certification which can be difficult to acquire and even more difficult to recruit.

The City of Greater Sudbury's aging workforce also presents the organization with some challenges planning for succession and retaining talent, especially in key technical and managerial jobs where more senior employees tend to work. Twenty per cent of the City's workforce is eligible to retire in the next five years. Maintaining service levels in the coming years without proactive strategies to improve recruitment, retention, and development of employees with the necessary skills will be critical. Fortunately, not all people who are eligible to retire do so. The City has been able to sustain services and service levels in a competitive labour force environment because many employees choose to remain in the workforce. However, while this trend eases the challenge of recruitment and retention, it also elevates the risk as the number of employees eligible to retire increases every year. To begin to address this risk, the City has implemented various initiatives across the organization aimed at talent management and development, including training to develop future leaders and succession management. The City completed a thorough survey of employee engagement in 2016 and will do so again in 2018. This will identify areas of concern and strength, with the goal of improving engagement, measurable through the results of the second survey in 2018.

Risks

There are a number of risks that, if realized, could affect the City's ability to sustain current service levels. While the following issues have been discussed in the context of strategic drivers, it is also worthwhile to note them as risks with potentially significant impacts.

Asset Condition

The City has an estimated infrastructure deficit of approximately \$1.4 billion as identified in a recent Auditor General's report. The City is in the process of completing an asset management plan that will be presented to Council in late 2016 and includes roads, bridges, water/wastewater linear and facilities, buildings, fleet and transit. Some asset condition is available, such as bridge inspection reports and pavement condition index for roads, both of which are completed every two years, as well as some building condition assessments completed in the past few years.

In the absence of thorough asset condition information on the majority of the City's assets, there is a risk that one or more assets could deteriorate or even fail, resulting in a reduction of service levels to citizens. The development of good asset condition information and plans to address asset weaknesses is a priority for the next few years. The possible additional capital levy of 1.5 % will assist in this risk area to complete necessary condition assessments and capital replacements for several unfunded capital projects within the facilities section.

Base Metal Prices

A recent downturn in the local economy could be partially attributed to the decline in base metal prices, therefore affecting the profitability of mining companies. The base metal prices have been on the rise since the beginning of 2016. However, if base metal prices recede once again, it could affect the capital expenditure of the mining companies, in turn reducing economic growth of the community.

Lack of Assessment Growth

The last three years have reflected somewhat muted assessment growth (less than 1 %) in our city. The cost to provide services to residents continues to increase. With the lack of assessment growth realized, increased pressure on providing services at the same level becomes more difficult without a greater than inflation property tax increase.

WSIB Presumptive Legislation

New legislation related to Post Traumatic Stress Disorder (PTSD) has resulted in potential increased financial obligation to the City. Increased internal WSIB premiums are responsible for approximately a \$550,000 increase in the 2017 operating budget. Additional increases over the next three subsequent years will be required to ensure sufficient funds are available to address new claims.

Ontario Municipal Partnership Fund (OMPF)

In the last three years, the City of Greater Sudbury has seen a reduction in its OMPF annual allocation of \$8.6 million. Based on the current formula in place, it is anticipated that a further reduction of \$2.5 million is expected for 2017, which represents a 1% increase in property taxes. Given this trend, the City is at risk of receiving reduced OMPF allocations in the future, resulting in more pressure on tax rates.

Project Delivery

The scale of the capital plan is larger than it has ever been. Timelines are fixed which leads to exposure to additional costs if not completed on time.

Strategic Priorities

Strategic priorities for the City of Greater Sudbury are outlined in the 2015-2018 Greater Together Corporate Strategic Plan, and further developed with measurable actions in the Implementation Plan. The overall guiding principle of the plan is providing quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

The four priorities outlined in the Corporate Strategic Plan are:

Growth and Economic Development

Grow the economy and attract investment

- A. Implement the Downtown Master Plan and development of downtowns, and increase densification by conversion from commercial to residential.
- B. Implement or assist in implementing economic development related plans approved by Council, with the necessary resources to support them.
- C. Provide a welcoming environment that is conducive to investment and reduction of red tape, by removing barriers and attracting new business.
- D. Invest in large projects to stimulate growth and increase conferences, sports and events tourism, and celebrate cultural diversity.
- E. Build on our existing reputation to become the global centre for mining research, environmental restoration and innovation.
- F. Contribute to an economically stronger northern Ontario.

Quality of Life and Place

Strengthen the high quality of life we already know and love

- A. Create programs and services designed to improve the health and well-being of our youth, families and seniors.
- B. Maintain great public spaces and facilities to provide opportunities for everyone to enjoy.
- C. Promote a quality of life that attracts and retains youth and professionals, and encourages seniors to relocate to our community, taking into consideration all of Greater Sudbury.
- D. Focus on clean, green living and the environment, by investing in our future and celebrating how far we've come.

Responsive, Fiscally Prudent, Open Governance

Lead in public service excellence

- A. Focus on openness, transparency and accountability in everything we do.
- B. Improve communications within City hall and between the City and the community at large, by taking steps to get to know the needs of the entire community, including the silent majority, and by meeting them.
- C. Work with management to ensure that all staff are working toward the same goals, with accountabilities for senior staff linked to Council's strategic plan.
- D. Emphasize the relationship between governance, community engagement and information, in support of better decision-making.

Sustainable Infrastructure

Prioritize, build and rebuild our community's foundation

- A. Determine acceptable levels of infrastructure services.
- B. Improve the quality of our roads.
- C. Complete the Transportation Master Plan.
- D. Provide quality multimodal transportation alternatives for roads, transit, trails, paths and sidewalks, and connect neighbourhoods and communities within Greater Sudbury.
- E. Establish subwatershed studies and source water protection plans.
- F. Develop sustainable stormwater funding.