

# INTRODUCTION

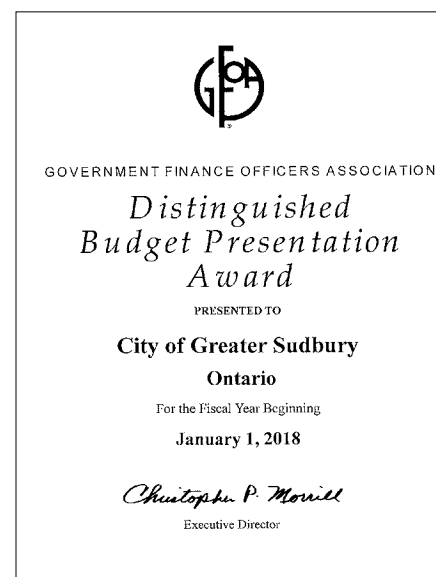
Splash Pad Ridgecrest Playground

## 2018 BUDGET RECOGNITION

The Government Finance Officers Association of the United States and Canada (GFOA) recognized the City of Greater Sudbury with a Distinguished Budget Presentation Award for its 2018 Annual Budget.

The award is considered the highest form of recognition in government budgeting. To qualify for this international award, the City's budget document met a number of guidelines for its effectiveness as a policy document, a financial plan, an operations guide and a communications tool. This award is valid for a period of one year. The 2019 Budget document continues to improve and conform to program requirements, and will again be submitted to GFOA's award program.

The GFOA is a professional association that recognizes government efforts to make information available to the public and encourages process improvements in the areas of financial reporting, accounting or budgeting. There are more than 1,600 participants in the GFOA's Budget awards program in the United States and Canada.



## 2019 BUDGET HIGHLIGHTS

The proposed 2019 Budget continues building on the progress made in previous years to reflect the service priorities of the community. It includes an array of services that make significant contributions to the community's quality of life.

### Greater Sudbury is a Low Cost Service Provider

The City benchmarks its performance and shares the results with the community in an open, transparent manner. Comparisons with other communities consistently show Greater Sudbury is one of the lowest-cost cities in the province among cities with populations in excess of 100,000 residents. The City's services and service levels typically match those found in other similar cities.

### Infrastructure Renewal is a Top 2019 Priority

City Council has identified infrastructure renewal as a top spending priority. The 2019 Budget invests \$75.4 million in infrastructure to renew and maintain roads, bridges and facilities. This encompasses a \$46.6 million investment in our road network, including a \$15.6 million investment to complete several bridge and culvert rehabilitation projects, and \$28.8 million in facility renewal work.

### Keeping People Moving All Year, Any Way They Want

In 2019, there is an \$18.5 million budget for winter road maintenance, up from \$17 million in 2018. Additionally, \$1.1 million is budgeted for sidewalk snow clearing. The City's service standards for its roads in winter are among the highest in the province. Combined with plans for improving transit routes and service levels, residents will have a variety of good choices for moving around the city throughout the year.

### Safe Neighbourhoods and Public Spaces

Greater Sudbury Police Services helps keep our community safe. Its 2019 Budget increases by \$2.2 million and includes a plan to hire four additional police officers to support downtown safety initiatives and increased traffic enforcement.

### Making Progress on Transformational Projects

In 2016, City Council supported four Large Projects that promise to transform the cultural and economic profile of our community. A new Arena/Event Centre, a new main Library/Art Gallery, a new Convention and Performance Centre (The Junction) and Place des arts, a new Francophone arts centre, will all see significant progress in 2019.

### Affordable Local Government

While City Council directed staff to develop a budget with no more than a 3.5 % property tax increase over the previous year's taxation level, it also directed staff to identify potential changes that could reduce the tax increase to 2.5 %. The recommended budget and service plans are presented in this document. Potential service changes that could reduce the tax increase will be published as an appendix to the staff report that will be considered by the Finance and Administration Committee on February 19, 2019.

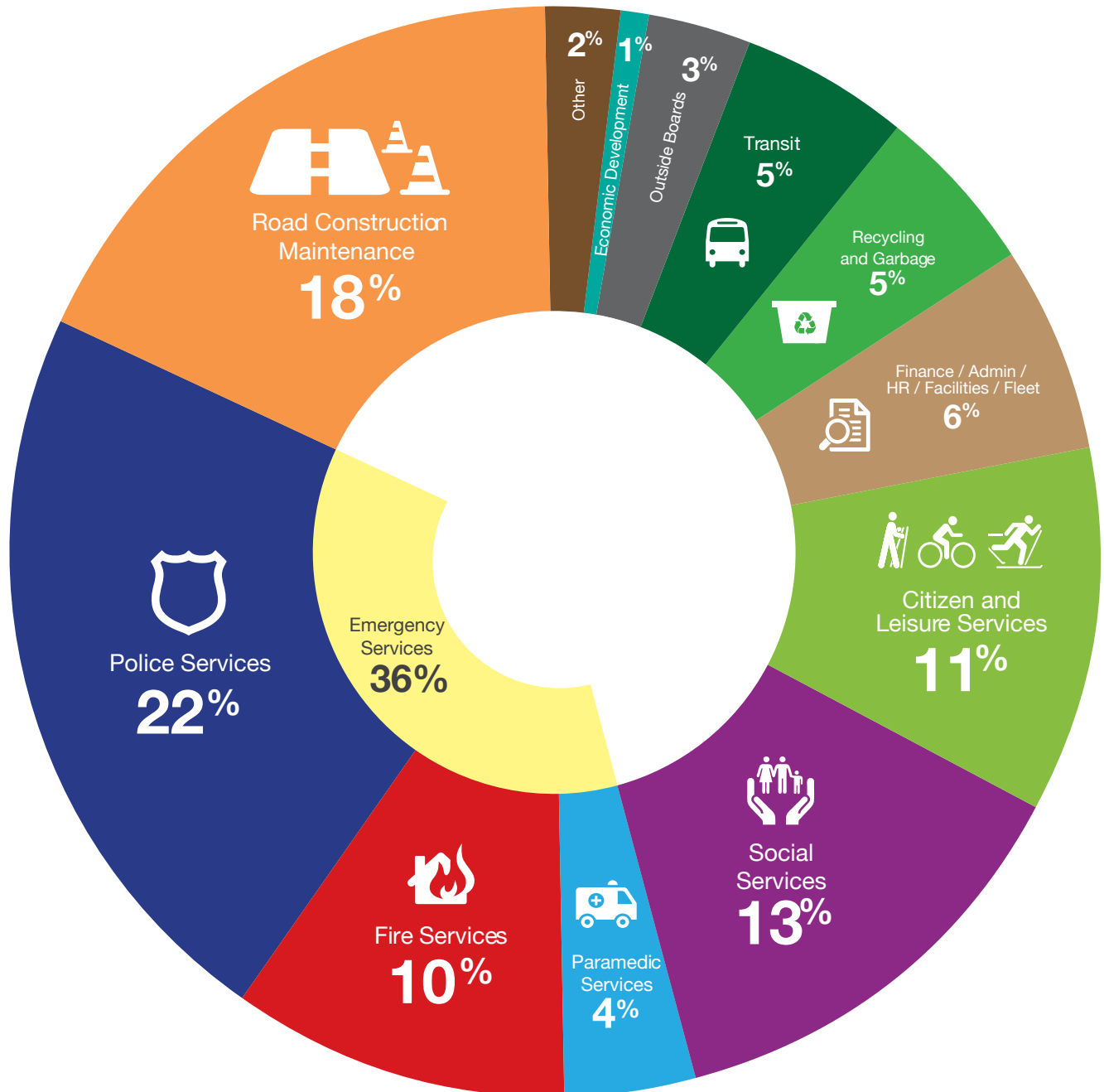
Nonetheless, like most Canadian cities, Greater Sudbury has significant asset renewal needs that will not be fully addressed with the level of taxation recommended in this budget. The City's Long-Term Financial Plan calls for accelerated asset renewal by establishing a special tax levy. If approved, a 1.5 % special levy would also be incorporated into 2019 plans to further address long-standing asset renewal requirements.

## WHAT A 3.5 % + 1.5 % INVESTMENT REPRESENTS FOR TAXPAYERS

Current Value of Your Home	\$230,000	\$350,000	\$450,000
<b>Annual</b>			
2019 Property Tax increase - 3.5 %	\$103	\$156	\$201
2019 Property Tax increase with special capital levy - 5.0 %	\$146	\$223	\$287
<b>Monthly</b>			
2019 Property Tax increase - 3.5 %	\$9	\$13	\$17
2019 Property Tax increase with special capital levy - 5.0 %	\$12	\$19	\$24

## PROPERTY TAX ALLOCATION

Where do your property taxes go?



### DID YOU KNOW?

Greater Sudbury is one of the most affordable cities in Canada. The cost of providing the numerous services residents rely on every day is over half a billion dollars. About 46 % of the funds to provide these services comes from property taxes.

Some of these services include:

- Collect waste from 60,000 homes weekly
- Respond to more than 45,000 calls to police, 27,000 calls to paramedic services and 4,500 calls to fire services annually
- Transport 21,000 patients annually through paramedic services
- Conduct 600 fire prevention inspections and 100 fire education visits annually
- Maintain about 3,560 lane kilometers of road
- Maintain and operate 255 sports fields and courts, 16 beaches, 14 arenas and five pools
- Provide long-term care to 433 residents at Pioneer Manor

### KEY INVESTMENTS IN 2019

#### Roads

The 2019 Budget includes a \$46.6 million capital investment in road construction and repair to improve the city's transportation network.

An investment of \$15.6 million will result in the completion of several bridge and culvert rehabilitation projects throughout the community.

The budget provides funding previously approved by Council toward the Maley Drive Extension (\$2.3 million) and Municipal Road (MR) 35 (\$1.9 million) road projects. Construction of the Maley Drive Extension is in progress, and detailed design and construction for MR 35 is underway.

#### Winter road maintenance

This year, \$18.5 million has been allocated to winter road maintenance, up from \$17 million in 2018. In addition, the City will replace four snow plows to ensure current service levels in our community are maintained.

#### Community

Investments in recreation include funding for building upgrades at the Howard Armstrong Recreation Centre, Dowling Leisure Centre and Gerry McCrory Countryside Arena. Other work includes artificial turf installation and parking lot improvements at the Terry Fox Sports Complex.

#### Environment

Several investments in watermain and sanitary sewers will replace aging infrastructure and improve quality of service in relation to water distribution and wastewater collection, as well as protect our environment.

The City will initiate the McNaughton Terrace Treatment Facility project and complete various subwatershed planning studies and storm-related projects.

In addition, there are several investments relating to landfills and waste diversion at locations including the Sudbury, Azilda and Hanmer facilities, as well as the Recycling Centre.

#### Get involved in the process

The annual municipal budget process is the City's annual business plan. It is important that the budget reflects the priorities of the residents of this community.

The City is asking residents to share their ideas about the 2019 Budget spending through an online input tool and survey, which allow participants to indicate their spending priorities. Residents will also be able to learn more about City services and their costs at an information session following the budget's public release. For more information and to provide your input, visit [greatersudbury.ca/budget](http://greatersudbury.ca/budget).



A full report on public engagement will be made available in advance of deliberations to inform Council as they finalize the budget.

The proposed 2019 Budget document, public engagement information and budget videos can be found at [greatersudbury.ca/budget](http://greatersudbury.ca/budget).

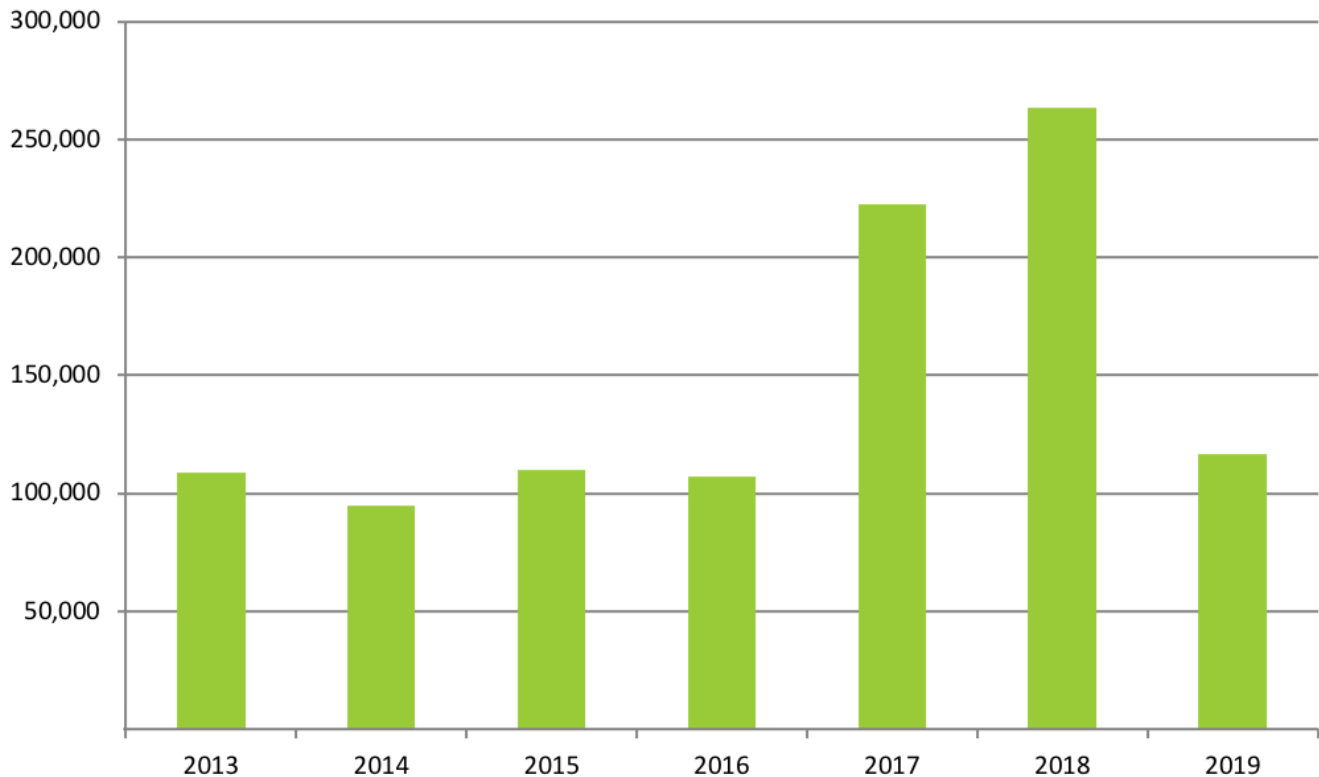
The Finance and Administration Committee will meet on February 19, 20 and 21, 2019, to deliberate the capital and operating budgets, and water/wastewater rates. City Council will then consider the budget at a Special City Council meeting immediately following budget deliberations. These meetings are open to the public and are livestreamed at [greatersudbury.ca/livestream](http://greatersudbury.ca/livestream) and on the City's Facebook page at [facebook.com/greatersudbury](https://facebook.com/greatersudbury).



## CAPITAL BUDGET HIGHLIGHTS

The City's capital budget has focused primarily on the renewal of infrastructure due to the size of the infrastructure renewal requirement, a pressure felt by municipalities across the province and the country. The 2017 and 2018 capital budgets were significantly higher than prior years, due to larger than usual senior government funding. In 2019, the City will see a return to more typical spending but still higher than historical norms.

### Annual Investment in Capital (\$000's)



## 2019 WATER/WASTEWATER USER FEES

The service is funded entirely by user fees paid by customers based on the amount of water they use, with the exception of a small portion for fire protection. All water systems must be fully funded and supported by a sustainable long-range financial plan. Following a sustainable plan keeps the service in a state of good repair, reduces the risk of service interruptions and sustains water quality levels.

The water/wastewater long-range financial plan anticipates a 7.4 % increase in the rates charged to customers. A typical water/wastewater customer uses approximately 200 cubic metres of water each year. The chart below demonstrates how a 7.4 % increase in water/wastewater user rates affects the average homeowner, whose costs would increase by approximately \$7.35 per month.

## 2019 WATER/WASTEWATER RATE IMPACT

### Monthly

		2018	2019	\$ Change
<b>Water</b>				
Monthly Usage Charge	1	26.70	28.80	2.10
Monthly Fixed Service Charge	2	19.89	21.46	1.57
<b>Total Monthly Water Charges</b>		<b>\$ 46.59</b>	<b>\$ 50.26</b>	<b>\$ 3.67</b>
<b>Wastewater</b>				
Monthly Usage Surcharge	3	30.09	32.20	2.11
Monthly Fixed Service Surcharge	3	22.42	23.99	1.57
<b>Total Monthly Wastewater Charges</b>		<b>\$ 52.51</b>	<b>\$ 56.19</b>	<b>\$ 3.68</b>
<b>Total Monthly Water/Wastewater Charges</b>		<b>\$ 99.10</b>	<b>\$ 106.45</b>	<b>\$ 7.35</b>

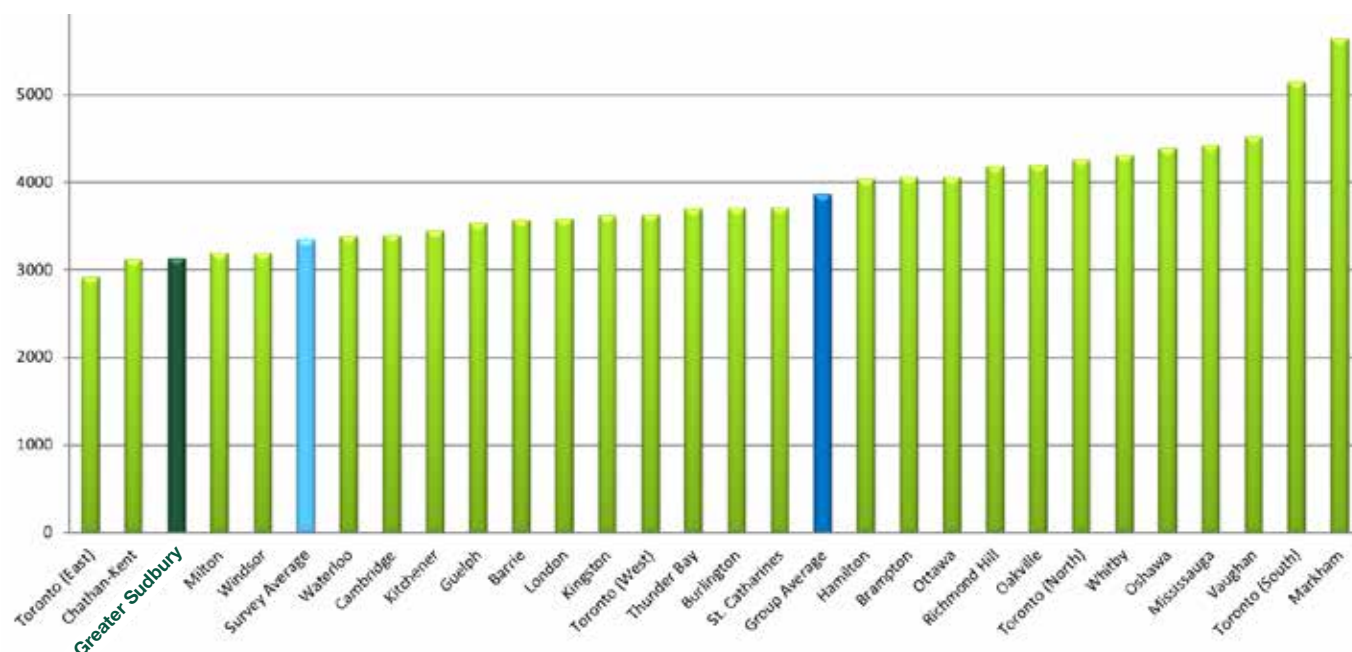
1. The water usage charge is equal to the water usage (in cubic metres) multiplied by the water rate of \$1.728 per cubic metre.
2. The fixed service charge is to provide water service to a property. This fee does not include any charges for water use and this amount varies depending upon your meter size.
3. The wastewater surcharge is applied to total water charges (usage and fixed service) as there are no meters to measure outflows of wastewater. For 2019 the surcharge is 111.8 % of water charges.



## HOW GREATER SUDBURY'S PROPERTY TAXES COMPARE TO OTHER MUNICIPALITIES

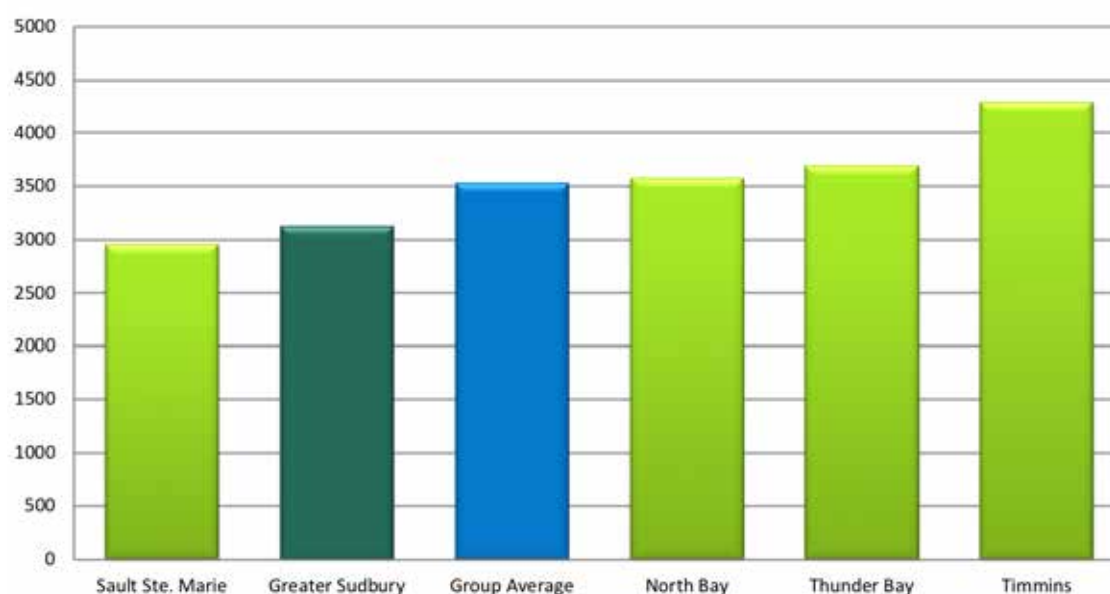
Greater Sudbury's taxes are among the lowest for a typical bungalow compared to other cities with over 100,000 population and our northern neighbours.

### 2017 Tax Comparison for Detached Bungalow – Municipalities with Population Greater than 100,000



Source: 2017 BMA Study

### 2017 Tax Comparison for Detached Bungalow – Northern Ontario



Source: 2017 BMA Study

## 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 that 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 3,228 square kilometres in area, making it geographically the largest municipality in Ontario.

In 2018, Greater Sudbury was home to approximately 166,000 people. It is a truly bilingual community with approximately 26 % of people reporting French as their mother tongue, and a further 38 % identifying as knowing both official languages. Italian, Finnish, German, Ukrainian and Polish are the top five non-official languages spoken in the city. More than 9 % of people living in the city identify as Indigenous.

## LOCAL ECONOMY

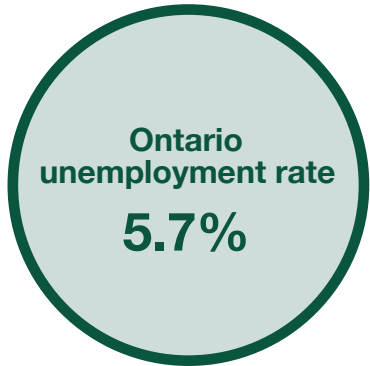
Greater Sudbury is a great place to live, work, shop and play. As northeastern Ontario's economic and service hub, the city is central to the region's economy. People from across the North come to Greater Sudbury to shop, study, and access medical, business and financial services.

The Bank of Canada predicts Canada's Gross Domestic Product (GDP) will grow by 2.2 % in 2019 and 1.9 % in 2020. Greater Sudbury is expected to grow by 1.2 % in 2019 and 1.1 % in 2020. New housing construction fell to 165 units in 2018, but is anticipated to rebound to 280 units in 2019.


Greater Sudbury's unemployment rate for November 2018 was 6.3 %, up from 6.2 % a year ago, whereas Ontario's unemployment rate was 5.7 % and Canada's was 5.8 %. This gap between Greater Sudbury's unemployment rate and Ontario's has rarely been so small.

As one of the top nickel producers in the world, and one of the few regions producing battery grade nickel, Greater Sudbury will no doubt benefit from the anticipated surge in demand for the metal as the global transition to electric vehicles (EV) begins to accelerate. Many of the key ingredients for EV, nickel, copper, lithium and cobalt, are either produced right here in Greater Sudbury or in neighbouring communities. According to industry analysts, the global nickel production industry will have to invest up to \$70 billion (USD) by 2030 to keep up with projected demand. It is expected that the copper industry will need to invest up to \$40 billion (USD) by 2030 in order to support electrification.

Locally, in the spring of 2018, Vale and Glencore announced investments of \$1.4 billion toward new mine development in the Sudbury region. These market trends bode well for the 300 businesses and 14,000 skilled workers that constitute Greater Sudbury's world-class mining supply and services cluster. This cluster supports not only local mining and mineral production, but increasingly exports its products, services and expertise around the world.



**Ontario  
unemployment rate**  
**5.7%**



**Greater Sudbury  
unemployment rate**  
**6.3%**

Source: November 2018 unemployment rates, Statistics Canada Labour Force Survey

Table 14-10-0294-01 Labour force characteristics by census metropolitan area, three-month moving average, seasonally adjusted

## ECONOMIC INDICATORS

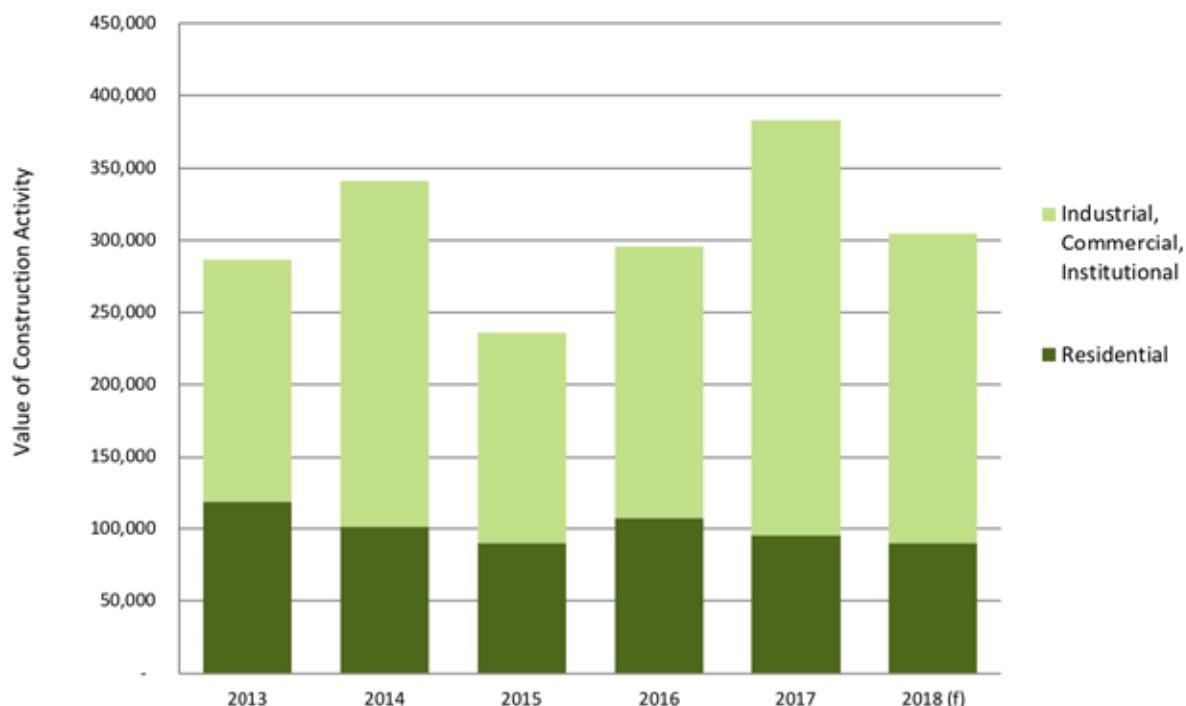
	2015	2016	2017	2018f	2019f	2020f	2021f	2022f
Real GDP at basic prices (2007 \$ millions)	7,884	7,877	7,915	8,010	8,096	8,186	8,257	8,337
percentage change	-1.1	-0.1	0.5	1.2	1.1	1.1	0.9	1.0
<b>Total employment (000s)</b>	<b>82</b>	<b>82</b>	<b>81</b>	<b>81</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>83</b>
<b>percentage change</b>		<b>-0.8</b>	<b>-0.7</b>	<b>-0.4</b>	<b>1.1</b>	<b>0.1</b>	<b>0.7</b>	<b>1.0</b>
Unemployment rate (%)	7.4	8.1	6.7	7.0	6.6	6.4	6.3	6.3
<b>Household income per capita (\$)</b>	<b>47,167</b>	<b>48,893</b>	<b>49,615</b>	<b>50,643</b>	<b>51,890</b>	<b>53,189</b>	<b>54,768</b>	<b>56,598</b>
<b>percentage change</b>	<b>3.9</b>	<b>3.7</b>	<b>1.5</b>	<b>2.1</b>	<b>2.5</b>	<b>2.5</b>	<b>3.0</b>	<b>3.3</b>
Population (000s)	165	165	165	165	165	165	165	165
percentage change	-0.2	-0.1	0.1	0.0	-0.1	0.0	-0.1	-0.1
<b>Total housing starts</b>	<b>247</b>	<b>289</b>	<b>195</b>	<b>165</b>	<b>277</b>	<b>282</b>	<b>285</b>	<b>288</b>
Retail sales (\$ millions)	2,003	2,141	2,260	2,281	2,312	2,341	2,368	2,406
percentage change	3.7	6.9	5.6	0.9	1.3	1.3	1.2	1.6
<b>CPI (2002 = 1.000)</b>	<b>1.274</b>	<b>1.297</b>	<b>1.319</b>	<b>1.347</b>	<b>1.373</b>	<b>1.401</b>	<b>1.430</b>	<b>1.459</b>
<b>percentage change</b>	<b>1.2</b>	<b>1.8</b>	<b>1.7</b>	<b>2.2</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>

Source: Metropolitan Outlook 2, Summer 2018, Conference Board of Canada

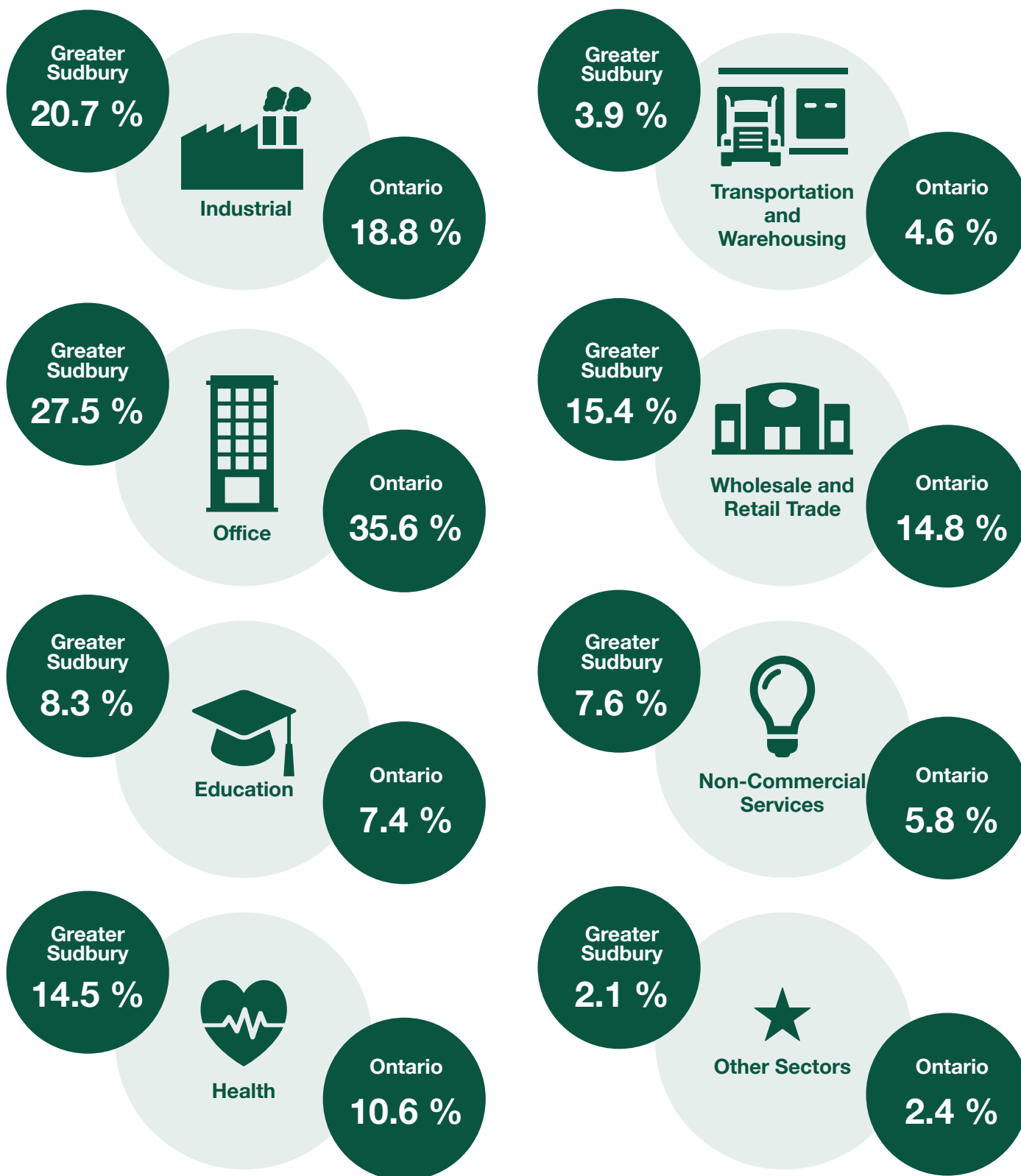
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Prepared by Analytics and GIS, Community and Strategic Planning Section, City of Greater Sudbury – 3-Dec-18

## Building Permits (\$000's)

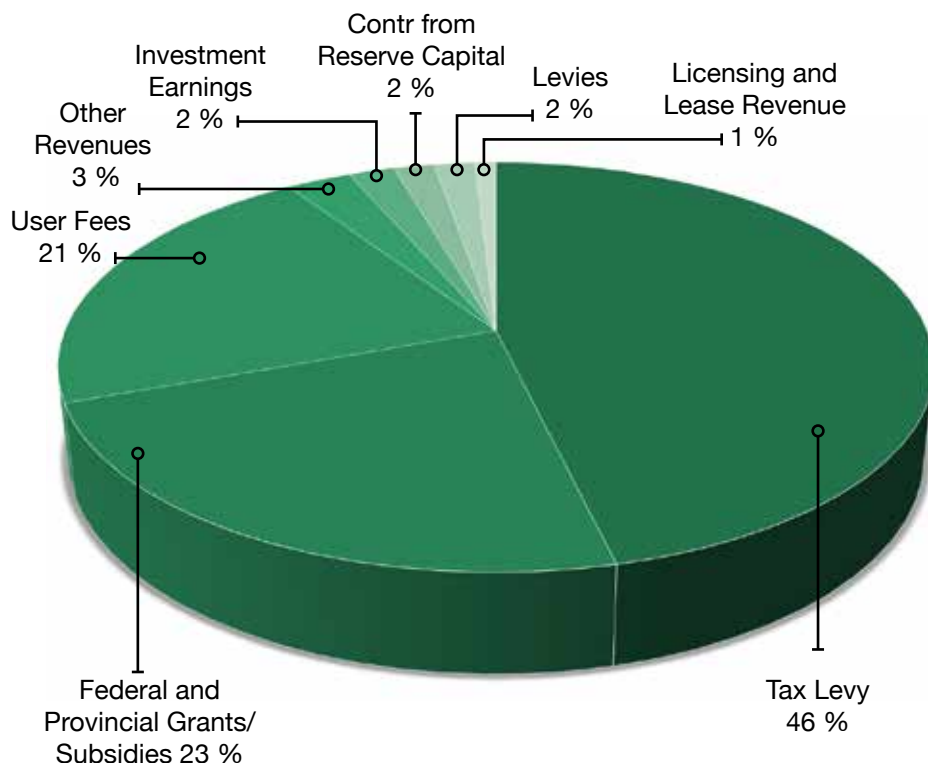


## EMPLOYMENT BY SECTOR



Source: 2016 Census of Canada, Statistics Canada  
 Prepared by the Analytics and GIS Section, City of Greater Sudbury  
 May 23, 2018

## 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 assumes all responsibilities set out under the Municipal Act and other provincial legislation. As such, the City is responsible for maintaining all infrastructure and assets, providing emergency services, library services, and more throughout its 3,228 square kilometres. The City is in approximately 60 different lines of business, each one important to members of our community.

## OPERATING BUDGET

The operating budget provides the money needed for the City to perform routine operations and provide daily services. Approximately 46 % of the operating budget comes from property taxes while the remainder of the budget is funded by provincial and federal government grants and subsidies, user fees and other revenues.

## SERVICES PROVIDED BY THE MUNICIPALITY INCLUDE:

### Resident Safety:

- Animal Control
- Building Inspections
- By-law Enforcement
- Emergency Management
- Fire
- Paramedic Services
- Police

### Public Health:

- Drainage and flood management
- Public Health Sudbury & Districts
- Wastewater collection and treatment
- Water treatment and distribution

### Transportation:

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

### Quality of Life:

- Community grants
- Land use planning oversight
- Long-Term Care
- Parks and playgrounds
- Recreation programs and facilities
- 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 strategic priorities for the City of Greater Sudbury, and further develops these priorities with measurable actions in the Implementation Plan. An update of the Council Strategic Plan can be found in the Appendices section of this document.

City Council will be developing a new strategic plan in 2019 to guide decisions through the next term of Council.

The Strategic Plan is currently under review. It is anticipated that a new, or significantly updated Strategic Plan will be available by June, 2019.

### VISION, MISSION AND VALUES

Employees are committed to producing results for the community that reflect Council's desired outcomes. The strategic 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



### **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.



## GUIDING DOCUMENTS

### The Official Plan

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

The OP guides municipal decision-making on important issues that affect the daily life of every 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.

Phase 2 of the OP review is currently underway. It will align the OP with the Transportation Master Plan and the Water/Wastewater Master Plan, once complete. At that time, staff will bring forward any recommended land use policy changes associated with the Greater Sudbury Development Corporation's Strategic Plan: From the Ground Up 2015-2025.

### Communications Strategic Plan

The Communications Strategic Plan outlines a framework for the City's communication practices to ensure they meet the information and engagement needs and expectations of residents. The plan builds residents' understanding of their municipal government and employee confidence through ongoing, relevant, two-way engagement and communication.

### Cultural Plan

The Cultural Plan is the framework for identifying and leveraging the community's cultural resources and integrating culture across all facets of planning and decision-making. The plan includes substantial goals under four interconnected strategic directions; Creative Identity, Creative People, Creative Places and Creative Economy.

### Customer Service Strategy

The Customer Service Strategy describes how the City will transform customer service and build a consistently positive customer service culture. Outlining a framework for the City's customer service approach over the next three years, it is intended as a roadmap for employees and citizens to make a positive customer service environment part of the City of Greater Sudbury brand.

### Downtown Master Plan

The Downtown Sudbury Master Plan is the blueprint to guide the revitalization of Downtown Sudbury, detailing a series of actions and initiatives necessary for this transformation, specifying their timing and allocating responsibilities. A healthy, active, successful downtown makes a positive statement about the prosperity of a city, sending a positive message to future residents, businesses and investors.

### Economic Development Strategic Plan

The Economic Development Strategic Plan strengthens the community's direction and focus, while working toward a vision of employment growth and economic diversification. The plan outlines a number of goals including the development of an entrepreneurship ecosystem, a welcoming and open community, a highly skilled and creative workforce, one of Ontario's top tourism destinations, and more.

### Emergency Services Strategic Plan

This document provides strategic direction for the Community Safety Department to achieve the vision of providing highly effective services that has the confidence of the community.

### Enterprise Asset Management Policy

The Enterprise Asset Management Policy will achieve service sustainability through a consistent asset management approach that incorporates full lifecycle costs. It outlines best practices for long-term financial planning and the process for making informed decisions regarding the acquisition, operation, maintainance, renewal, replacement and disposal of physical City assets.

### Corporate Information Technology Strategic Plan

The Information Technology Strategic Plan provides a direction to achieve a vision of great service experiences powered by technology and data, available anywhere, anytime. It emphasizes digitization with a focus on simple, easy to use technologies, improving service quality and efficiency in customer and staff interactions.

### Planning Services Strategic Business Plan

The Planning Services Strategic Business Plan is structured around six key goals and involves over 60 initiatives that can be undertaken to improve land use planning in the community. It defines the Planning Services division's role in creating and managing positive change consistent with the Official Plan. It commits the division to proactively leading positive change, strengthening its evidence-based decision making frameworks, and furthering its reputation as innovators, collaborators, communicators and administrators.

### Roads Financial Plan

The financial plan for roads addresses growing infrastructure and operational requirements of the City's road network, the City's largest single asset class. The plan considers a plan that progressively, but responsibly, increases funding to support roads asset renewal and construction requirements.

### Water/Wastewater Master Plan

The Water/Wastewater Master Plan identifies long-term replacements and/or expansion to the water and wastewater servicing networks. The plan defines the water and wastewater infrastructure required to service existing and future development to 2041 through four main objectives: to plan for safe, robust servicing systems; to accommodate planned growth within the community; to ensure system performance and efficiency within the servicing systems is maintained; and to comply with existing legal and regulatory requirements.

### Water/Wastewater Long-range Financial Plan

The City of Greater Sudbury is legislated to maintain a financial plan for its water/wastewater services. The 10-year plan is a strategy to help achieve the financial sustainability of the water and wastewater system. Benchmarks are used to measure progress and serve as a guide to Council when making budget decisions. An updated study will be presented to Council in spring 2019.

## ANNUAL BUDGET

Services drive costs. Included in this budget document are business plans that describe planned services and service levels. The divisional budgets reflect these service plans and are supported by performance data to enable readers to assess performance.

Each division's business plan includes:

- Financial information
- An overview of the service area
- Key accomplishments for 2018
- Strategic issues and opportunities
- Key deliverables for 2019
- Key performance indicators

This budget document is the corporate-wide annual business plan, which includes 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 the budget is balanced. That means budgeted revenues equal budgeted expenses.





## DRIVERS FOR THE 2019 BUSINESS PLAN AND BUDGET

### Strategic Context for 2019

The global economy is expected to slow moderately from 3.8 % growth in 2018 to 3.5 % over the next year. The main factor for the deceleration of growth is the softening of the Chinese economy, however, most developed economies will still experience growth in 2019.

After a year of impressive growth with a real GDP increase of 3.0 % in 2017, Canada's economy has experienced the cooling trend driven by underperforming non-energy merchandise exports and the competitively low Canadian dollar in 2018. Canada's current economy is on track to slow to a more sustainable pace in 2019 with expected GDP growth of 2.2 % according to Bank of Canada's predictions. The Canadian economy is also faced with businesses' reluctance to invest since the 2014 commodities price crash. While the federal government continues to spend on goods, services and infrastructure projects, the provincial governments are looking for ways to reduce spending and shrink deficits.

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 % in 2019. In 2018, the employment rate dropped 0.4 % but is expected to rise 1.1 % in 2019. The price of nickel, the mineral on which Greater Sudbury's economy was built, rose strongly in the first half of 2018 but subsequently fell and remained in and around the US \$5/lb mark as the year ended. The outlook for the price of nickel largely remains low for 2019, but strong demand is anticipated in the near future based on the forecasted growth in battery powered electric vehicles.

Mining giants Vale and Glencore are planning heavy investments in Greater Sudbury in the near future. Vale will proceed with a \$760 million Phase 1 development of its Copper Cliff Deep project, while Glencore will expend US \$700 million on its Onaping Depth endeavour. Both projects seek to replace declining production from established mines. Continued growth is expected in Greater Sudbury's construction sector as a result of the \$80 million Maley Drive Extension and the \$100 million Kingsway Entertainment District and Arena/Event Centre, which are currently underway.

## PRIORITIES AND ISSUES

### Growth Management and Economic Development

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 the city's relatively low growth, the City of Greater Sudbury must find ways to manage costs and improve revenue growth.

The City has undertaken an update of its population, household and employment growth projections to the year 2046 based on data from the 2016 Census. The City of Greater Sudbury Outlook for Growth to 2046 report will be used to inform capital, service level and policy planning. The major findings of these projections are:

- The city stands out as the only major urban area in northern Ontario with a growing population. By contrast, Thunder Bay, Sault Ste. Marie, Timmins and North Bay have either experienced no increase or a declining population since 2001.
- Greater Sudbury is expected to grow over the next 30 years by between 6,900 to 15,000 people, 6,000 to 8,400 households and 6,400 to 11,000 jobs under modest and high growth scenarios.
- Mining continues to be the most important economic factor affecting the growth outlook for Greater Sudbury. It creates variability with respect to the city's economic outlook, and over the longer term can be influenced by resources outside Greater Sudbury, such as the Ring of Fire west of the James Bay.
- Greater Sudbury acts as a regional service centre for nearby municipalities including North Bay and Sault Ste. Marie, and provides a draw with additional amenities. This regional service function provides some stability to the long-term growth outlook.
- The age structure of the population will have a wide range of influence on how Greater Sudbury grows, specifically regarding housing demand.



### Asset Renewal and Financial Viability

With its historic focus on minimizing property taxes that prompted the deferral of a variety of needed asset renewal investments, the City has a significant level of capital asset and infrastructure renewal requirements. This includes the renewal and replacement of roads, water and wastewater mains, equipment and facilities.

The risk of service interruption 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 the Asset Management Plan, the City currently has an infrastructure renewal requirement of \$1.9 billion. These unmet needs increase the risk of service interruptions due to asset failure, or lower quality service provision due to poor quality assets. Annual maintenance costs are increasing as the infrastructure continues to age past its useful life. The Asset Management Plan provides strategies to manage these ongoing pressures and mitigate the risk of failure.

The City is responsible for the maintenance and operation of the cost of assets amounting to \$2.8 billion. These assets are critical for the delivery of service levels expected by the residents of Greater Sudbury.

The City, like most Canadian municipalities, must overcome multiple challenges in managing aging assets including:

- Aging infrastructure;
- Expectations of higher levels of service with minimal financial impact;
- Increasingly demanding and complicated legislation with environmental requirements; and
- Mitigation of the increased risk involved with the execution of service delivery.

As asset management planning has progressed, the City has identified an infrastructure need of \$3.1 billion over the next 10 years. Given this magnitude, it is clear that the City will not be able to fully fund the 10-year capital infrastructure renewal requirement.

Due to these increasing pressures, the City will establish and implement a detailed asset management plan and investment strategy.

On December 13, 2017, the province approved O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperities Act, 2015.

**TABLE 1: STEPS AND MILESTONES (LEGISLATED)**

	Milestone	Date Required
1	Asset Management Policy	July 1, 2019
2	Asset Management Plan (Phase 1) for core infrastructure assets (roads, bridges and culverts, water, wastewater and stormwater management) that discusses current levels of service and the cost of maintaining those services.	July 1, 2021
3	Asset Management Plan (Phase 2) for all remaining municipal infrastructure assets that discusses current levels of service and the cost of maintaining those services.	July 1, 2023
4	Asset Management Plan (Phase 3) for all municipal infrastructure assets that builds upon the requirements achieved in 2023. Additional requirements include proposed levels of service, the activities required to achieve the proposed levels of service and a financial plan to fund the activities.	July 1, 2024
5	Annual review of asset management progress following implementation of the Phase 3 Asset Management Plan.	July 1 (annually)
6	Asset Management Policy and Plan updates.	Every 5 years
7	Internal and External Transparency: Policies and plans shall be provided to the Ministry of Infrastructure or any persons, as requested, and will be posted to the City's website.	Once completed

The steps and milestones to be implemented by all municipalities as described within the legislation are summarized in Table 1. Further detail for the primary steps and milestones follows.

1. The City's Enterprise Asset Management Policy meets the legislative requirements.

The purpose of the policy is to provide guidance applicable to the whole organization and all of its services to minimize the risk of service interruption or increased cost due to asset failure while supporting the consistent delivery of expected service levels. The policy provides a framework to achieve the City's goals and plans with the introduction of critical asset management guiding principles.

2. The primary milestone within O.Reg. 588/17 is the development, implementation and review of the Asset Management Plan. As a minimum the first iteration of the City's Asset Management Plan will include core infrastructure assets such as roads, bridges and culverts, water, wastewater, and stormwater management per the legislation.
3. Following the completion of the asset management plan for core infrastructure, the City continues to incorporate all municipal infrastructure assets such as fleet, buildings and facilities.
4. Phase 3 of the plan will include additional clarity on proposed levels of service, inventory/lifecycle management, as well as a financial strategy which incorporates solutions to address any funding shortfall, a financial strategy to service growth and a risk analysis.

The City of Greater Sudbury ensures its municipal infrastructure systems are supported by plans and financing decisions that demonstrate effective service support and appropriate regard for managing lifecycle costs.

## Employee Engagement and Retention

A city is dependent on the skills and loyalty of its municipal workforce. A great employee experience drives a great citizen experience.

Twenty per cent of the City's workforce is eligible to retire in the next five years. Many of these are longer service employees filling key managerial and technical roles. 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. 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. In addition, the City is taking a proactive approach to preparing its workforce for the future. Staff began a Human Capital Management Plan in 2018, which will continue into 2019, to ensure the City has people in place to achieve future strategic priorities.

The intent of the Human Capital Management Plan is to:

- Incorporate more innovative tools to manage the City's recruitment process.
- Address policies to adopt a more employee-centric approach to increase retention and engagement.
- Continue the evolution of a professional development system for employees.
- Diversify the City's recruitment audience to attract a more culturally diverse population.



### Public Engagement

The City provides a variety of opportunities for citizens to participate in the discussions, decision-making and implementation of projects or programs that affect our community. Connecting with residents and listening to their feedback is important in ensuring we are successful in managing the long-term needs of the city.

Over to You, the City's online engagement portal includes a variety of tools for engagement including, surveys, forums, updates, sign-ups, idea boards, map applications, and more. Online engagement is a convenient and quick way for residents to get involved and have their say in the things that are important to them. Through the portal, responses are gathered and easily shared and reported on to demonstrate community priorities.

The City works with 14 Community Action Networks (CAN) bringing residents together to work toward a healthy community. Any resident can become a member of their neighbourhood CAN to help identify community needs and participate in the collaboration needed to continually better the city.

Throughout 2018, the City requested input on a number of projects, including the Kingsway Entertainment District and Arena/Event Centre, The Junction, backyard hens, playgrounds, development charges and more. Input will continue to be requested as we work together to make Greater Sudbury a better place to live, work and play.



### RISKS

There are a number of risks that, if realized, could affect the City's ability to sustain current service levels.

#### Asset Condition

Although the Asset Management Plan has been presented, the absence of thorough asset condition information on the majority of the City's assets still exists. There is a risk that one or more assets could deteriorate or even fail, resulting in a reduction of service to citizens. The development of good asset condition information and plans to address asset weaknesses is a priority for the next few years.

#### Base Metal Prices

Base metal prices overall fell in 2018 compared to 2017. The price of nickel, the mineral on which Greater Sudbury's economy was built, rallied in the first half of 2018, with World Bank data showing that its price hit a 38-month high in April 2018. Since then, however, the price of nickel started falling and traded around US \$5/lb mark for the remainder of 2018. The outlook for nickel largely remains unpredictable for 2019 but strong demand is anticipated in the near future for base metals based on the forecasted growth in battery powered electric vehicles.

#### Assessment Growth and Economic Development

The last four years have reflected somewhat muted assessment growth in the city, although Greater Sudbury remains the only large population centre in northern Ontario that is seeing any growth. The cost to provide services to residents continues to increase. With low assessment growth, economic development activities take on greater importance as new taxable assessment helps spread the cost of municipal services over a broader tax base. Due to some assessment adjustments in the industrial sector, the City is experiencing higher than anticipated assessment growth for 2019. This is not expected to continue in future years. Economic growth through new private sector investments is needed to help sustain the City's very affordable taxation levels.

#### Ontario Municipal Partnership Fund (OMPF)

In the last four years, the City of Greater Sudbury has seen a reduction in its OMPF annual funding of \$7 million. Based on the current formula, the City was anticipating that the 2019 allocation would remain the same as 2018. However, recent correspondence from the Ministry of Finance suggests that this funding envelope may be reduced commencing in 2019.

The City is at risk of receiving a reduced OMPF allocation, which may result in more pressure on rate payers. To offset this reduction, service adjustments or increased revenues from other sources may be needed.

### Project Delivery

The scale of the capital plan is significant and continues to fluctuate. The available staffing resources to deliver the capital plan has seen minimal change year over year. Additional costs may be incurred if projects are not completed based on the timelines estimated in the capital plan.

### Interest Rates

The City has approved significant projects to be funded through the use of debt, including the Kingsway Entertainment District and Arena/Event Centre and the commitment to Place des arts, among others. As interest rates fluctuate and are anticipated to increase, this creates uncertainty. Staff continue to monitor interest rates and are waiting for the appropriate time to secure debt to reduce the risk of market fluctuations.

### Provincial Funding

Staff has monitored the changes in funding that have been announced by the new Ontario Government due to the concerns about the size of the forecasted provincial deficit. The 2019 Budget does include funding that is based on the best information at the time of the preparation of the budget document, however, the Provincial Government continues to review programs and any changes to funding may have an impact on the budget.

## ENTERPRISE RISK MANAGEMENT

It is important to acknowledge that every activity carries some degree of risk and that municipalities are continuously exposed to a wide spectrum of them. To best support Council and staff in identifying, recognizing, evaluating and mitigating risks, the City has developed an Enterprise Risk Management (ERM) policy.

The policy, which includes the development of an ERM framework, ensures that managing risks is a routine part of decision-making. The framework will include the tools required for decision makers to proactively manage risks that could have adverse impacts on the City's strategic processes or goals, and will continue to evolve.

## INVESTMENTS IN KEY COMMUNITY PROJECTS: LARGE PROJECTS

In 2016, Council endorsed in principle four Large Projects with the aim to set priorities for the City and shape the future of our community. They are:

- Kingsway Entertainment District and Arena/Event Centre
- Greater Sudbury Convention/Performance Centre (The Junction)
- Library/Art Gallery (The Junction)
- Place des arts

Each of the Large Projects aligns with Council's Strategic Plan, Greater Together, by:

- Growing the economy and attracting investment
- Strengthening the quality of life residents already know and love
- Leading in public service excellence
- Prioritizing, building and rebuilding our community's foundation

Work on the projects has been ongoing, primarily led through the Economic Development Division, with support from other departments, and each project is now in a different stage of exploration, analysis or development. Status updates are provided to Council regularly.

### Kingsway Entertainment District and Arena/Events Centre

The Arena/Event Centre will replace the existing 66-year-old Sudbury Community Arena as a location for sporting events and concerts. It will have a capacity of 5,800 for sporting events and 6,500 for concerts and will be an integral part of the Kingsway Entertainment District.

The project is anticipated to cost \$100 million, however the facility is anticipated to generate \$142 million in direct and indirect spending, in addition to employment growth.

The Arena/Event Centre is currently in the planning stage.



### The Junction

The Junction combines two of Council's Large Projects, the Library/Art Gallery and the Greater Sudbury Convention/Performance Centre. City Council selected the Sudbury Community Arena site as the preferred site for the shared gathering place.

During the summer of 2018, Council approved staff recommendations for next steps to move the project forward. This includes performing a site investigation, refining project design and capital costs, selecting key suppliers, and more.

A business case for a financial plan is included for consideration as part of the 2019 Budget.

### Place des arts

Place des arts will be the first multidisciplinary arts centre in northeastern Ontario. The multipurpose cultural centre is a contemporary arts and culture facility for Francophones and for the entire community.

Located in downtown Sudbury, the cultural complex will feature a 299 fixed-seating theatre, a multifunctional studio, a contemporary art gallery, a youth zone, office spaces, meetings room and more.

The cost of the project is approximately \$30 million, of which \$5 million will come from the City of Greater Sudbury. The City has also contributed land on the block formed by Elgin and Larch streets and Medina Lane. The estimated economic effects of the project construction are \$18.7 million and the creation of 180 jobs.

A business case outlining a request for operational funding is being considered as part of the 2019 Budget.

Phase 1 of construction is complete with Phase 2 expected to begin in the Spring of 2019. The project is expected to be complete in 2020.





## POPULATION HEALTH

In 2017, City Council endorsed a project initiative for Population Health, a partnership with multiple community agencies and organizations to improve overall health within the City of Greater Sudbury. Since the first gathering in February 2017, partners worked to identify the top 10 areas with the greatest potential for positively influencing the health and well-being of our community. These priority areas are:

- Indigenous youth
- Resiliency
- Families
- Mental health
- Compassionate City designation
- Play opportunities
- Housing
- Holistic health
- Age friendly strategy
- Healthy streets

Further collaboration took place culminating in an event in June 2018 where delegates drafted a Call to Action for all partners to utilize in their planning for the next 10 years. A final document was created outlining potential community actions that could help move the 10 priorities upstream to improve the city's quality of life and place. Where applicable, the City's 2019 work plans reflect its contributions to these Calls to Action. Other community partners also play an important role in helping realize the outcomes anticipated from this initiative.



City of Greater Sudbury  
Population Health - A Call to Action  
June 20, 2018



