



City of  
Peterborough

# **2009 BUDGET HIGHLIGHTS**

## **Part 1**

### **2009 Operating and Capital**

### **Budget Summaries**

## **2009 Operating Budget In Brief**

The 2009 Budget in Brief shown on the next page provides a summary of key 2008 – 2009 Budget information at a glance such as tax rates, current revenues, assessed values and current expenditures.

## CITY OF PETERBOROUGH 2009 BUDGET IN BRIEF

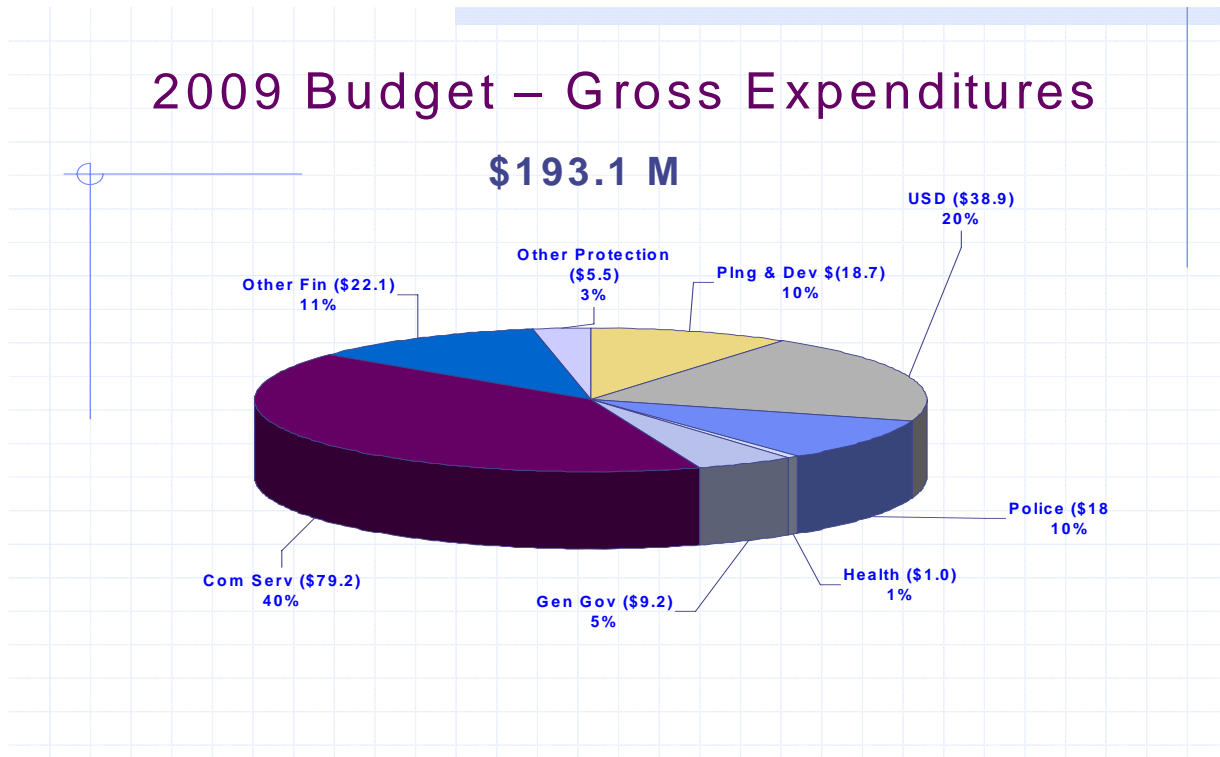
	2008		2009 Budget	% Change	\$ Change	% of TOTAL	CURRENT VALUE ASSESSMENT (Millions)						
	Budget	Actual					Budget	Change	\$ Change	% of TOTAL			
<b>TAX RATES</b>							<b>CURRENT VALUE ASSESSMENT (Millions)</b>						
<b>Residential</b>							<b>Residential</b>						
Residential	1.241343%	1.241343%	1.209633%	4.7%	0.058290%		Residential	4,494.3	4,494.3	4,584.2	2.0%	89.9	79.0%
New Multi-residential	1.241343%	1.241343%	1.209633%	4.7%	0.058290%		New Multi-residential	13.1	13.1	13.4	2.3%	0.3	0.2%
Multiresidential	2.513968%	2.513968%	2.613692%	4.0%	0.099724%		Multiresidential	366.3	366.3	373.6	2.0%	7.3	6.4%
Farm Property Class	0.310336%	0.310336%	0.324908%	4.7%	0.014572%		Farm Property Class	3.3	3.3	3.4	3.0%	0.1	0.1%
								4,877.0	4,877.0	4,974.6	2.0%	97.6	85.7%
<b>Commercial</b>							<b>Commercial</b>						
Commercial Class	2.286430%	2.286430%	2.365852%	3.5%	0.079422%		Occupied	684.7	684.7	698.4	2.0%	13.7	12.0%
Commercial Class, Excess Lands & Vacant Units	1.600501%	1.600501%	1.656096%	3.5%	0.055595%		Excess Lands & Vacant Units	9.9	9.9	10.1	2.0%	0.2	0.2%
Commercial Class, Vacant Land	1.600501%	1.600501%	1.656096%	3.5%	0.055595%		Vacant Land	7.3	7.3	7.4	1.4%	0.1	0.1%
								701.9	701.9	715.9	2.0%	14.0	12.3%
<b>Industrial</b>							<b>Industrial</b>						
Industrial Class	3.224513%	3.224513%	3.375927%	4.7%	0.151414%		Occupied	92.0	92.0	93.8	2.0%	1.8	1.6%
Industrial Tax Vacant Unit/Excess	2.095933%	2.095933%	2.194352%	4.7%	0.098419%		Excess Lands & Vacant Units	2.6	2.6	2.7	3.9%	0.1	
Industrial Class, Vacant Lands	2.095933%	2.095933%	2.194352%	4.7%	0.098419%		Vacant Land	1.7	1.7	1.8	5.9%	0.1	
								96.3	96.3	98.3	2.1%	2.0	1.7%
<b>Pipeline</b>							<b>Pipeline</b>						
Pipeline	1.577250%	1.577250%	1.651314%	4.7%	0.074064%			13.1	13.1	13.4	2.3%	0.3	0.2%
								5,688.3	5,688.3	5,802.2	2.0%	113.9	100.0%
<b>CURRENT REVENUES</b>							<b>CURRENT EXPENDITURES</b>						
Tax Levy	84,364,716	84,364,716	89,825,725	6.5%	5,461,009	46.5%	General Government	8,583,514	8,772,732	9,242,759	7.7%	659,245	4.8%
Conditional Grants - Federal Housing	3,691,357	3,654,357	3,649,873	-1.1%	(41,484)	1.9%	Police	17,605,685	17,819,941	18,448,368	4.8%	842,683	9.6%
Conditional Grants - Social Services	32,674,779	32,519,854	31,890,176	-3.0%	(984,603)	16.4%	Other Protection	4,879,491	4,879,489	5,514,570	13.0%	635,079	2.9%
Conditional Grants - Culture and Heritage	293,625	317,211	327,489	11.5%	33,864	0.2%	Utility Services	36,461,280	37,088,512	38,928,042	6.8%	2,466,762	20.2%
COPHI Dividends and Interest	4,349,700	4,349,700	4,480,200	3.0%	130,500	2.3%	Health	930,058	930,058	1,023,064	10.0%	93,006	0.5%
Sewer Surcharge	13,401,000	13,401,000	13,590,000	1.4%	189,000	7.0%	Community Services	77,715,248	77,089,187	79,197,940	1.9%	1,482,692	41.0%
Other Revenues	4,105,733	3,816,291	3,741,700	-8.9%	(364,033)	1.9%	Planning and Development	17,661,533	16,921,190	18,650,157	5.6%	988,624	9.7%
Tipping Fees	3,598,974	3,631,921	3,716,121	3.3%	117,147	1.9%	Financial Services	23,309,287	22,684,953	22,068,121	-5.3%	(1,241,166)	11.4%
Transfer from Provincial Gas Tax Reserve	1,517,172	1,517,172	1,550,000	2.2%	32,828	0.8%							
Other Fees and Service Charges	21,664,054	21,224,343	22,785,842	5.2%	1,121,788	11.0%							
County of Peterborough, Soc Ser & Social Housing	8,062,430	7,984,592	8,182,117	2%	119,887	4.1%							
Ontario Municipal Partnership Fund	6,949,778	6,949,778	6,949,778			3.6%							
Payments in Lieu	2,472,778	2,535,127	2,584,000	5%	111,222	1.3%							
	187,146,096	186,266,062	193,073,021	3.2%	5,926,925	100.0%		187,146,096	186,166,062	193,073,021	3.2%	5,926,925	100.0%
2008 Surplus (Deficit)		100,000											

### Gross 2009 Operating expenditures amount to \$193.1 million

Gross 2009 expenditures amount to \$193.1 million for 2009 that represents a 3.2% (\$5.9 million) increase over the \$187.2 million budget amount for 2008.

Chart 1 shows the components of the gross expenditures for the year 2009 by percentage of the total, and the overleaf shows the totals by function.

**Chart 1**  
**2009 Gross Expenditures (\$ Millions)**

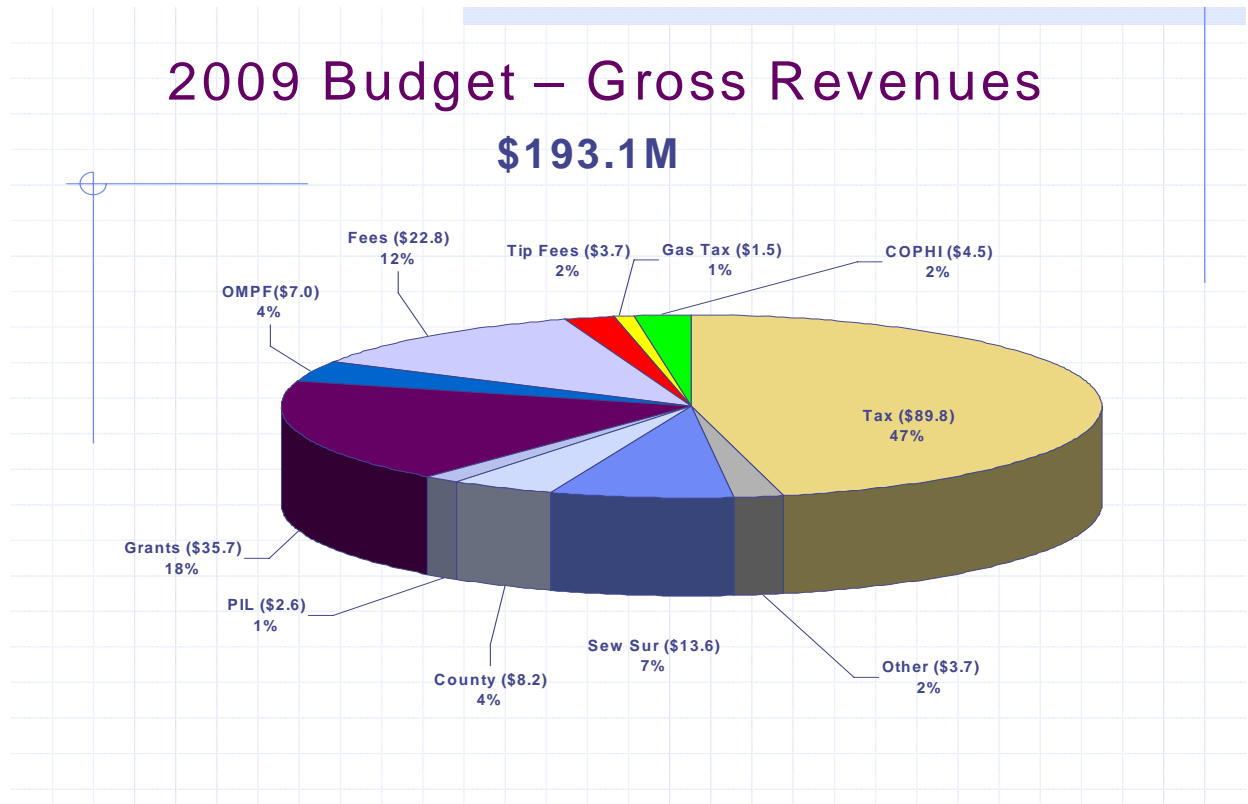


<b>CITY OF PETERBOROUGH</b>						
<b>2009 Operating Budget Summaries</b>						
<b>DEPARTMENT - ACTIVITY</b>	Page ref	2008 Approved	2008 Preliminary Actual	2009 Recommended	Variances 2008 - 2009 Budget	
					Over (Under) 2008 Budget %	Over (Under) 2008 Budget \$
<b>GROSS EXPENDITURES</b>						
General Government		8,583,514	8,772,732	9,242,759	7.7%	659,245
Police		17,605,685	17,819,941	18,448,368	4.8%	842,683
Other Protective Services		4,879,491	4,879,489	5,514,570	13.0%	635,079
Utility Services		36,461,280	37,088,512	38,928,042	6.8%	2,466,762
Health		930,058	930,058	1,023,064	10.0%	93,006
Community Services		77,715,248	77,089,187	79,197,940	1.9%	1,482,692
Planning & Development Services		17,661,533	16,921,190	18,650,157	5.6%	988,624
Financial Services - Other Financial		23,309,287	22,664,953	22,068,121	-5.3%	(1,241,166)
		<b>187,146,096</b>	<b>186,166,062</b>	<b>193,073,021</b>	<b>3.2%</b>	<b>5,926,925</b>

**Revenues amount to \$193.1 million**

Chart 2 illustrates the sources of gross revenues reflected in the 2009 Operating Budget.

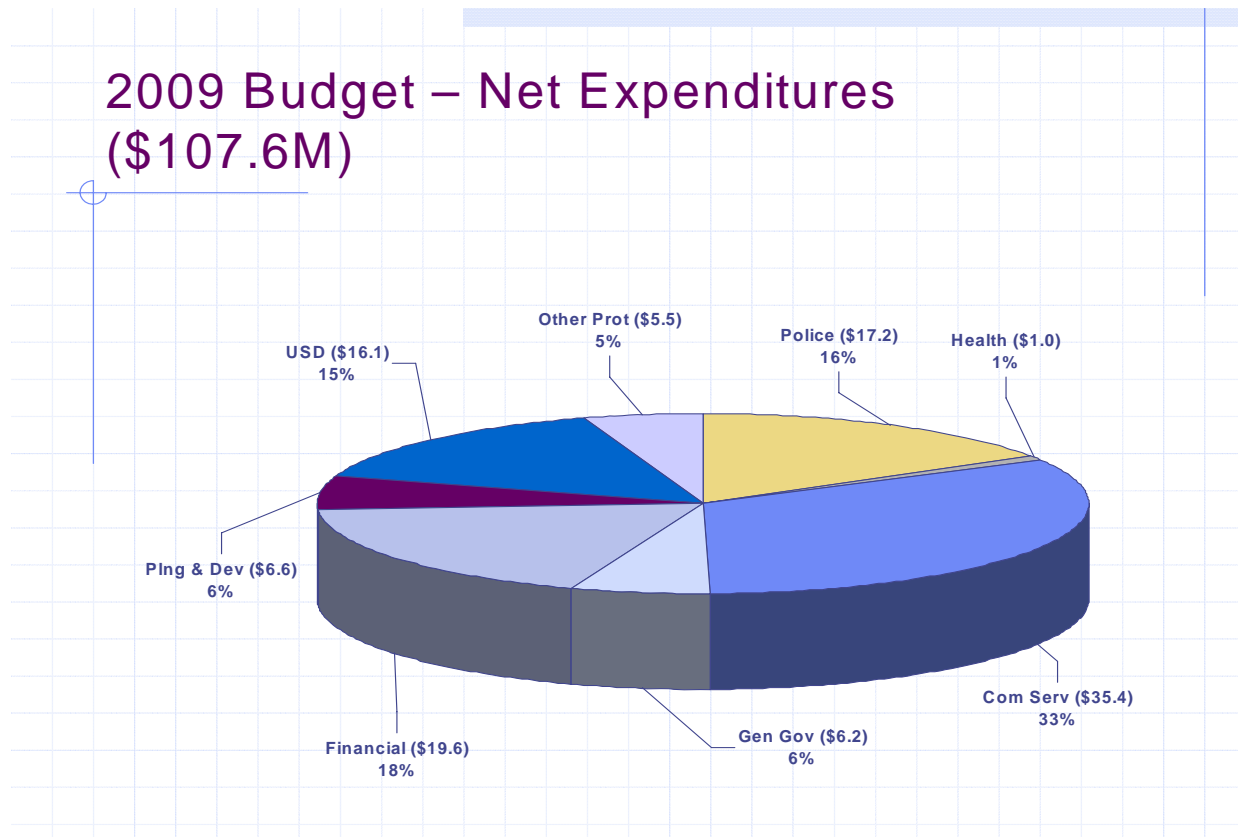
**Chart 2  
2009 Gross Revenues (\$ Millions)**



### Gross expenditures versus net expenditures

Gross expenditures, less direct revenues of \$85.5 million, such as conditional grants and user fees, result in net expenditure requirements for 2009 of \$107.6 million comprised of the amounts shown in Chart 3.

**Chart 3**  
**Net Expenditures (Millions)**



A comparison of the gross and net expenditure charts highlights some interesting shifts in relative shares of the total expenditures. As an example, Community Services expenditures comprise 40% of total gross expenditures whereas they comprise 33% of net expenditures due to the large Social Services grants. Police comprise 10% of the total gross expenditures whereas they comprise 16% of total net expenditures.

<b>CITY OF PETERBOROUGH</b>						
<b>2009 Operating Budget Summaries</b>						
<b>DEPARTMENT - ACTIVITY</b>	Page ref	2008 Approved	2008 Preliminary Actual	2009 Recommended	Variances 2008 - 2009 Budget	
					Over (Under) 2008 Budget %	Over (Under) 2008 Budget \$
<b>NET EXPENDITURES</b>						
General Government		6,140,076	6,073,299	6,206,742	1.1%	66,666
Police		16,395,649	16,581,443	17,197,731	4.9%	802,082
Other Protective Services		4,879,491	4,879,489	5,514,570	13.0%	635,079
Utility Services		14,232,947	14,974,435	16,073,081	12.9%	1,840,134
Health		930,058	930,058	1,023,064	10.0%	93,006
Community Services		33,189,265	32,639,619	35,379,266	6.6%	2,190,001
Planning & Development Services		5,665,932	5,672,316	6,618,828	16.8%	952,896
Financial Services - Other Financial		20,809,287	20,164,953	19,568,121	-6.0%	(1,241,166)
		<b>102,242,705</b>	<b>101,915,612</b>	<b>107,581,403</b>	<b>5.2%</b>	<b>5,338,698</b>
<b>Surplus (Deficit)</b>			<b>100,000</b>			

Net expenditures have increased 5.2% over the 2008 levels whereas gross expenditures have increased by 3.2%.

### **Net tax levy requirement equals \$89.8 million**

Corporate revenues for 2009, such as the Ontario Municipal Partnership Fund (OMPF), Supplementary taxes, Investment Interest, Payments in Lieu and City of Peterborough Holdings Inc.'s return on investment total \$17.8 million and are deducted from the \$107.6 million net departmental expenditures to derive the \$89.8 million net tax levy requirements for 2009. The net tax levy requirements have increased by 6.5% (\$5.5 million) compared to 2008.

### **Median residential assessment same as 2008 at \$170,000**

On June 29, 2006, the Minister of Finance Greg Sorbara announced that property tax reassessments by the Municipal Property Assessment Corporation (MPAC) would be cancelled for the 2007 and 2008 taxation years to allow for the implementation of the Ombudsman's recommendations to Ontario's property assessment system. The assessment freeze is now over and the 2009 property taxes will be based on property reassessments as of January 1, 2008. The new assessment figures are not yet available to be included in the preparation the 2009 Budget. Accordingly the assessment used for the 2009 taxation year reflects an estimated 2.0% real growth only, and there are no market update impacts. The 2.0% figure is an estimated figure based on previous experience. Final numbers for the real growth component of the assessment were not available as of the Budget print date.

It has been assumed the median residential assessment for a single family dwelling (not on water) for 2009 will be \$170,000, the same as it was for 2008.

### **4.7% municipal tax rate increase proposed**

The draft 2009 Budget provides for a proposed 4.7% municipal residential tax rate increase based on the assumed 2% in real assessment growth.

### **Residential education rate assumed to stay at the 0.264%**

The education rate for all property classes continues to be regulated by the Province. The 2009 Budget assumes there will be no change to the 0.264% residential education tax rates established for 2008. This assumption has not been confirmed as of Budget print date. The estimated education rate, coupled with the 4.7% municipal tax rate increase, results in a blended 3.9% municipal and education residential tax rate increase for 2009.

### **Sewer surcharge rate to stay at 100%**

The draft 2009 Budget assumes a sewer surcharge rate of 100%, the same as in 2008.

As of the Budget print date, the Peterborough Utilities Commission had not approved the 2009 water rates. The 2009 Operating Budget assumes a 2.0% annualized water rate increase for 2009. The result is that the average house will experience a \$7.33 (2.0%) increase in their sewer surcharge annual amount payable over the 2008 level.

### **3.6% all-inclusive increase for median residential property**

When the 2.0% assessment growth, the 4.7% proposed municipal residential tax rate increase, no change in education rate, and no change to the 100% sewer surcharge rate are all considered, the median single family dwelling (not on water) assessed at \$170,000 for 2008 and \$170,000 for 2009 will see an all-inclusive 3.6% (\$106.42) annual increase (\$8.87 monthly) in municipal, education, and sewer surcharge payable.

The myriad of rates and levies reflected in the Draft Budget are summarized on Chart 4.

**Chart 4**  
**Comparative All Inclusive Tax and Sewer Surcharge Rates and Levies**  
**For Median Single Family Dwelling (Not on Water)**  
**For the years 2008 and 2009**

Ref C1	Description C2	2008 C3	2009 C4	Change from 2008	
				Amount	%
				C5	C6
<b>1.00</b>	<b>Total amount raised from taxation - all classes</b>	84,364,716	89,825,725	5,461,009	6.5%
<b>2.00</b>	<b>Tax Rates</b>				
2.01	Municipal general residential rate	1.2203490%	1.2678250%	0.0474760%	3.9%
2.02	Garbage mill rates	0.0209940%	0.0318080%	0.0108140%	51.5%
<b>2.03</b>	<b>Subtotal Municipal Tax Rate</b>	<b>1.2413430%</b>	<b>1.2996330%</b>	<b>0.0582900%</b>	<b>4.7%</b>
2.04	Residential education rate	0.2640000%	0.2640000%		
<b>2.05</b>	<b>Total Municipal and Education Tax Rates</b>	<b>1.5053430%</b>	<b>1.5636330%</b>	<b>0.0582900%</b>	<b>3.9%</b>
<b>3.00</b>	<b>Average annual water rates (Basic charge, six rooms, 500m2 lot)</b>	<b>366.60</b>	<b>373.93</b>	<b>7.33</b>	<b>2.0%</b>
<b>4.00</b>	<b>Sewer surcharge rate</b>				
4.01	Sewer surcharge rate Jan 1	100.0%	100.0%		
4.02	Sewer surcharge rate changed to	100.0%	100.0%		
4.03	Effective date of change	01-Jan-08	01-Jan-09		
4.04	Number of months new rate in effect	12	12		
<b>4.05</b>	<b>Effective rate over the year</b>	<b>100.0%</b>	<b>100.0%</b>		
<b>4.06</b>	<b>Budget Water Revenues</b>	<b>13,401,000</b>	<b>13,590,000</b>	<b>189,000</b>	<b>1.4%</b>
<b>4.07</b>	<b>Total Sewer Surcharge Collected</b>	<b>13,401,000</b>	<b>13,590,000</b>	<b>189,000</b>	<b>1.4%</b>
<b>5.00</b>	<b>Median assessed value- Residential class</b>	<b>170,000</b>	<b>170,000</b>		
<b>6.00</b>	<b>Tax on assessment for median property</b>				
6.01	Municipal general tax levy	2,074.59	2,155.30	80.71	3.9%
6.02	Garbage tax levy	35.69	54.07	18.38	51.5%
<b>6.03</b>	<b>Subtotal Municipal Tax on Assessment</b>	<b>2,110.28</b>	<b>2,209.37</b>	<b>99.09</b>	<b>4.7%</b>
6.04	Education tax levy	448.80	448.80		
<b>6.05</b>	<b>Subtotal Mun &amp; Ed tax on assessment</b>	<b>2,559.08</b>	<b>2,658.17</b>	<b>99.09</b>	<b>3.9%</b>
6.06	Per month	213.26	221.51	8.26	3.9%
<b>7.00</b>	<b>Sewer surcharge payable annual</b>	<b>366.60</b>	<b>373.93</b>	<b>7.33</b>	<b>2.0%</b>
<b>7.01</b>	<b>Per Month</b>	<b>30.55</b>	<b>31.16</b>	<b>0.61</b>	<b>2.0%</b>
<b>8.00</b>	<b>Total municipal annual tax and sewer</b>	<b>2,476.88</b>	<b>2,583.30</b>	<b>106.42</b>	<b>4.3%</b>
<b>8.01</b>	<b>Per Month</b>	<b>206.41</b>	<b>215.28</b>	<b>8.87</b>	<b>4.3%</b>
<b>9.00</b>	<b>Combined Mun and Ed Tax on Assessment PLUS Sewer Surcharge</b>	<b>2,925.68</b>	<b>3,032.10</b>	<b>106.42</b>	<b>3.6%</b>
<b>9.01</b>	<b>Per Month</b>	<b>243.81</b>	<b>252.68</b>	<b>8.87</b>	<b>3.6%</b>

**Notes**

- The tax levies shown are for the median single family dwelling unit (not on water) assessed at \$170,000 for 2008 and 2009. Individual tax levies and percentage changes will vary depending on actual assessed values each year.
- The sewer surcharge payable figures assume an average house with six rooms and 500m2 lot. Individual sewer surcharge amount payable and percentage changes will vary depending on number of rooms and lot size.

## **Factors impacting 6.5% increase in the tax levy requirement**

The 2009 Budget, as presented, generally maintains the existing levels of service while accommodating expenditure increases required to sustain the levels of service and accommodating any new legislated requirements. The 2009 Budget includes some service level enhancements that have been approved by Council during 2008.

There are several key factors driving up the net tax levy requirement such as:

- Personnel costs (3.0%)
- Rising fuel costs (0.9%)
- Reduced Supplementary Taxation revenue (0.8%)
- Increased Ontario Works (OW) / Ontario Disability Support Program (ODSP) Benefits and Programs costs (0.8%)
- Land Ambulance (0.5%)
- Airport Development Program (0.6%)

The impact of these are offset somewhat by the elimination of the \$1.0 million ODSP Administration cost in Social Services (-1.2%) and increased net Provincial Offences Act (POA) revenues (-0.5%).

Chart 5, shown on the next two pages, lists the major areas reflected in the draft document that have impacted the 2009 tax levy requirement. The impacts are listed in five main categories:

- Personnel
- Legislated or mandated costs generally beyond Council's control
- Service level enhancements previously approved by Council
- Inflationary factors or other increased costs proposed
- Increased revenues or decreased costs that offset budgetary pressures

**Chart 5  
2009 Budget Impacts**

Ref C1	Description C2	Amount C3	Total C4	2009 Tax Rate Impact C5
<b>1.00</b>	<b>2008 Net Tax Levy Requirement</b>		<b>84,364,716</b>	
<b>2.00</b>	<b><u>Personnel costs</u></b>			
2.01	Personnel costs (contract provisions, annualization of 2008 hires, excludes impact of new 2009 full time hires)			
2.02	Police	499,150		0.6%
2.02	Fire	307,590		0.4%
2.03			806,740	1.0%
2.04	Other	2,171,547		2.6%
2.05	Less estimate of non tax sources	(440,614)		-0.5%
2.06			1,730,933	2.1%
<b>2.07</b>	<b>Subtotal of Personnel costs</b>		<b>2,537,673</b>	<b>3.0%</b>
<b>3.00</b>	<b><u>Legislated/ Mandated/Third Party Increases</u></b>			
3.01	ODSP Benefits		643,292	0.8%
3.02	Land Ambulance		458,153	0.5%
3.03	Contribution to Reserve for Firefighters Presumptive Legislation		280,000	0.3%
3.04	Social Housing		233,466	0.3%
3.05	New proposed Police full-time positions		207,221	0.2%
3.06	Street Light Maintenance		95,345	0.1%
3.07	Peterborough County City Health Unit		93,006	0.1%
3.08	Otonabee Region Conservation Authority		74,558	0.1%
3.09	Other increased Police costs		73,806	0.1%
3.10	Doctor Recruitment - Additional Contribution to Reserve		55,000	0.1%
3.11	MPAC		41,950	0.1%
<b>3.12</b>	<b>Subtotal of Legislated or Mandated Increases</b>		<b>2,255,797</b>	<b>2.7%</b>
<b>4.00</b>	<b><u>Service Level Enhancements Approved by Council during 2008 or Prior</u></b>			
4.01	Net Airport Cost for Airport Development Program		495,151	0.6%
4.02	Landfill Recyclables		250,000	0.3%
4.03	Net increase in costs for changes to Organics/Garbage Collection		136,498	0.2%
4.04	Community Services - Drop-In Centre		100,000	0.1%
4.05	Waste Management - Additional Contribution to WMRF		100,000	0.1%
<b>4.06</b>	<b>Subtotal of Service Level Enhancement Previously Approved by Council</b>		<b>1,081,649</b>	<b>1.3%</b>
<b>5.00</b>	<b><u>Inflationary factors/other increased costs proposed</u></b>			
5.01	Rising vehicle fuel costs		795,000	0.9%
5.02	Supplementary Property Taxes reduction		663,000	0.8%
5.03	Reduced Landfill Tipping Fees		125,050	0.1%
5.04	Public Works - Other Inflationary costs (Excl Personnel and Fuel)		118,527	0.1%
5.05	Transit - Additional Contribution to Vehicle Replacement Reserve		115,000	0.1%
5.06	Corporate Information Services		105,006	0.1%
5.07	Increased Costs for Recycling Services		97,105	0.1%
5.08	New proposed full-time positions (other than Police)		67,812	0.1%
<b>5.07</b>	<b>Subtotal of other factors</b>		<b>2,086,500</b>	<b>2.5%</b>
<b>6.00</b>	<b><u>Increased Revenues or Decreased Expenditures offsetting the Budgetary pressures</u></b>			
6.01	ODSP Administration uploaded to Province		(1,019,677)	-1.2%
6.02	Net Increase in Provincial Offences Revenues		(420,735)	-0.5%
6.03	Transit - Major repairs reduced due to new buses		(300,675)	-0.4%
6.04	Transit - Increased Fare Revenues		(220,510)	-0.3%
6.05	Investment revenue increase		(194,000)	-0.2%
6.06	Payment in lieu increase		(111,222)	-0.1%
6.07	Net Increase in Parking Revenues		(104,388)	-0.1%
6.08	Property Taxes Penalty and Interest increase		(100,000)	-0.1%
<b>6.09</b>	<b>Subtotal of Offsets</b>		<b>(2,471,207)</b>	<b>-2.9%</b>
<b>7.00</b>	<b>All other impacts</b>		<b>(29,403)</b>	<b>0.0%</b>
<b>8.00</b>	<b>2009 net tax levy as per draft budget</b>		<b>89,825,725</b>	
<b>9.00</b>	<b>Total \$ change in net tax levy 2008 to 2009</b>		<b>5,461,009</b>	<b>6.5%</b>

## **Personnel costs**

Total personnel costs for 2009 will amount to \$70.1 million for 939 employees (full time equivalents) and represents 36.3% of the total \$193.1 million gross expenditures.

Even if there were no increases to full-time complement, personnel costs would rise significantly for a number of reasons including the impact of contract settlements reached in previous years, grid step movements, and the annualization of new 2008 hires.

Lines 2.02 to 2.06 of Chart 5 sets out the various personnel impacts, excluding new full-time hires. Gross personnel costs have increased by \$2.9 million. An estimated \$0.4 million portion of the increase is recovered from non-tax sources such as sewer surcharge, Provincial and County subsidies, and user fees that leaves a \$2.5 million direct impact on tax rates. The \$2.5 million number includes \$0.5 million for police, and \$0.3 million for Fire. The combined \$0.8 million Police and Fire impact results in a 1.0% tax rate impact.

The remaining \$1.7 million covers all other employee groups and equates to a 2.1% tax increase.

## **Fuel Costs**

The City has a “cost/plus” contract for its purchase of fuel. The cost component fluctuates with the Toronto rack prices. Due to the rising cost of gasoline prices in 2008, the City has been predicting a \$0.7 million overrun in vehicle fuel expenditures. For 2009, a \$0.8 million increase has been assumed. The main areas of the budget affected are Transit and Public Works and to a lesser degree Police and Fire.

## **Supplementary Taxation Revenue**

Supplementary taxes are those levied on assessment after the return of the assessment rolls. They arise primarily as the result of new construction such as new housing units that become ready for occupancy, change in use, or the start-up of a new business. It is expected that supplementary revenues will decrease from the \$1.5 million budgeted in 2008 to \$850,000 based on 2008’s experience to date.

## **ODSP Benefits**

Gross ODSP Benefit costs are \$8.5 million, an increase of \$0.8 million or 9.8% compared to the 2008 Budget. The City’s share is expected to increase by \$643,292. The increase is a combination of increased caseload and decreased cost per case. The projected caseload for 2009 is 12.7% higher than the 2008 Budget. ODSP caseload is growing at a rate of approximately 6% per year, but the 2008 caseload was budgeted at a growth rate of 3%.

### **Land Ambulance**

The City will spend an estimated \$3.8 million during 2009 for Land Ambulance costs compared to \$3.4 million in 2008 based on initial estimates provided by the County. The increase is due to potential salary settlement costs, the addition of one twelve-hour day car to provide needed coverage in the City of Peterborough and increased equipment, manpower and supplies to meet the mandated response time with increased call volumes.

### **Airport Development Program**

Through Report PLPD08-044, dated May 20, 2008, Council approved a major construction initiative to develop the Airport into a Regional Economic Driver. Work in the first year included a ramp expansion, a new Airport entrance, the continuation of the land filling program, the relocation of private hangers, and the extension of servicing to the newly created development area. The 2009 Budget includes an amount of \$505,000 to be transferred to an Airport Development Debt Servicing Reserve to be used to pay the annual principal and interest payments on the capital requirement. It is offset slightly by net additional revenues that are a result of the development.

### **ODSP Administration**

On August 20, 2007, Dalton McGuinty, the Premier of Ontario announced that, effective January 1, 2009, the Ontario government will be responsible for 100% of the ODSP administration. Historically municipalities have been required to finance 50% of this cost based on invoices issued by the Province. In 2008, this represented \$1.0 million net cost to the City.

The municipal share of the ODSP benefits component is presently 20%. It is to be reduced to 10% in 2010 and by 2011 will be fully funded by the Provincial government.

### **POA Revenues**

The City is expected to collect \$1.0 million more in POA revenues in 2009 compared to the 2008 Budget. After a slight increase in expenditures is incurred and the County receives their share, the City net increased revenue is \$0.4 million.

### **Other factors affecting the 2009 tax levy requirement**

The other impacts shown on Chart 5 will be discussed in detail in Part 2 – 2009 Operating and Capital Budget Detailed Review.

Line 9.0 of Chart 5 is the increase in the tax levy requirement, which is 6.5%. If there were no other impacts on the 2009 Budget, this increase in the tax levy requirement would result in a 6.5% municipal tax rate increase.

## Effect of assessment growth and tax ratio changes on the tax rate

The 2009 Budget includes two further impacts on the tax levy requirements that result in a 4.7% municipal residential tax rate increase. The first is the 2009 tax ratio decreases for the multi-residential, commercial and industrial classes approved by Council on April 14, 2008. That decision, in effect, adds 0.3% onto the residential tax rate and without any other impacts, the residential tax rate would have been 6.8%.

The second impact is the 2009 estimated real current value assessment growth, which reduces the residential tax rate by 2.1%. The net result is the 4.7% municipal residential tax rate increase. These impacts are reflected in Chart 6.

### Chart 6

#### Effect of Assessment Growth and Business Tax Ratios changes on the residential tax rate

Chart 6 2009 Budget Impacts				
Ref C1	Description C2	Amount C3	Total C4	2009 Tax Rate Impact C5
9.00	Total \$ change in net tax levy 2008 to 2009		5,461,009	6.5%
10.00	Effect of 2009 Tax Ratio Adjustments			0.3%
11.00	Effect of Increased 2009 Assessments			-2.1%
12.00	2009 Residential Tax Rate Increase as per Draft Budget			4.7%

## Low-income seniors and disabled persons protected

The Budget proposes that the low income seniors and disabled property tax credits continue so individuals who qualify will receive tailored tax credits that limit their 2009 net tax increases to no more than 2% over their 2008 net tax levels. The municipal cost of the program is estimated to be \$265,000 and provides protection to one of the most vulnerable groups of taxpayers. About 450 people will be eligible for assistance.

### What does 1% mean?

An \$858,000 change in net tax levy for 2009 equates to a 1% change in the 2009 municipal residential tax rate. For example, in order to lower the proposed 4.7% municipal tax rate increase for 2009 to a 3.7% increase, \$858,000 net tax levy funded expenditures would have to be cut from the Draft Budget.

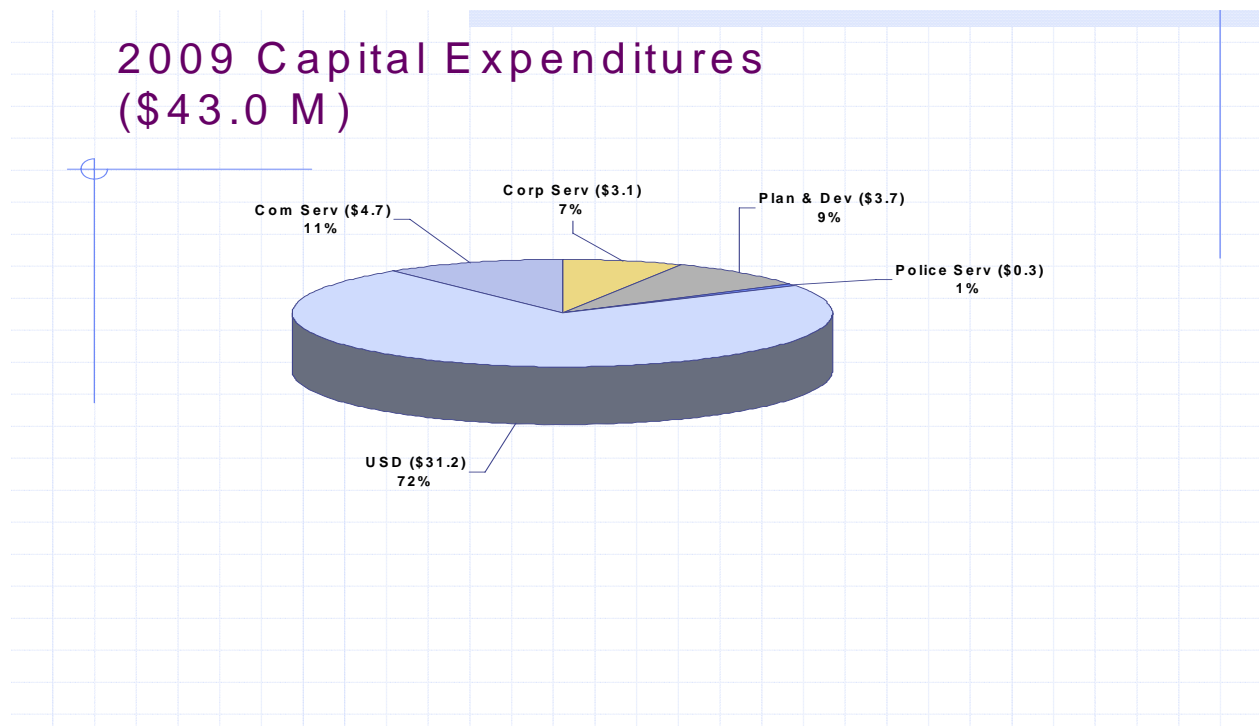
## \$43.0 million Capital Budget proposed for 2009

The Capital Budget expenditure amounts to \$43.0 million (\$37.9 million - 2008) and will be funded from \$7.7 million directly from 2009 taxation, \$15.2 million from Reserves and Reserve Funds, \$4.7 million from proposed 2009 tax supported debentures, \$5.0 million from Development Charges, \$6.7 million from the Federal Gas Tax Reserve and the \$3.7 million balance will be funded from other non-tax-supported sources.

### 2009 Capital Expenditure by Department / Function

The 2009 Capital Budget is comprised of departmental and functional expenditures as set out in Chart 7. The next page shows a more extensive summary.

**Chart 7**  
**2009 Capital Expenditure By Department**

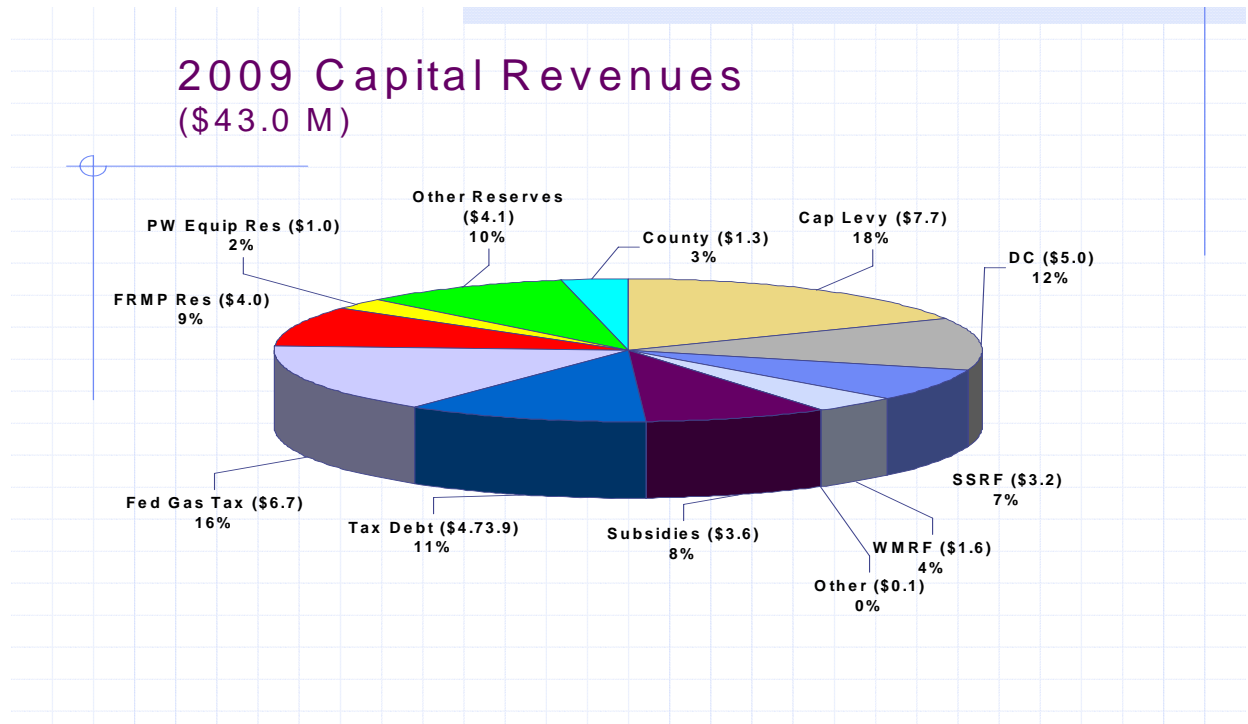




## 2009 Capital Revenues

Funding for the Capital program comes from a variety of sources as set out in Chart 8 below. Appendix D of this Highlights Book provides more information about Capital Levy, Tax Supported Debt, Reserve and Reserve Funds, and Development Charge revenues.

**Chart 8**  
**2008 Capital Revenues (\$millions)**



The Capital Budget provides for 140 separate projects including the top 20 projects as set out in Chart 9 that account for \$29.9 million (70%) of the total \$43.0 million.

**Chart 9**  
**Top 20 Capital projects**  
**Arranged in descending dollar order**

Ref	Project Description	Ref	2009						
			TOTAL COSTS	REV	NET COST	CAP LEVY	DEV CHG	DEB	OTHER
1	PRHC Road Improvements	5-2.01	6,100.0	0.0	6,100.0	0.0	0.0	0.0	6,100.0
2	Water St - Marina Blvd to Argyle St	5-6.01	3,600.0	0.0	3,600.0	0.0	3,600.0	0.0	0.0
3	Peterborough Landfill Site	5-9.01	2,457.0	1,228.5	1,228.5	0.0	0.0	0.0	1,228.5
4	New Buses	5-10.03	1,708.0	1,002.5	705.5	0.0	120.0	0.0	585.5
5	Airport Development	7-5.01	1,705.0	0.0	1,705.0	0.0	0.0	1,705.0	0.0
6	B-210 Sanitary Sewer Relining & Repair	5-15.14	1,594.0	0.0	1,594.0	0.0	0.0	0.0	1,594.0
7	Electronic Fare Collection System	5-10.01	1,534.0	934.2	599.8	599.8	0.0	0.0	0.0
8	Romaine St Reconstruction	5-6.02	1,500.0	0.0	1,500.0	0.0	0.0	750.0	750.0
9	Spencley's/Leahy's Lane Reconstruction	5-3.02	1,125.0	0.0	1,125.0	365.0		0.0	760.0
10	PW Vehicle & Equipment Replacement	5-1.04	1,070.0	0.0	1,070.0	55.0	45.0	0.0	970.0
11	Equipment Upgrades & Replacements	5-8.02	1,000.0	0.0	1,000.0	0.0	0.0	0.0	1,000.0
12	Station 3 Relocation	6-7.07	1,000.0	0.0	1,000.0	300.0	700.0	0.0	0.0
13	Nassau Mills over Trent Canal	5-4.02	900.0	0.0	900.0	0.0	0.0	0.0	900.0
14	Sidewalk Reconstruction	5-1.01	800.0	0.0	800.0	100.0	0.0	700.0	0.0
15	Various Road Resurfacing	5-3.01	800.0	0.0	800.0	0.0	0.0	800.0	0.0
16	WWTP Expansion Process Audit	5-8.03	750.0	0.0	750.0	0.0	125.0	0.0	625.0
17	Hwy #115/Parkway Interchange	5-2.02	600.0	300.0	300.0	150.0	150.0	0.0	0.0
18	Aylmer St Bridge over Jackson Creek	5-4.01	600.0	0.0	600.0	0.0	0.0	227.5	372.5
19	Soccer Complex	6-1.01	560.0	0.0	560.0	330.0	0.0	0.0	230.0
20	D-140 Curtis Creek EA Capital Projects	5-15.01	510.4	0.0	510.4	0.0	0.0	0.0	510.4
	Total		29,913.4	3,465.2	26,448.2	1,899.8	4,740.0	4,182.5	15,625.9