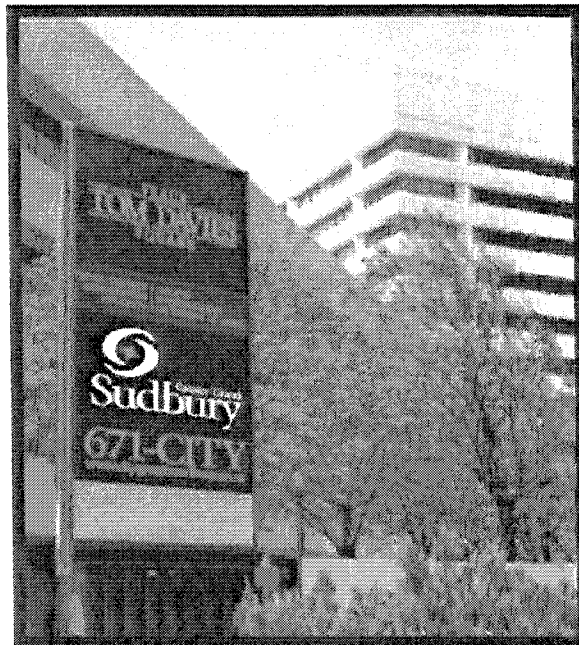


# Agenda Ordre du Jour

**Councillor/Conseiller**  
**Ted Callaghan**  
**Chair/Présidente**

**Councillor/Conseiller**  
**Russ Thompson**  
**Vice-Chair/Vice-Président**



**For the  
Finance Committee  
Meeting to be held**

**Monday, January 12, 2009**

**at 4:30 p.m**

**Council Chamber  
Tom Davies Square**

**Pour la réunion du  
Comité des finances  
qui aura lieu**

**lundi le 12 janvier 2009**

**à 16 h 30**

**dans la Salle du Conseil  
Place Tom Davies**

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**THIRTIETH MEETING OF THE FINANCE COMMITTEE  
TO BE HELD ON MONDAY, JANUARY 12, 2009 AT 4:30 P.M.  
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE**

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**COUNCILLOR CALLAGHAN, CHAIR**

**(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)**

The Council Chamber of Tom Davies Square is wheelchair accessible. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device. Persons requiring assistance are requested to contact the City Clerk's Office at least 24 hours in advance of the meeting if special arrangements are required. Please call (705) 674-4455, extension 2471. Telecommunications Device for the Deaf (TTY) (705) 688-3919. Copies of Agendas can be viewed on the City's web site at [www.greatersudbury.ca](http://www.greatersudbury.ca).

**DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

## **MANAGER'S REPORTS**

1. Report dated January 8, 2009 from the Chief Financial Officer/Treasurer regarding 2009 Water/Wastewater Rates. **1 - 2**  
**(RESOLUTION PREPARED)**
2. Report dated January 7, 2009 from the Chief Financial Officer/Treasurer regarding 2009 Budget. **3 - 17**  
**(RESOLUTION PREPARED)**

## **CORRESPONDENCE FOR INFORMATION ONLY**

3. Report dated January 8, 2009 from the Acting General Manager of Growth & Development/Planning Director Chief Financial Officer/Treasurer regarding Transit Funding and Commitments. **18 - 21**  
**(FOR INFORMATION ONLY)**

## **2009 PARKING LOT REVIEW**

4. The Chair of the Finance Committee will review each of the items placed in the Parking Lot during the meeting. The consensus of Council will be required for each item listed in the Parking Lot.

## **8:30 P.M. ADJOURNMENT (RESOLUTION PREPARED)**

## **NEXT FINANCE COMMITTEE MEETING**

**DATE: WEDNESDAY, JANUARY 14, 2009 (if required)**  
**TIME: 4:00 P.M. - 5:30 P.M.**  
**PLACE: COUNCIL CHAMBER**

**COUNCILLOR TED CALLAGHAN**  
**CHAIR, FINANCE COMMITTEE**

**FRANCA BORTOLUSSI**  
**COUNCIL SECRETARY**

# Request for Recommendation Finance Committee




Type of Decision							
Meeting Date	January 12, 2009			Report Date	January 8, 2009		
Decision Requested	X	Yes	No	Priority	X	High	Low
	Direction Only			Type of Meeting	X	Open	Closed

Report Title
2009 Water / Wastewater Rates

Budget Impact / Policy Implication	Recommendation
X This report has been reviewed by the Finance Division and the funding source has been identified.	

	<p><b>THAT</b> the Finance Committee approve the 5.2% increase in Water/Wastewater User Fees; and</p> <p><b>THAT</b> the necessary by-law be prepared.</p>
X Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Naddrozny Acting Chief Administrative Officer

Report Prepared By	Division Review
 Dion Dumontelle Manager of Financial Support and Budgeting	

## **BACKGROUND**

The draft Water/Wastewater Budget presented to Council in December reflected an increase in user fees of 5.8%.

Reductions to the base budget of \$409,000 approved by the Finance Committee reduced the user rate increase to 5.0%.

A modified level for one Project Engineer totalling \$115,000 was approved by the Committee, resulting in an overall user rate increase of 5.2%.

	<b>Rate Increase</b>
Preliminary Draft Water/Wastewater rates	5.8%
Reductions to Base Budget	(0.8%)
Approved One Project Engineer	0.2%
Final Water/Wastewater Rate Increase	5.2%

## **SUMMARY**

It is recommended that the Finance Committee approve a 5.2% overall water/wastewater rate increase for 2009.

# Request for Recommendation Finance Committee




Type of Decision							
Meeting Date	January 12, 2009			Report Date	January 7, 2009		
Decision Requested	X	Yes		No	Priority	X	High
							Low
	Direction Only				Type of Meeting	X	Open
							Closed

Report Title
2009 Budget

Budget Impact / Policy Implication	Recommendation
X This report has been reviewed by the Finance Division and the funding source has been identified.	

	<p>THAT the 2009 Budget be approved in the gross amount of \$      and in the net amount of \$      , which represents a % tax increase; and</p> <p>THAT City Council accept the following Board's budgets:</p> <p>The City's share of the Nickel District Conservation Authority's operating budget in the amount of \$544,930;</p> <p>The City's share of the Sudbury &amp; District Health Unit's operating budget in the amount of \$5,208,791;</p> <p>The Greater Sudbury Police Service's operating budget in the amount of \$42,452,464; and</p> <p>THAT staff be directed to implement a \$      million Roads Resurfacing Program, to be funded through the \$15M Provincial Capital Grant, \$      million from the 2009/2010 Federal Gas Tax Allocation, \$125,000 Contribution from Capital Financing Reserve Fund-Roads, \$875,000 Contribution from Capital Financing Reserve Fund - General, and the balance of \$      to be repaid from the 2010 to 2014 Roads Capital Envelope, plus interest; and</p> <p>THAT staff be directed to prepare a report regarding the possible allocation of the \$      Capital Levy.</p>
X	Background Attached
	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadorozny Acting Chief Administrative Officer

Report Prepared By	Division Review
 Lorella Hayes Chief Financial Officer / Treasurer	

## BACKGROUND

At the Finance Committee meeting of December 16<sup>th</sup>, 2008, Council voted on the budget enhancement options. Attached are the voting results. A total of 54 options, valued at \$5.6 million were accepted by the Finance Committee as priority budget enhancements.

Base Budget/Tax Levy Increase	\$185.3 M	2.9%
Budget Enhancement Options	\$5.6 M	3.1%
Total (before capital levy and no funding sources)		6.0%
The budget enhancement options can be categorized as follows:		
Permanent Budget Enhancements	\$1,740,975	
Contribution to Northern Ontario School of Architecture (\$1,000,000 for 10 years)	\$1,000,000	
Transit Ridership Growth Enhancements	\$450,060	
One-time Budget Enhancements	\$1,800,200	
One-time Capital Budget Enhancements	\$602,000	
<b>Total</b>	<b>\$5,593,235</b>	

In addition to the above noted enhancement options of \$5.6 million, is the \$2 million contribution to the St. Joseph's Villa, which requires a funding source.

### Decision #1: Approval of funding sources for one-time budget options

The Finance Committee requested that staff review and identify funding sources for the one-time budget options. Possible funding sources included:

- Contributions from City of Greater Sudbury Reserves and Reserve Funds
- 2008 potential surplus
- Allocation of the \$15 million Investing in Ontario Act Grant for the Capital Budget options
- Transit Ridership Growth Provincial Grants

Based on a review of the nature of the budget options, only approximately \$600,000 of budget options could clearly be identified as eligible expenditures under the provincial grant - Investing in Ontario Act. However, due to Council's request to invest the provincial funding in roads, it is recommended that reserve funds be drawn upon instead.

See Appendix A for the list of budget options and the identified funding sources for the accepted Council priorities.

In summary:

Contributions from City of Greater Sudbury Reserves and Reserve Funds:	
Tax Rate Stabilization	\$1,250,700
Capital Financing – Leisure	\$237,500
Capital Financing – Roads	\$125,000
Capital Financing – General	\$686,500
Capital Financing – Solid Waste	\$52,500
Library Reserve	\$50,000
Obligatory Deferred Revenue - Provincial Transit Ridership Growth Grants	\$450,060
Total Contributions from CGS Reserve and Reserve Funds: (= levy reduction of 1.5%)	\$2,852,260
2008 Surplus and Tax Rate Stabilization for St. Joseph's Villa	\$2,000,000
<b>Total</b>	<b>\$4,852,260</b>

If Council approves the above noted funding sources, the tax increase (before capital levy) would be reduced by 1.5%, to 4.5%. This includes all of the Council approved budget options, including funding the \$1 million annual contribution to Northern Ontario School of Architecture for 10 years, but excludes the capital levy.

## **Decision #2: Review of Appendix A to determine if any budget options can be reduced, eliminated or converted to one-time**

As illustrated in Appendix A, there is approximately \$2.7 million of expenditures that are recommended to be funded by the municipal tax levy. Appendix A also illustrates that this results in a municipal tax increase of 4.5%, after approval of other funding sources, but excluding any capital levy. The following is a summary of the non-staffing, approved enhancement options, in excess of \$100,000:

- \$1 million - Northern Ontario School of Architecture  
This community request for financial support of \$10 million can be paid over a 10 year period at \$1 million per annum. This has a tax levy impact of 0.6%.



- **\$750,000 - Summer Roads Maintenance**  
This budget option requests permanent funding mainly for surface and shoulder maintenance and drainage structures. This has a tax levy impact of 0.4%. In 2008, Council approved \$750,000 as a permanent enhancement to the budget and an additional \$750,000 as a one-time investment.
- **\$200,000 - Geese Management Program**  
The Finance Committee approved two \$100,000 budget options for a geese management program. This has a tax levy impact of approximately 0.1%. In 2008, Council approved \$75,000 as a one-time investment.
- **\$100,000 - Contribution to reserve for an environmental assessment for Barrydowne Road Extension**  
This budget option recommends that this contribution be made for five years, for a total of \$500,000. This has a tax levy impact of approximately 0.1% but would normally be funded through the Roads Capital Envelope.

Should the Finance Committee wish to reduce the tax levy increase of 4.5%, amendments could be proposed to existing service levels or reductions to any of the fifty-four 2009 Budget enhancements.

Below, are two possible scenarios, should the Committee wish to reduce the permanent budget enhancements. These are for illustrative purposes only. The Committee may choose to recommend alternative adjustments.

#### **Scenario 1: Tax levy increase 4.5% reduced to 4.2%**

- In order to reduce the tax increase by 0.3%, this would require reductions of approximately \$600,000. For example:

Reduction of Summer Roads Maintenance permanent enhancement option from \$750,000 to \$350,000	\$(400,000)
Reduction of Geese Management enhancement options from \$200,000 to \$75,000 (same as 2008 level but permanent funding)	(\$125,000)
Fund Barrydowne Extension Environment Assessment from 2010 to 2014 Roads Capital Envelope	\$(100,000)
Total possible reductions to tax levy	(\$625,000) = (0.3%)

## Scenario 2: Tax levy increase 4.5% reduced to 3.9%

- In order to reduce the tax increase by 0.6%, this would require reductions of approximately \$1,000,000. For example;

Reduction of Summer Roads Maintenance permanent enhancement option and fund as a one-time investment	\$(750,000)
Reduction of Geese Management permanent enhancement options and fund as a one-time expenditure (same as last year)	(\$200,000)
Fund Barrydowne Extension Environment Assessment from 2010 to 2014 Roads Capital Envelope	\$(100,000)
Total possible reductions to tax levy	(\$1,050,000) = (0.6%)

Additional contribution from City of Greater Sudbury Reserves and Reserve funds would have to be identified to fund any additional conversions to one-time expenditures.

A further 1% levy reduction would require approximately \$1.8 million of budget options to be eliminated. For example, to reduce the municipal tax increase to 3%, this would require reductions of approximately \$2.7 million, with no provision for a capital levy.

There is approximately \$500,000 available in the Tax Rate Stabilization and \$500,000 in Capital Financing Reserve Fund – General for funding of additional one-time options.

## Decision # 3: Capital levy

A capital levy of 2.3% was approved by Council for budgets 2005, 2006, and 2008. In budget 2007, Council approved 0.5%.

As per the Finance Committee report dated November 13, 2008, a capital levy could be used as a source of funding for the municipal share of the Maley Drive project.

In addition, it is anticipated that the Federal Government will be announcing a budget stimulus package in late January 2009. Also, further details are expected regarding the Building Canada Plan in upcoming months.

Therefore, it is recommended that Council approve a minimum of 0.5% capital levy which would generate approximately \$900,000 per year, for the municipal contribution towards a Federal/Provincial infrastructure funding program. The 2009 capital levy, coupled with future capital envelopes, as well as a possible future capital levy, could be considered as funding sources to pay the municipal share of any infrastructure funding program.

**Decision # 4: Approval of Roads Resurfacing Program and the provincial one-time grant of \$15 million**

As a follow-up to the Finance Committee report dated November 13, 2008 regarding the enhanced Shave and Pave program for 2009 and 2010, staff has prepared the following options for consideration:

<b>Roads Resurfacing Investment</b>	<b>Option 1 \$30,000,000</b>	<b>Option 2 \$20,000,000</b>
<b>Funding Sources:</b>		
Provincial Grant (already received)	\$15,000,000	\$15,000,000
Federal Gas Tax Grant (part of 2009/2010 allocation)	\$5,000,000	\$2,500,000
Contributions from Reserves and Reserve Funds - \$125,000 from Capital Financing General - \$875,000 from Capital Financing Roads	\$1,000,000	\$1,000,000
Balance to be funded by borrowing from capital fund (Repaid from Roads Capital Envelope 2010 to 2014, plus interest)	\$9,000,000	\$1,500,000
<b>Total Funding Sources</b>	<b>\$30,000,000</b>	<b>\$20,000,000</b>

Option 1 would invest \$30 million into roads resurfacing in 2009 and 2010, and requires \$9 million to be borrowed from the capital fund. This would be repaid, plus interest, from the 2010 to 2014 Roads Capital Envelope.

Option 2 would invest \$20 million into roads resurfacing in 2009 and 2010, and leaves \$2.5 million of Federal Gas Taxes available for other unfunded capital needs in the 2010 Budget, and only encumber \$1.5 million of the 2010 capital envelopes.

## CGS Reserve and Reserve Funds

Appendix B provides a forecast of the reserves and reserve fund balances, as of December 31, 2009 with the inclusion of the recommended contributions from these funds as outlined in this report.

### Recap:

	Impact on Tax Levy	Financial Implications
<b>Decision #1</b> Approval of Funding Sources for One-Time Budget Options	6% → 4.5%	<ul style="list-style-type: none"> <li>If the funding sources identified for the one-time options are approved, approximately \$4.3 million would be drawn from CGS Reserves and Reserve Funds and \$450,060 would be committed from the Transit Ridership Growth Funds</li> <li>See Appendix B for Continuity of Reserve and Reserve Fund Balances</li> </ul>
<b>Decision #2:</b> Review of Remaining Budget options to determine if any can be reduced, eliminated, or converted to One-Time	(Assuming Decision #1 approved) 4.5% → 4.2% 3.9% ?	<ul style="list-style-type: none"> <li>Financial implications to be determined based on the decisions of the Finance Committee</li> </ul>
<b>Decision #3:</b> Approval of 2009 Capital Levy	Option 1 - 0.5% Option 2 - 1% Option 3 - 2.3%	<ul style="list-style-type: none"> <li>Amount to be permanently added to the budget for Capital Investments.</li> <li>Report to be provided to Council regarding allocation of funds, following the Federal Government announcements</li> </ul>
<b>Decision #4:</b> Approval of Enhanced Roads Resurfacing Program	Capital Investment in Roads during 2009 and 2010  Option 1: \$30 million  Option 2: \$20 million	<p>Option 1: \$15 million provincial grant allocated to Roads; \$5 million of 2009/2010 Federal Gas Taxes allocated to Roads; \$1.0 million drawn from reserves; and balance of \$9 million from future year's (2010 to 2014) Roads Capital Envelope, plus interest.</p> <p>Option 2: \$15 million Provincial Grant allocated to Roads; \$2.5 million of 2009/2010 Federal Gas Taxes allocated to Roads; \$1.0 million drawn from reserves; \$1.5 million contribution from 2010 Roads Capital Envelope.</p>

## CONCLUSION:

The ranges of tax levy increases under consideration are:

	Current Position	Scenario 1 (\$600,00 of reductions)	Scenario 2 (\$1 million of reductions)	Scenario 3 (\$2.7 million of reductions)
<b>Decision #1</b> Tax Levy Increase (assuming funding sources are approved)	4.5%	4.5%	4.5%	4.5%
<b>Decision #2</b> Less: Possible Reductions	?	(0.3%)	(0.6%)	(1.5%)
<b>Decision #3</b> Add: Capital Levy range of 0.0% to 2.3% tax increase	0.5% (for illustrative purposes only)	0.5% (for illustrative purposes only)	0.5% (for illustrative purposes only)	0.0%
Possible Municipal Tax Increase	5.0%	4.7%	4.4%	3.0%
Add: Impact of Change in Education Rate	0.5%	0.5%	0.6%	0.8%
Possible Overall Property Tax Increase	5.5%	5.2%	5.0%	3.8%
Annual impact to a homeowner assessed at \$136,440 (excludes impact of area rating)	\$133	\$127	\$121	\$91
Annual impact to a homeowner assessed at \$200,000 (excludes impact of area rating)	\$195	\$186	\$177	\$133

Consistent with previous reassessments, the Ministry of Finance will reset the Residential Education Tax Rate to offset the valuation changes resulting the effects of the reassessment on a province wide basis. The Ministry of Finance has provided the City of Greater Sudbury with a letter and stated that based on preliminary data, the new education tax rate will be set at .252%, down from the 2008 rate of .264%, representing a decrease of approximately 5%. It is anticipated that a provincial regulation setting this rate will be filed in the spring of 2009.

This rate reduction is required to ensure that on average, homeowners will not see an increase in the education portion of the tax bill. This is based on the premise that the 2009 phased in valuation increase was 5%, which was the provincial average. However, in Greater Sudbury, the average residential phased-in valuation increase was 13.7%, which will translate into an increase in education taxes for the average local property owner. Based on a municipal tax increase of approximately 3 to 5%, this equates to approximately 0.8% to 0.5% increase.

The 2009 municipal tax levy increase is subject to the decisions of the Finance Committee, as outlined in this report. The above noted chart illustrates potential scenarios to assist the Committee in its deliberations.

**CITY OF GREATER SUDBURY  
2009 OPERATING BUDGET ENHANCEMENT OPTIONS  
APPENDIX A**

Vote	Accepted Budget Options	Funding Source	Cumulative Adjustments	Net Levy	% Incr.	Option Pg Num	Funding Source Reserves	Funding Source Transit Grants	Grant Total Funding
				185,274,062	2.9				
116	Provide one time funding to St. Joseph's Health Centre	2,000,000	(2,000,000)	185,274,062	2.9	62	2,000,000	Tax Rate/2008 Surplus	2,000,000
114	Provide one time funding for emergency shelter services	690,000	(690,000)	185,274,062	2.9	91	690,000	Tax Rate Stabilization	690,000
108	Provide one time funding for the Strategic Recruitment and Retention Program	340,000	(340,000)	185,274,062	2.9	32	340,000	Tax Rate Stabilization	340,000
112	Hire 2 permanent staff and provide funding to add double and express buses to relieve pressure on New Sudbury routes	331,560	(331,560)	185,274,062	2.9	46			331,560
90	Provide one time funding for the Northern Water Sports Centre	250,000	(250,000)	185,274,062	2.9	96	250,000	Cap Fin - General	250,000
113	Provide one time funding for the Phase II Laurentian Track upgrades	200,000	(200,000)	185,274,062	2.9	102	200,000	Cap Fin - Leisure	200,000
121	Provide funding for the 2011 Canadian Francophone Games (\$125,000 for 2009 and \$125,000 for 2010)	125,000	(125,000)	185,274,062	2.9	31	125,000	Tax Rate Stabilization	125,000
113	Provide funding to install traffic signals at Marie Street and Main Street (MR15)	130,000	(125,000)	185,279,062	2.9	135	125,000	Cap Fin - Roads	125,000
107	Provide funding for the Cedar Park Pathway Railings and winter maintenance	85,000	(70,000)	185,294,062	2.9	74	70,000	Cap Fin - General	70,000
111	Provide funding for Lorne Street re-greening and beautification project	75,000	(67,000)	185,302,062	2.9	75	67,000	Cap Fin - General	67,000
79	Provide one time funding to repair and upgrade tennis courts at Loretta Park	60,000	(60,000)	185,302,062	2.9	79a	60,000	Cap Fin - General	60,000
116	Provide permanent funding to add another Lively route 701 around 10:30am to reduce a 4 hour service gap	55,000	(55,000)	185,302,062	2.9	44			55,000
76	Provide funding to enhance litter collection - Option 2 - purchase one litter collection unit and operate 7 months per year	85,500	(52,500)	185,335,062	3.0	137	52,500	Cap Fin - Solid Waste	52,500
125	Provide one time funding for the Azilda Library and Rayside Balfour Museum	50,000	(50,000)	185,335,062	3.0	68	50,000	Library Reserve	50,000
83	Provide one time funding for the Junction Creek Safety Committee - implementation strategy	49,500	(49,500)	185,335,062	3.0	8	49,500	Cap Fin - General	49,500
84	Provide one time funding to develop a passive park in Chelmsford	40,000	(40,000)	185,335,062	3.0	78	40,000	Cap Fin - General	40,000
81	Provide one time funding for the upgrades to the Pine Heights park in Lively	40,000	(40,000)	185,335,062	3.0	79	40,000	Cap Fin - General	40,000
112	Provide funding to upgrade the water lines at the Lively Ski Hill	49,500	(37,500)	185,347,062	3.0	83	37,500	Cap Fin - Leisure	37,500
93	Provide one time funding for Ridgecrest playground accessibility equipment	30,000	(30,000)	185,347,062	3.0	4	30,000	Cap Fin - General	30,000
86	Provide permanent funding for the Youth Summer Transit Pass #1 - provide 2,000 transit 5 ride cards for distribution to youth 12-22	25,000	(25,000)	185,347,062	3.0	41			25,000
124	Provide permanent funding to increase transit service from Garson to downtown in the mornings	23,500	(23,500)	185,347,062	3.0	47			23,500
96	Provide funding for Phase 2 of the Laurentian playground in Val Caron	20,000	(20,000)	185,347,062	3.0	76	20,000	Cap Fin - General	20,000
72	Provide funding to offer Transcab service to RR#15 between Chelmsford (Slots & mail) and the Val Caron boundary	15,000	(15,000)	185,347,062	3.0	43			15,000
103	Provide one time funding for the replacement of the play structure at the Victory playground	10,000	(10,000)	185,347,062	3.0	80	10,000	Cap Fin - General	10,000

**CITY OF GREATER SUDBURY  
2009 OPERATING BUDGET ENHANCEMENT OPTIONS  
APPENDIX A**

Vote		Accepted Budget Options	Funding Source	Cumulative Adjustments	Net Levy	% Incr.	Option Pg Num	Funding Source	Funding Source	Grant Total Funding
115	Provide funding to the Northern Ontario School of Architecture (\$1,000,000 annually for 10 years)	1,000,000	-	1,073,000	186,347,062	3.5	28	-	-	-
96	Provide permanent funding for increased levels of services for summer roads maintenance	750,000	-	1,823,000	187,097,062	3.9	121	-	-	-
83	Provide permanent funding to increase work week from 35 hours to 40 hours for Roads Engineering section	190,000	-	2,013,000	187,287,062	4.0	141	-	-	-
103	Provide permanent funding for the Geese management program to continue program and expand to other sites	100,000	-	2,113,000	187,387,062	4.1	66	-	-	-
83	Provide funding to establish a Barrydowne Road North Extension Reserve Fund for an environmental assessment	100,000	-	2,213,000	187,487,062	4.2	132	-	-	-
73	Provide permanent funding for the Geese management program to continue program and expand to other sites for a total of \$200,000	100,000	-	2,313,000	187,587,062	4.2	66	-	-	-
93	Provide permanent funding for waste collection at residential units in multi-type building / properties	98,000	-	2,411,000	187,685,062	4.3	129	-	-	-
91	Provide additional permanent funding to the Arts & Culture Grant Program	85,000	-	2,496,000	187,770,062	4.3	50	-	-	-
72	Provide one time funding for Rockhaven - Beyond the Rock to reduce annual operating budget	60,000	(60,000)	2,496,000	187,770,062	4.3	92	60,000	Tax Rate Stabilization	60,000
92	Provide funding for the Rainbow Routes Trail Development Projects for development and operating costs	50,000	(20,000)	2,526,000	187,800,062	4.3	98	20,000	Capital Fin - General	20,000
87	Provide permanent funding for the maintenance of communication towers	50,000	-	2,576,000	187,850,062	4.4	142	-	-	-
82	Provide permanent funding to the Social Planning Council	50,000	-	2,626,000	187,900,062	4.4	93	-	-	-
77	Provide permanent funding for the Sudbury Action Centre for Youth to hire an additional youth centre councillor	49,120	-	2,675,120	187,949,182	4.4	99	-	-	-
112	Provide funding to promote the use of the Seniors' Information Line	25,000	-	2,700,120	187,974,182	4.4	67	-	-	-
87	Provide one time funding for Beaver Lake Community Centre to construct a wheelchair ramp and fix accessibility issues	20,000	(20,000)	2,700,120	187,974,182	4.4	71	20,000	Capital Fin - General	20,000
80	Provide one time funding to the Municipal Heritage Advisory Panel for operational needs	20,000	(20,000)	2,700,120	187,974,182	4.4	34	20,000	Tax Rate Stabilization	20,000
88	Provide permanent funding for annual operational grant for Kukagamit Campers' Association	14,000	-	2,714,120	187,988,182	4.4	70	-	-	-
85	Hire 1 permanent staff - Sign Installer Helper - convert part time hours	13,600	-	2,727,720	188,001,782	4.4	138	-	-	-
118	Provide permanent funding to the Club 50 - Chelmsford, required to obtain MoH-LTC funding	12,000	-	2,739,720	188,013,782	4.5	69	-	-	-
91	Provide one time funding to the Naughton Cross Country Trails Association for trail upgrades	10,000	(10,000)	2,739,720	188,013,782	4.5	77	10,000	Capital Fin - General	10,000
90	Provide one time funding to the Sudbury Bicycle Advisory Panel for operating costs	10,000	(10,000)	2,739,720	188,013,782	4.5	100	10,000	Tax Rate Stabilization	10,000
90	Provide one time funding for the Volunteer Sudbury Organization to promote volunteerism	5,700	(5,700)	2,739,720	188,013,782	4.5	101	5,700	Tax Rate Stabilization	5,700
98	Hire 1 permanent staff - convert part time hours at Howard Armstrong Recreation Centre	1,255	-	2,740,975	188,015,037	4.5	85	-	-	-

**CITY OF GREATER SUDBURY  
2009 OPERATING BUDGET ENHANCEMENT OPTIONS  
APPENDIX A**

Vote	Accepted Budget Options	Funding Source	Cumulative Adjustments	Net Levy	% Incr.	Option Pg Num	Funding Source	Grant Total Funding
126	Hire 5 permanent staff - nursing positions at Pioneer Manor funded through the Local Health Integration	-	2,740,975	188,015,037	4.5	103		-
94	Hire 2 temporary students to provide seasonal relief - Building Services	-	2,740,975	188,015,037	4.5	56		-
89	Hire 2 permanent staff - Training Officers for Emergency Medical Services	-	2,740,975	188,015,037	4.5	146		-
83	Hire 2 temporary permit services clerks - Building Services	-	2,740,975	188,015,037	4.5	55		-
82	Hire 2 permanent staff - Finance - Capital Assets, conversion of part time positions	-	2,740,975	188,015,037	4.5	62a		-
81	Provide one time funding to support the Outdoor Pond Hockey Tournament	-	2,740,975	188,015,037	4.5	97		-
77	Hire 1 permanent staff - Deputy Chief Building Official position - Building Services	-	2,740,975	188,015,037	4.5	57		-
<b>ACCEPTED COUNCIL PRIORITIES</b>		<b>7,583,238</b>	<b>(4,852,260)</b>	<b>note 1</b>	<b>4.5</b>	<b>57</b>	<b>4,402,200</b>	<b>4,852,260</b>

1	2009 Base Tax Levy	185,274,062	
	Add: Above noted permanent budget enhancements	2,740,975	
		<u>188,015,037</u>	
2	The following contributions from reserve funds are recommended as funding sources for the one-time budget options.		
		<b>note 2</b>	<b>note 2</b>
		2,250,700	Tax Rate Stabilization
		237,500	Cap Fin - Leisure
		125,000	Cap Fin - Roads
		686,500	Cap Fin - General
		52,500	Cap Fin - Solid Waste
		1,000,000	2008 Surplus
		50,000	Library Reserve
		<u>4,402,200</u>	



**CONTINUITY OF RESERVES & RESERVE FUNDS**  
**December 31, 2009 Forecast**

Account Name	Estimated 31-Dec-08 Balance	2009 Transactions	Forecasted Interest	Funding for proposed budget options	Funding for proposed roads resurfacing	Estimated 31-Dec-09 Balance	Comments
<b>CONTINUITY OF RESERVES</b>							
Election	(594,963)	(260,100)	-	-	-	(855,063)	2010 Election
Library/Citizen Service Centre Reserve	(192,087)	-	-	-	-	(148,540)	
Land Reclamation Reserve	(147,380)	68,786	-	-	43,547	(78,594)	
Various Expenditures	(1,550,137)	-	-	-	-	(1,550,137)	Committed by council
H/R Organization Development	(533,914)	-	-	-	-	(533,914)	
P.M.Fundraising	(55,659)	-	-	-	-	(55,659)	
Future D/C Study	(51,247)	35,000	-	-	-	(16,247)	
Tax Rate Stabilization	(5,616,137)	280,755	-	3,250,700	-	(2,084,682)	Committed \$1.3M
Agricultural Drains	(386,718)	(281,220)	-	-	-	(667,938)	
Property Evaluation	(171,949)	-	-	-	-	(171,949)	To be collapsed with insurance reserve
West Nile	(92,000)	-	-	-	-	(92,000)	Committed to Health Unit
Ontario Works	(340,150)	-	-	-	-	(340,150)	Stabilization
<b>Reserve Totals</b>	<b>(9,732,342)</b>	<b>(156,779)</b>	<b>-</b>	<b>3,294,247</b>	<b>-</b>	<b>(6,594,874)</b>	
<b>CONTINUITY OF RESERVE FUNDS</b>							
Greater City Sick Leave	(2,794,505)	368,306	(82,182)	-	-	(2,508,381)	Liability greater than \$8M
Police-Sick Leave	(1,243,884)	(119,500)	(42,898)	-	-	(1,406,281)	
Human Resources Management	(10,065,455)	191,324	(326,171)	-	-	(10,200,302)	Committed \$4,869M
WSIB Schedule 2	(1,586,279)	(381,958)	(38,787)	-	-	(2,007,024)	Committed \$900,000
Insurance	(2,045,733)	245,609	(76,752)	-	-	(1,876,876)	Stabilization
Environmental/Other Initiatives	(328,483)	(210,000)	(15,111)	-	-	(553,594)	Landfill gas tax revenues
Land Acquisition	(3,093,257)	-	(108,212)	-	-	(3,201,469)	Committed \$1.34M
Parking Improvements	(1,954,369)	(35,413)	(63,308)	-	-	(2,053,090)	Capital needs
Pioneer Manor-Capital	(8,068,659)	8,200,659	(132,000)	-	-	0	
P.M.Donations	(33,211)	-	(1,093)	-	-	(34,304)	
Social Housing Capital	(6,131,692)	200,000	(184,926)	-	-	(6,116,618)	Social Housing capital
Industrial Park Reserve	(2,824,102)	(90,000)	(94,264)	-	-	(3,008,366)	Committed \$480,000
Regional Business Centre	(402,848)	-	(11,648)	-	-	(414,496)	
Capital Lot Levies	(227,175)	-	(7,476)	-	-	(234,651)	
Public Safety	(376,076)	-	(12,375)	-	-	(388,451)	Committed
Centennial Drive Booster Station	(64,258)	-	(2,115)	-	-	(66,372)	
Roads Winter Control	(2,043,694)	-	(81,244)	-	-	(2,124,938)	Stabilization
VETAC	(4,231)	-	(139)	-	-	(4,370)	
Museum	(25,610)	20,000	(843)	-	6,453	(0)	
South End Library	(992,331)	(124,000)	(36,846)	-	-	(1,153,176)	Capital
Police Services Donations	(83,177)	-	(2,737)	-	-	(85,914)	
Cemeteries	(712,708)	141,229	(18,329)	-	-	(589,808)	
Emergency Service Ambulance	(2,865,414)	848,350	(47,895)	-	-	(2,064,959)	Capital
Larch Street Reserve Fund	(1,417,254)	(123,141)	(33,079)	-	-	(1,573,474)	Capital
<b>Reserve Fund Totals</b>	<b>(49,384,403)</b>	<b>9,131,465</b>	<b>(1,420,430)</b>	<b>6,453</b>	<b>-</b>	<b>(41,666,915)</b>	

# **CONTINUITY OF RESERVES & RESERVE FUNDS**

**December 31, 2009 Forecast**

Account Name	Estimated 31-Dec-08 Balance	2009 Transactions	Forecasted Interest	Funding for proposed budget options	Funding for proposed roads resurfacing	Estimated 31-Dec-09 Balance	Comments
Equipment Replacement	(4,046,453)	(103,893)	(136,666)			(4,287,012)	Fleet Capital
Police Equipment Reserve	(455,496)	(28,463)	(15,948)			(499,907)	
Equip Replace R/F - Transit	(1,341,222)	-	(52,334)			(1,393,556)	
Equip Replace R/F - Fire	(159,047)	-	(4,311)			(163,358)	
Recycling Equipment	(1,323,651)	121,935	(46,856)			(1,248,572)	
Equip Replace R/F-Parks	(281,050)	85,160	(6,442)			(202,332)	
Cap Fin R/F Info Tech	(3,094,466)	844,505	(75,899)			(2,325,859)	Committed \$90,000
Cap Fin R/F Solid Waste	(5,381,708)	2,314,522	(174,349)	52,500		(3,189,034)	
Cap Fin R/F CD Buildings	-	-	-			-	
Capital Financing Reserve Fund	(4,095,806)	657,275	(101,336)	686,500	125,000	(2,728,366)	Committed \$1.5M
Cap Fin R/F Corp Infra	(135,366)	-	(4,455)			(139,820)	
Cap Fin R/F Ecom Dev	(885,599)	226,550	(29,143)			(688,191)	Committed \$540,000
Cap Fin R/F P.W. Bldg	(983,590)	(10,000)	(32,367)			(1,025,957)	Committed \$750,000
Cap Fin R/F-Police	(1,952,992)	896,642	(25,589)			(1,081,939)	Committed
Cap Fin R/F - Roads	(1,410,390)	(359,033)	(56,271)	125,000	875,000	(825,694)	Committed \$540,000
Cap Fin R/F-Wastewater	(3,251,822)	(461,693)	(275,949)			(3,989,464)	Committed \$1.8M, for Stabilization & Capital
Cap Fin R/F-Water	(7,832,094)	(691,778)	(300,297)			(8,824,169)	Stabilization & Capital
Cap Fin R/F- H & S.S.	(1,036,233)	27,000	(34,190)			(1,043,423)	Committed \$63,000
Cap Fin R/F - Fire	(27,852)	-	(917)			(28,769)	
Cap Fin R/F Leisure Services	(275,947)	-	(9,111)	237,500		(47,558)	
Capital Financing Reserve Fund Total	(37,970,782)	3,518,729	(1,382,428)	1,101,500	1,000,000	(33,732,981)	
Less: Proposed Reduction in Inflation		60,000				60,000	
Reserve & Reserve Funds Grand Totals	(97,087,527)	12,553,415	(2,802,858)	4,402,200	1,000,000	(81,934,770)	

Note 1

Note 2

see Appendix A

**CONTINUITY OF RESERVES & RESERVE FUNDS**  
**December 31, 2009 Forecast**

Account Name	Estimated 31-Dec-08 Balance	2009 Transactions	Forecasted Interest	Funding for proposed budget options	Funding for proposed roads resurfacing	Estimated 31-Dec-09 Balance	Comments
<b>CONTINUITY OF OBLIGATORY FUNDS</b>							
Sewer & Water Payments	(468,046)	-	(14,277)			(482,323)	Note 4
Parks (Section 50)	(903,502)	-	(28,152)			(931,653)	Note 4
Subdivision Deposits(Asphalt Resurfacing)	(2,896,950)	-	(92,127)			(2,989,077)	Note 4
S.P.A. Deposits(Sidewalks)	(1,020,465)	-	(32,439)			(1,052,904)	Note 4
Tree Planting	(1,000,906)	60,000	(32,524)			(973,430)	
Gas Tax Rebate Public Transportation	(1,946,315)	(176,507)	(38,926)	850,060		(1,311,688)	Note 5
Federal Gas Tax	(7,872,693)	(4,362,448)	(176,422)		5,000,000	(12,411,563)	
Bldg Permit Rev Stabilization	(4,829,841)	(1,230,459)	(163,661)			(6,223,961)	
Regional Road #80	(4,970,537)	850,000	(134,808)			(4,255,345)	
Public Transit Capital	(2,168,407)	-	(43,368)			(2,211,775)	
Road Levies Payments	(980,919)	-	(31,201)			(1,012,121)	
<b>Obligatory Reserve Fund Total</b>	<b>(29,058,580)</b>	<b>(4,859,414)</b>	<b>(787,905)</b>	<b>850,060</b>	<b>5,000,000</b>	<b>(33,855,839)</b>	

Note 3

Note 2

see Appendix A

**CONTINUITY OF RESERVES & RESERVE FUNDS**  
**December 31, 2009 Forecast**

**Note 1** Forecasted 2009 transactions consist of:

Budgeted transfers for capital projects and other council approvals	18,190,851
Budgeted contributions from (to) operating budget	(4,242,021)
Inflation on contributions to reserves and reserve funds 2% inflation	144,000
Less: proposed 1% reduction	(60,000)
Revenues from development charges	(1,456,841)
Miscellaneous other	(22,574)
<b>Net decrease in reserves and reserve funds</b>	<b><u>12,553,415</u></b>

**Note 2** Interest is contributed in accordance with the reserve and reserve fund by-law. It has been estimated that the City's rate of return on investments will be approximately 2.8%.

**Note 3** Forecasted 2009 transactions consist of:

Transfers for operations and capital projects	7,780,586
Provincial Gas Tax - for transit	(2,700,000)
Federal Gas Tax	(10,000,000)
	<b><u>(4,919,414)</u></b>

**Note 4** The subdivision (roads, water / waste water, sidewalks) balances, parks, etc will also be drawn down as capital works are performed during 2009 and increased by contributions.

**Note 5** Annually the City is informed of the amount of gas tax it is allocated. Transit services utilizes these funds for capital purchases as well as to fund ridership growth initiatives.

It should also be noted that the \$400,000 is part of the 2009 budget which will result in additional draws of \$300,000, \$200,000 and \$100,000 in 2010, 2011 and 2012 respectively for a total draw from reserve of \$1,000,000.

# Request for Recommendation Finance Committee




Type of Decision									
Meeting Date	January 12, 2009				Report Date	January 8, 2009			
Decision Requested		Yes	X	No	Priority	X	High		Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title
Transit Funding and Commitments

Budget Impact / Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

	<b>FOR INFORMATION ONLY</b>
<input checked="" type="checkbox"/> <b>Background Attached</b>	<input type="checkbox"/> <b>Recommendation Continued</b>

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadorogny Acting Chief Administrative Officer

Report Prepared By	Division Review
 Dion Dumontelle Manager of Financial Support and Budgeting	

## **BACKGROUND**

At the December 16, 2008 Finance Committee meeting, staff was directed to prepare a report on funding sources and commitments for Sudbury Transit Services. Attached is a spreadsheet that identifies funding and expenditure projections through 2012. This report will elaborate on the specific items and the underlying assumptions made by staff.

## **FUNDING SOURCES**

### **Provincial Gas Tax Rebate Program**

The City has been in receipt of these dedicated gas tax funds since 2004. These funds are classified as obligatory funds as they have to be set aside for transit related expenditures. Prior to 2007, these funds were used primarily for capital related expenditures. Unlike Federal Gas Tax, these funds are not a permanent source of revenue for the City, as the allocation is made on an annual basis only. The anticipated allocation for 2009 is expected to be approximately \$2.7 million. Staff is assuming that these funds will continue to be received at its current level for the near future.

### **Public Transit Capital (Bill C-48)**

These funds are classified as obligatory funds and are to be used for transit capital expenditures. The current balance in this fund is approximately \$2.1 million.

### **Ontario Bus Replacement Program**

On an annual basis Transit has been granted a portion of the capital replacement costs of its fleet. This grant is estimated to be equal to one-third of the replacement cost. Again, these are not permanent funds but staff is assuming that these funds will continue for the near future.

### **Equipment Replacement Reserve Fund – Transit**

The current balance in this reserve fund is approximately \$1.3 million and represents the City's own funds that are set aside for equipment replacement. These funds have stabilized at their current level due primarily to the ability to utilize Provincial Gas Tax rebate funding for capital needs.

### **Deferred revenue – Fall Economic Statement**

In 2008 the City received \$1.7 million from the province to be used for Transit Capital Expenditures. These amounts have yet to be earmarked, and as such, have been identified as a potential funding source for the Stop Announcement System.

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## **COMMITMENTS**

### **U Pass Option**

Council has approved the utilization of Provincial Gas Tax Funds to offset the costs of the University Pass Program in the amount of \$1.0 million over the next 4 years (\$400,000 in 2009).

### **Bus Purchases**

The replacement of the conventional fleet has been accelerated since the introduction of the Provincial Gas Tax program and will continue as long as the funds are received.

### **Stop Announcement System**

Council received a report in June 2008 outlining the requirement to install a stop announcement system on its buses. The RFP is anticipated to be awarded in early 2009 and the estimated one-time cost is \$750,000.

### **Ridership Growth Envelope**

This envelope was approved in 2007 as a source of funds to offset incremental costs associated with strategies to increase ridership. Present initiatives include extended hours and inter-Valley service. Staff is assuming that this envelope will continue as long as the City is in receipt of Provincial Gas Tax funds. It is anticipated that this envelope would be used for ridership growth strategies/initiatives as determined by the Transit Committee.

## **POTENTIAL COMMITMENTS**

### **2009 Budget Options**

Approximately \$450,000 in transit operating options have been presented to Council. These options have been included in the analysis to show the impact if funded by Gas Tax funds in 2009. For future years, it is assumed that the success and continued funding for these options would be determined by the Transit Committee and fall under the Ridership Growth Envelope. The Transit Committee would evaluate these initiatives with other ridership growth strategies and make recommendations as to which strategies should continue with funding from the envelope, those which should be funded from the base budget and those that should not continue.

### **Transit Garage**

The Transit Committee was provided with a preliminary estimate of \$26 million for the replacement of the existing transit garage. The Committee has requested staff to prepare a capital financing plan for their consideration and as such, the impact of this potential commitment has not been included in the spreadsheet.

## **SUMMARY**

Under the assumption that Provincial Gas Funds and the Ontario Bus Replacement Program will continue, there should be sufficient funds available to meet the projected capital and operating needs of Transit, with the exception of replacing the garage.

## Proposed Transit Funding and Commitments from 2009 to 2012

	Total	OBRP	Equipment replacement - Transit	Gas Tax rebate public transportation	Public transit capital	Deferred revenue
<b>Balance at December 31, 2008 (estimated)</b>	<b>7,176,347</b>	<b>-</b>	<b>1,341,222</b>	<b>1,946,315</b>	<b>2,168,407</b>	<b>1,720,403</b>
<b>2009</b>						
U-Pass option approved	(400,000)			(400,000)		
Ridership growth	(1,112,554)			(1,112,554)		
Purchase of buses	(2,375,000)	(731,667)	(232,394)	(1,410,939)		
Stop Announcement	(750,000)					(750,000)
Contribution from current	232,394		232,394			
Projected interest earned				38,926	43,368	
Anticipated funding	3,431,667	731,667		2,700,000		
<b>2009 balance</b>	<b>6,202,854</b>	<b>-</b>	<b>1,341,222</b>	<b>1,761,748</b>	<b>2,211,775</b>	<b>970,403</b>
<b>2009 potential budget options</b>						
Garson to downtown	(23,500)			(23,500)		
Additional Lively route	(55,000)			(55,000)		
New Sudbury Route	(331,560)			(331,560)		
Youth Transit passes	(25,000)			(25,000)		
Transcab service	(15,000)			(15,000)		
<b>Total budget options</b>	<b>(450,060)</b>			<b>(450,060)</b>		
<b>Revised 2009 balance</b>	<b>5,752,794</b>	<b>-</b>	<b>1,341,222</b>	<b>1,311,688</b>	<b>2,211,775</b>	<b>970,403</b>
<b>2010</b>						
U-Pass option approved	(300,000)			(300,000)		
Purchase of buses	(3,800,000)	(1,266,666)	(237,042)	(2,296,292)		
Anticipated ridership growth to continue	(750,000)			(750,000)		
Contribution from current	237,042		237,042			
Projected interest earned				26,234	44,236	
Anticipated funding	3,966,666	1,266,666		2,700,000		
<b>2010 balance</b>	<b>5,106,502</b>	<b>-</b>	<b>1,341,222</b>	<b>691,630</b>	<b>2,256,011</b>	<b>970,403</b>
<b>2011</b>						
U-Pass option approved	(200,000)			(200,000)		
Purchase of buses	(3,325,000)	(1,108,333)	(241,783)	(1,974,884)		
Anticipated ridership growth to continue	(750,000)			(750,000)		
Contribution from current	241,783		241,783			
Projected interest earned				-	45,120	
Anticipated funding	3,808,333	1,108,333		2,700,000		
<b>2011 balance</b>	<b>4,881,618</b>	<b>-</b>	<b>1,341,222</b>	<b>466,746</b>	<b>2,301,131</b>	<b>970,403</b>
<b>2012</b>						
U-Pass option approved	(100,000)			(100,000)		
Purchase of buses	(2,850,000)	(950,000)	(246,618)	(1,653,382)		
Anticipated ridership growth to continue	(750,000)			(750,000)		
Contribution from current	246,618		246,618			
Projected interest earned					46,023	
Anticipated funding	3,650,000	950,000		2,700,000		
<b>2012 balance</b>	<b>5,078,236</b>	<b>-</b>	<b>1,341,222</b>	<b>663,364</b>	<b>2,347,153</b>	<b>970,403</b>