

**THE THIRD MEETING OF THE FINANCE COMMITTEE
OF THE CITY OF GREATER SUDBURY**

**Council Chamber
Tom Davies Square**

**Thursday, February 22, 2007
Commencement: 3:37 p.m.**

Chair

COUNCILLOR TED CALLAGHAN, IN THE CHAIR

Present

Councillors Cimino (D8:40pm); Barbeau; Berthiaume; Dutrisac; Dupuis; Rivest; Thompson (A5:05pm; D7:27pm); Craig (D6:55pm); Gasparini; Landry-Altmann; Mayor Rodriguez

City Officials

M. Mieto, Chief Administrative Officer; T. Parmar, Acting General Manager of Community Development; D. Nadorozny, General Manager of Growth & Development; T. Beadman, Acting General Manager of Emergency Services; C. Hallsworth, Executive Director of Administrative Services; G. Clausen, Acting General Manager of Infrastructure; L. Hayes, CFO/Treasurer; G. Lamothe, Manager of Communications & French Language Service; I. Davidson, Chief of Police, Greater Sudbury Police Services; F. Elsner, Deputy Chief of Police, Greater Sudbury Police Services; T. Zimmerman, Inspector, Greater Sudbury Police Services; C. Mahaffy, Manager of Financial Planning & Policy; E. Stankiewicz, Co-ordinator of Current Budget; K. Moxam, Manager of Parks Services; R. Carré, Director of Leisure, Community & Volunteer Services; D. Dumontelle, Budget Accountant; S. Baiden, Director of Administration, Greater Sudbury Police Services; M. Bamberger, Materials & Resource, Greater Sudbury Police Services; M. O'Callaghan, Materials & Resource, Greater Sudbury Police Services; D. Bergeron, Manager of Financial Support & Budgeting; L. McGill, Business Analyst/Strategic Projects; S. McCullough, Internal Auditor; D. Cayen, AA to the CFO/Treasurer; M. Leduc, Acting Fire Chief; A. Haché, City Clerk; F. Bortolussi, Planning Committee Secretary; CJ Caporale, Council Secretary

C.U.P.E.

D. Burke, CUPE National Representative; W. MacKinnon, President, CUPE Local 4705

Others

P. Sajatovic, Director of Corporate & Watershed Management Services, NDCA; Dr. P. Sutcliffe Medical Officer of Health/CEO, SDHU

News Media

Sudbury Star; MCTV; Channel 10; Le Voyageur; CBC-Radio

Declarations of
Pecuniary Interest

None declared.

PRESENTATIONS/DELEGATIONS

Item 2 2007 Budget Overview

The Chair of the Finance Committee, the Chief Administrative Officer and the CFO/Treasurer gave an electronic presentation entitled "*City of Greater Sudbury 2007 Budget Overview*".

The Chair gave an overview of the Budget strategy and a brief outline of the planning process used to develop the budget. He indicated that Council met at the end of June to review their vision and to set a short-term action chart which defined Council's priorities for 2007. Staff worked from the short-term action chart to develop business and work plans for the year ahead which are reflected in the 2007 operating budget.

The Chair advised that in March 2007, the Finance Committee will meet to review the capital budget with the target date for completion of that process being March 7, 2007. He also stated that final approval of the Property Tax Policy and Tax Rates will occur in the Spring of 2007.

He provided issues raised by the citizens of the City of Greater Sudbury during the public input sessions held in January 2007, and stated that the five key themes are environmental issues, facility development and renewal, infrastructure renewal including roads and sidewalks, community safety, and fiscal responsibility.

The Chair also stated that Council's priorities are community growth and development, infrastructure investment, fiscal sustainability, and excellence in governance.

The CAO stated that while the Canadian National Economy grew by 68% over ten years and the federal and provincial governments both saw their revenues increased by over 40%, revenues to municipalities increased by only 33%. He also stated that the majority of municipal revenues come from property taxes, which unlike income and sales taxes, do not keep pace with economic activity.

He indicated that for every tax dollar collected in Canada eight cents goes to municipalities and that the impact of this fiscal imbalance is further compounded by the offloading of responsibilities to municipal governments without the resources.

He provided a brief outline of the 2005 Municipal Study by BMA and performance measures for various services provided by the City. The CAO indicated that the 2007 Budget process will incorporate relevant OMBI data, especially the efficiency/cost measures, to provide Council and managers with comparisons of the City's operating results to other municipalities, and insights as to potential areas for improvement.

Item 2
2007 Budget Overview
(continued)

He provided an overview of the 2007 draft budget, along with major variances, enhancements and reductions to the budget. He indicated that the 2007 proposed net tax increase is estimated to be 7.2% , a reduction to the tax levy of 1.9% (2007 winter control option by returning to historical service standards), with a recommended tax increase (including the 2.3% capital levy) of 5.3%.

The CAO briefly explained the 2007 Winter Control Option and also compared the City of Greater Sudbury's winter maintenance cost per lane km to other northern municipalities.

The CFO/Treasurer provided an overview of the total 2007 budgeted expenditures (\$489 million), and the 2007 budgeted revenues (\$320). She indicated that the difference between these two amounts is the Tax Levy.

The CFO/Treasurer advised the overall assessment growth for the City of Greater Sudbury is 1.1% in 2007, which is slightly less than the 1.5% achieved in 2006. This is a result of an adjustment to the Non-Equity Co-operative Housing residential assessment. She advised that for the 2007 budget, 1.1% in assessment growth means that the City has \$1.7M in additional tax revenue without having to raise taxes.

She indicated that the City's 2007 total budget has increased by \$34M to \$489M. Of this increase, \$21M is directly funded by provincial grants or other revenues, and the difference of \$13M, is the net increase to the municipal tax levy based on a 7.2% tax increase or \$10M if the recommended 5.3% tax increase is adopted.

The CFO/Treasurer outlined how and where the 2007 operating dollars are spent, sources of revenue, budget variances and enhancements, budget summary options, and the municipal tax levy for all of Ontario Municipalities with a population over 100,000.

2007 Current Budget

The 2007 Current Budget document was distributed at the meeting.

Item 3
NDCA Board

Mr. Bob Rogers, Chair of the Nickel District Conservation Authority (NDCA) Board, introduced Mr. Paul Sajatovic, Director of Corporate & Watershed Management Services, NDCA who gave an electronic presentation. Mr. Sajatovic provided the Committee with an overview of Ontario's Conservation Authorities, the NDCA watershed area, key program activities, 2006 program highlights, and conditions of various flood control dams throughout the city and measures taken to repair them. He also outlined steps taken to implement the Source Water Protection Plan.

Item 3
NDCA Board
(continued)

He indicated that the 2007 budget has been affected by flat-lined annual provincial grant allocations, escalation of insurance costs, staff wage settlement and benefit costs, and rising utility costs. The NDCA requested a 3% increase over last year's budget. He stated that the special capital allocation of \$278,000 to continue water management projects, is already a budget option.

Parking Lot #1
Enhancement Option
NDCA Property Tax

With the concurrence of the Committee, Councillor Dupuis requested an enhancement option to eliminate the Nickel District Conservation Authority's property taxes of \$25,000.

Item 4
GSPS Board

Mr. Dave Petryna, Chair of the Greater Sudbury Police Services Board, and Chief Ian Davidson, Greater Sudbury Police Services gave an electronic presentation entitled "*Operating Budget 2007; Capital Plan 2007; Multi-Year Capital Plan 2007-2016*".

Mr. Petryna indicated that the 2007 base budget is \$38,849,582, (5.1% over the 2006 budget) with an additional budget option for the Citizens on Patrol program. He outlined the summary of expenditures stating that the 2007 budget impacts are salaries and benefits (88.3% of the budget), operating costs, provisions to reserves/capital, and internal recoveries.

Mr. Petryna indicated that the major revenue impact was a provincial impact of \$930,000 for the initiation of the programs "Safer Communities - 1000 Officers" and "Community Policing Partnerships".

Chief Davidson stated that with the approval of 1,000 Officers Partnership Program, Greater Sudbury Police Services has hired fourteen additional police officers, with a 100% cost neutral for years one and two (reflected in the 2005 budget only), and outlined the overall service delivery impacts. The forecasted 2008 Budget would be \$40,819,582, 5.1% over the 2007 budget.

Mr. Petryna provided a summary of the 2007 Capital Plan stating that the total costs are \$1.8 million, and has received funding of \$1.8 million, leaving a \$0 million gap. He also provided a summary of funding sources, category costs, and the multi-year capital plan for 2007-2016.

Chief Davidson stated that they were looking for a budget enhancement option for the Citizens on Patrol (COP) Program in the amount of \$195,000 (base operating budget of \$128,000; capital budget of \$67,000).

Parking Lot #2
Report Requested
GSPS Attrition - 2008

With the concurrence of the Committee, Councillor Gasparini requested that the Greater Sudbury Police Services look at implementing attrition for the 2008 budget.

Recess

At 7:00 p.m., the Finance Committee recessed.

Reconvene

At 7:25 p.m., the Finance Committee reconvened.

Item 5
SDHU Board

Councillor Janet Gasparini, Chair of the Sudbury and District Board of Health, introduced Dr. Penny Sutcliffe, Medical Officer of Health, who provided an electronic presentation entitled *“Staying the Course; Sudbury & District Board of Health 2007 Cost-Shared Operating Budget”*.

She indicated that the proposed 2007 Budget totaled \$19,337,770 an overall 2.8% increase to the public health budget with an overall 9% reduction to the municipal levy.

Dr. Sutcliffe stated in order to strike a balance with increasing health investments and municipal financial relief, the public health funding formula would change from 55% provincial and 45% municipal in 2005, to 75% provincial and 25% municipal in 2007.

Dr. Sutcliffe provided the Committee with the Public Health Funding Process according to the Health Protection and Promotion Act. She reviewed some of the principles and drivers used to reach resource allocation decisions and showed how this built on the investments made in the 2006 budget decision. She outlined the Board of Health 2006 initiatives and budget priorities.

She concluded by stating that the Sudbury District & Health Unit has provided the same program and service level as approved (but not achieved) for 2006, is implementing twelve previously approved positions, and is leveraging the final year of the provincial funding formula upload.

Item 6
2007 Capital Budget & Capital Financing Plan

Mark Mieto, Chief Administrative Officer and Lorella Hayes, CFO/Treasurer provided an electronic presentation entitled *“Long Term Capital Planning and 2007 Capital Budget”*.

Mr. Mieto provided the Capital Budget planning process, Council priorities such as infrastructure investment and fiscal sustainability, and a summary of the Long Term Financial Plan. The cumulative needs forecasted for the next ten years amounts to over \$1 billion or \$926 million for infrastructure renewal and \$237 million for growth initiatives.

He stated that the projected revenue over the next ten years has been categorized into three key areas, capital envelopes; reserve and reserve fund contributions and external sources such as grants and gas tax rebates. He also stated that the annual available financing in 2007 is higher as a result of the significant projects funded by COMRIF. This leaves a capital financing gap over the

Item 6
2007 Capital Budget &
Capital Financing Plan
(continued)

next ten years of approximately \$480 million or an annual average gap of \$48 million.

Ms. Hayes provided the overall Capital financing gap for the next ten years by envelope, with an increase in the roads gap from \$99 million to \$158 million to include the new construction of Maley Drive and an increase to leisure, growth and development to include the potential Arts and Culture Centre and a multi-use recreational facility.

Ms. Hayes provided the following options to narrow the capital gap:

- Continued implementation of the Capital Levy of approximately 2.3% per annum
- Continued applications to senior levels of government such as the Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF)
- Use of Debt financing where appropriate

She provided a brief overview of the Federal Gas Tax which provides an infusion of \$3 million of new capital dollars which must be spent on environmentally sustainable infrastructure and will assist in addressing the infrastructure gaps in these areas.

Ms. Hayes stated that debt financing should be only considered for new, non-recurring infrastructure programs and facilities which are self supporting, and projects where the costs of deferred expenditures exceeds debt service costs.

She provided an overview of the 2007 Capital Budget with a total of \$73 million with the two largest areas being roads (\$32.1 million) and water/wastewater (\$20.4 million). She also provided the history of the five year Capital Budget, and the roads, water/wastewater, and transit budget. She outlined funding sources (\$72.8 million) and Capital Envelopes (\$46.6 million) for 2007.

Ms. Hayes stated that with the continuation of the Long Term Financial Plan, there are three options for the 2007 capital levy to be considered by the Committee:

- 2.3% generating \$3.5 million
- 1.3% generating \$2.028 million
- 1% generating \$1.56 million

She also provided the proposed allocation of the capital levy and the Capital Financing Plan for all three options.

Item 6
2007 Capital Budget &
Capital Financing Plan
(continued)

Ms. Hayes concluded by stating that over the term of Council, if a capital levy is adopted, the capital financing gap could be reduced by almost \$90 to \$108 million and represents the cumulative impact of the capital levy over the next ten years.

Parking Lot #3
Report Requested
Major Roadway
Financing

With the concurrence of the Committee, Councillors Dupuis, Dutrisac and Rivest requested a report on the cost of borrowing and the methods of financing the construction of three major roadways, Maley Drive Extension, M.R. 35, and Barrydowne Extension.

Parking Lot #4
Report Requested
Hotel Room Tax

With the concurrence of the Committee, Councillor Dupuis requested a report on the amount and percentage of Hotel Room Tax.

Report Requested

Ms. Hayes advised the Committee that a report regarding budget forecasts for the term of Council (2006-2010) will be brought forward after budget deliberations.

Parking Lot #5
Presentation - Road
Maintenance

With the concurrence of the Committee, Councillor Rivest requested that he provide a short presentation on Road Maintenance during the review of the Budget document.

Parking Lot #6
Report Requested
Maley Drive Extension
Funding

With the concurrence of the Committee, Councillor Landry-Altman requested that staff prepare a report on alternative methods of funding for Maley Drive Extension similar to 407 Express Toll Route's (ETR) all-electronic toll system.

Adjournment

2007-5 Gasparini-Landry-Altman: THAT this meeting does now adjourn. Time: 8:45 p.m.

CARRIED

Councillor Ted Callaghan, Chair

Angie Haché, City Clerk

2007 BUDGET PARKING LOT FOR FEBRUARY 22, 2007

REQUEST #	COUNCILLOR	REQUEST	APPROVED	
			YES	NO
1	Dupuis	Option to eliminate \$25,000 - NDCA property taxes	✓	
2	Gasparini	Police examine attrition for 2008 budget	✓	
3	Dupuis/Dutrisac/ Rivest	Report on cost of borrowing and method of financing construction of Maley Drive Extension, M.R. 35, and Barrydowne Extension	✓	
4	Dupuis	Report on Hotel Room Tax including amount or percentage of tax	✓	
5	Rivest	Councillor Rivest Short Presentation on Road Maintenance	✓	
6	Landry-Altmann	Explore alternative methods of funding for Maley Drive Extension similar to Hwy. 407	✓	