



2018 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 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 2016, Greater Sudbury was home to approximately 162,000 people. It is a truly bilingual community with approximately 25 % 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 8 % of people living in the city identify as Aboriginal.

Mining continues to be a driving force in Greater Sudbury's economy. A century of mining experience has made us a national and 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 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 healthy retail sector, all illustrate the strength of Greater Sudbury's diversified economy and point to a bright future for our city.



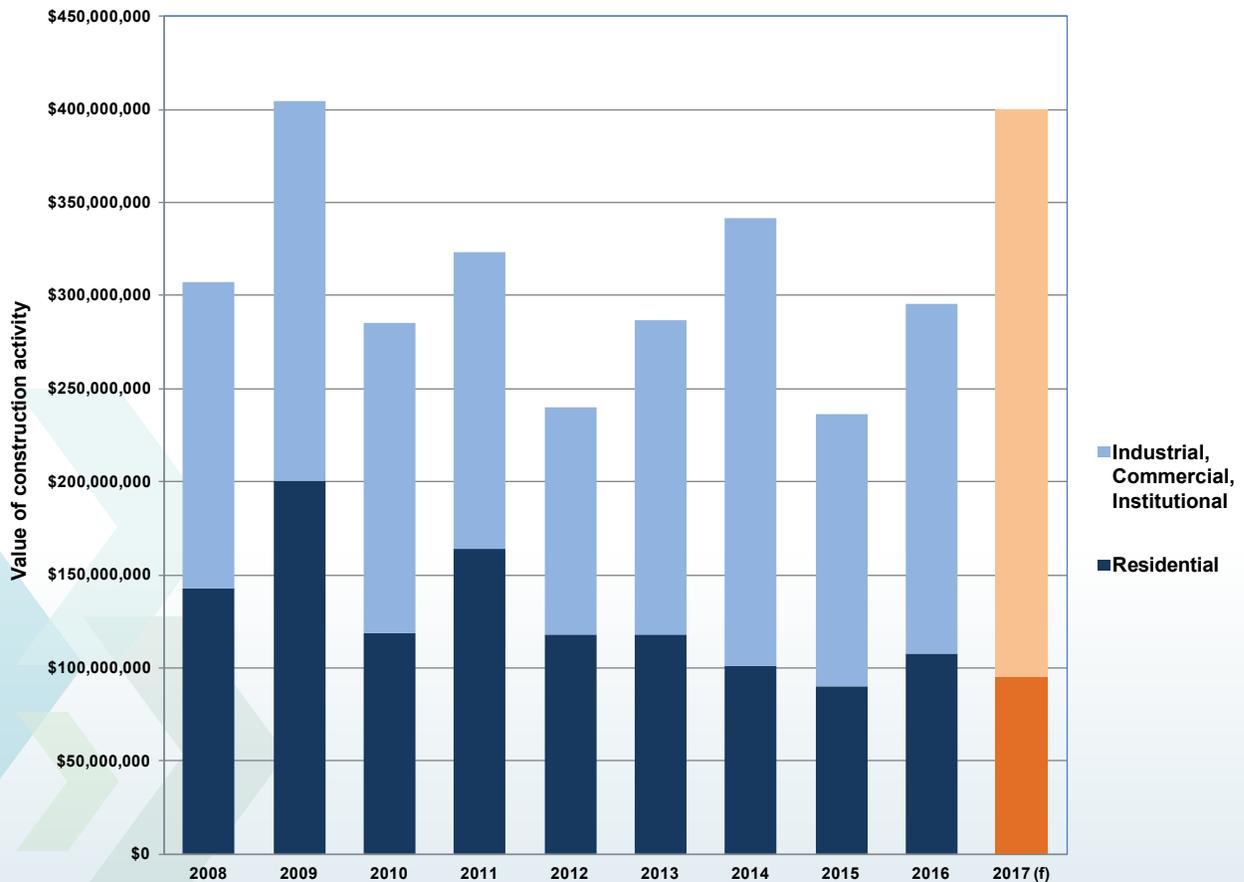
Economic Indicators

Economic Indicators	2014	2015	2016	2017f	2018f	2019f	2020f	2021f
Real GDP at basic prices (2007 \$ millions)	8,343	8,162	8,052	8,151	8,234	8,319	8,396	8,477
percentage change	-1.0	-2.2	-1.3	1.2	1.0	1.0	0.9	1.0
Total employment (000s)	83	82	82	82	82	82	83	83
percentage change	-0.5	-0.7	-0.5	-0.2	0.3	0.4	0.8	0.6
Unemployment rate (per cent)	6.4	7.4	8.1	6.8	6.7	6.6	6.6	6.5
Personal income per capita (\$)	44,968	45,232	45,749	46,770	48,136	49,542	51,037	52,516
percentage change	1.5	0.6	1.1	2.2	2.9	2.9	3.0	2.9
Population (000s)	166	166	166	166	166	166	166	166
percentage change	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total housing starts	271	247	289	302	284	273	273	277
Retail sales (\$ millions)	1,973	1,994	2,067	2,145	2,168	2,210	2,244	2,272
percentage change	3.5	1.1	3.6	3.8	1.1	1.9	1.5	1.2
CPI (2002 = 1.0)	1.259	1.274	1.297	1.316	1.339	1.369	1.398	1.426
percentage change	2.3	1.2	1.8	1.5	1.8	2.2	2.1	2.0

Note: f - Forecast

Source: Metropolitan Outlook 2, Summer 2017, Conference Board of Canada

Building Permits



Local Economy

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 Ontario.

Greater Sudbury

6.0%

\$90,837

UNEMPLOYMENT RATE*

**AVERAGE HOUSEHOLD
INCOME 2015****

Ontario

5.6%

\$97,825

* Labour Force Survey Estimates by Census Metropolitan area, Statistics Canada

** 2016 BMA Study

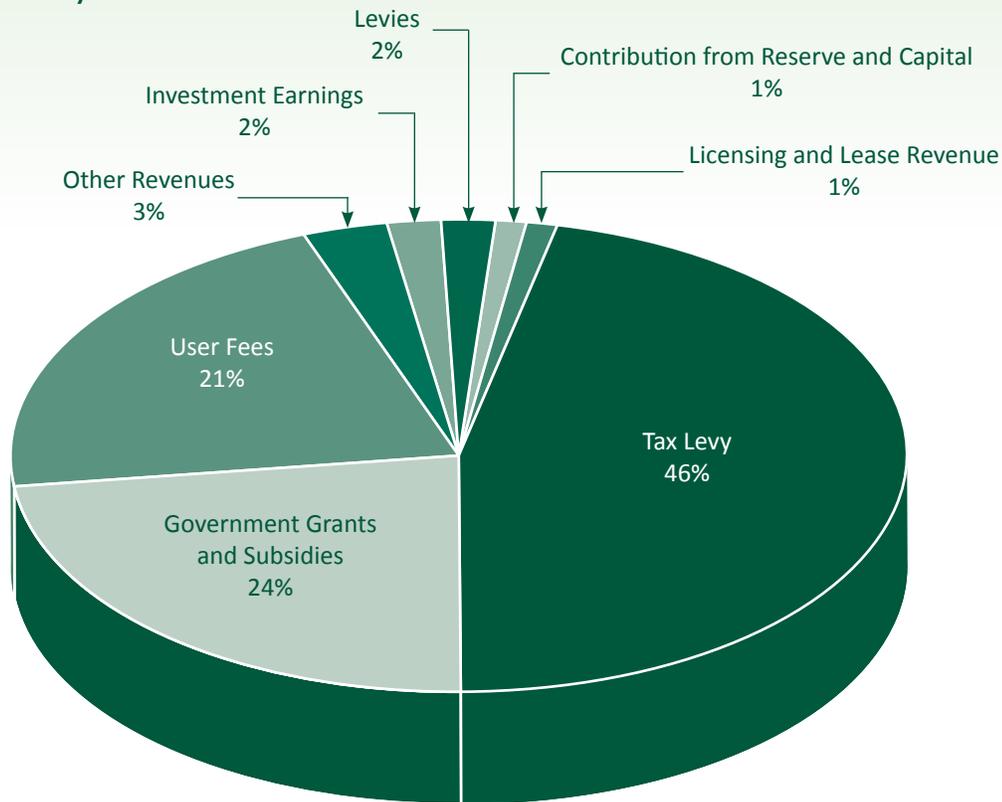


Employment by Sector

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%

2011 Census of Canada, Statistics Canada,
Conference Board of Canada

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 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:

- Police
- Fire
- Paramedics
- By-law Enforcement

- Emergency Management
- 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
- Long-Term Care



Vision, Mission and Values

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 term of Council. 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. An update of the Council Strategic Plan Implementation Plan can be found in the Appendices section of this document.

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

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. The overall guiding principle of the plan is to provide quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

The four priorities of 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.

Guiding Documents

The Official Plan

The Official Plan (OP) is a Council authorized blueprint to help guide Greater Sudbury's development over the next 20 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 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.

Annual Business Plans and Budgets

As part of the budget process, departments have developed annual business plans and budgets for their service areas. 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 they provide
- Key accomplishments for 2017
- Strategic issues and opportunities
- Key deliverables for 2018
- Key performance indicators
(Municipal Benchmarking Network Canada)

The 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 2018 Business Plan and Budget

Strategic Context for 2018

The global economy continues to show signs of moderate growth and is expected to gain strength throughout 2018, driven by China, India, United States and, to a lesser extent, Canada.

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 2018, 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 2018 is between 1.8 % and 2.0 %.

For Greater Sudbury, the economy is expected to continue to grow as reflected in the Conference Board of Canada forecasted GDP growth of 0.9 % to 1.2 % during the next few years with a return to employment growth. In 2017, nickel prices dipped to \$4 per pound, but have rebounded and currently trade in the \$5 and above range. The unemployment rate has declined from a high of 8 % in January of 2017 to 6 % in September, however total employment is poised to fall for the fourth straight year in 2017, anticipating a modest recovery in 2018.

In 2017 and expected in 2018, investments in both commercial and institutional sectors will provide stimulus for the local economy. Major construction projects such as the continuation of the Maley Drive Extension, Lorne Street reconstruction and the continued construction of Highway 69 and Highway 17 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 manage costs and improve revenue growth.



Asset Renewal and Financial Viability

In an effort to keep property taxes low, 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.

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 the Asset Management Plan, the City currently has an infrastructure requirement of \$1.9 billion that 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 plan addresses the current infrastructure requirement and provides some strategies to manage the ongoing pressures and mitigate the requirement.

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 we work to address our growing infrastructure requirement, implement the 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 we are successful in managing the long-term needs of our city.

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.

Employee recruitment and retention is challenged by the City of Greater Sudbury's aging workforce. 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 what the future holds. Staff are developing a Human Capital Management Plan in 2018 to ensure the City has people in place to achieve future strategic priorities.



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

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 have been stable for the majority of 2017, with a slight increase in September. Even with the stability in base metal prices, the city has experienced the closure or curtailment of some local mining operations. However, if base metal prices recede again, it could further affect the capital spending of mining companies, in turn impacting economic growth of the community.

Low Assessment Growth

The last four 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 low assessment growth, increased pressure to provide services at the same level becomes more difficult without a greater than inflation property tax increase.

Ontario Municipal Partnership Fund (OMPF)

In the last four years, the City of Greater Sudbury has seen a reduction in its OMPF annual allocation of \$10.9 million. Based on the current formula, it is anticipated that a further reduction of \$1.9 million is expected for 2018. Given this trend, the City is at risk of receiving reduced OMPF allocations in the future, resulting in more pressure on tax rates. To offset this reduction, service adjustments or increased revenues from other sources are 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. Timelines are fixed, which leads to additional costs if not adhered to.

Changes to Legislation

The City is facing three major legislative changes:

Bill 151, the Waste Free Ontario Act, was passed in November 2016. The new legislation will have a major impact on the way municipal solid waste will be managed. Although many benefits are expected from the new legislation, the details of the changes and the requirements for municipalities are currently unknown and under review.

Bill 148, Fair Workplaces, Better Jobs Act, is the Province's legislative response to the Changing Workplaces Review. As a result, the City is planning for a change to the minimum wage standards. The Bill is currently in its second reading debate. The Bill will result in a minimum wage increase on January 1, 2018 to \$14 an hour and again on January 1, 2019, to \$15 an hour. These wages are also subject to an annual inflation adjustment on October 1 of every year, beginning in 2019. Bill 148 also contains changes to vacation pay, equal pay for equal work provisions, and new regulations that could impact the City's ability to change shift schedules or rely on on-call arrangements.

Workplace Safety and Insurance Board (WSIB) Presumptive Legislation: New legislation related Post Traumatic Stress Disorder (PTSD), and the addition of several new eligible cancers, has resulted in potential increased financial obligation to the City. Increased internal WSIB premiums are responsible for an approximate increase of \$480,000 in the 2018 Operating Budget. Additional increases during the next two subsequent years will be required to ensure sufficient funds are available to address new claims.

Investments in Key Community Projects: Large Projects

In November 2015, City Council held a special Large Project input session to help set priorities and shape the future of our city. Stakeholders were invited to present information on key projects with significant impact on the community. City Council endorsed, in principle, four large projects as worthy of further consideration. They are:

- Arena and Event Centre
- Art Gallery and Library
- Place des arts
- Synergy Centre

Staff was directed to undertake next steps with regards to each of the four projects, and return to Council with regular updates. Since that time, work has been ongoing and each project is now in a different stage of exploration, analysis or development.

Each of the Large Projects aligns with Council's Strategic Plan, Greater Together, by supporting all four of the pillars: Growth and Economic Development; Responsive, Fiscally Prudent, Open Governance; Quality of Life and Place; and Sustainable Infrastructure.

Arena and Event Centre Update

The existing 66-year-old Sudbury Community Arena – home to the OHL's Sudbury Wolves and host to nearly 200,000 spectators every year – will be replaced by a new, multipurpose sports and entertainment facility on the Kingsway.

The Kingsway Entertainment District and Arena/Event Centre will contribute to community development and growth, and will support the city's regional and provincial presence.

A public brainstorming session was held in October to receive the public's input on the project and an integrated site plan concept for the facility is currently being designed. The integrated site plan will be presented to Council in November 2017.

Art Gallery and Library Update

Both the main branch of the Greater Sudbury Public Library (GSPL) and the Art Gallery of Sudbury (AGS) are focused on community service and have long outgrown their current locations. As a result of preliminary analysis, a number of synergies were identified and City Council subsequently provided direction to formally investigate the feasibility of a joint facility.

The Art Gallery/Library will provide vital public space for people to gather and connect, learn and share ideas, and inspire creativity. It is expected to create a cultural hub in the downtown, while contributing to the arts and culture district of Greater Sudbury.

Most recently, Council endorsed the site evaluation criteria and weighting to be used to assess the proposed sites. In November 2017, co-chairs of the working group and City staff will report to Council with a detailed business plan, operational model, conceptual design and recommended site as the project's next steps.

Place des arts Update

The Place des arts is proposed to be a multipurpose Francophone arts facility located in downtown Sudbury. The centre is designed to be a gathering place for the community, including artists' studios, performance venues and a café. Public spaces and services will be provided in both languages.

The Place des arts project is led by the Regroupement des organismes culturels de Sudbury (ROCS), a group made up of seven local Francophone arts organizations.

During the 2017 budget process, Council approved a funding commitment of \$5 million, as well as a commitment to transfer land, subject to ROCS confirming all other funding for the project. As directed by Council, staff will work with the project proponents to develop a written agreement outlining the reporting and financial obligations that must be met prior to funding being provided.

Synergy Centre Update

The Greater Sudbury Synergy Convention Centre is a proposed multi-use convention centre and performing arts facility to be located in downtown Sudbury. As a multi-use facility, the core business of the Synergy Convention Centre will be to attract conventions, conferences and trade shows to the City of Greater Sudbury.

Staff has been directed to finalize a detailed business plan, operational model, conceptual design and financial plan for the proposed centre, in addition to undertaking a coordinated site selection process with the Art Gallery/Library project.

In November 2017, the co-chairs of the working group and staff will report to Council with a detailed business plan, operational model, conceptual design and recommended site.