

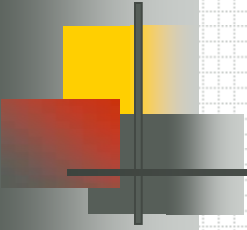
2009 Draft Budget

City of Peterborough



Nov 24, 2008 Presentation to Budget Committee





City of Peterborough



**What's changed since Nov 10,
2008 Release Date?**

Water rates to increase by 3.4% instead of 2.0% in initial draft

- Means median homeowners sewer surcharge payable increases a further \$5.25 per year (\$7.33 increase to a \$12.60) increase



Updated real assessment growth

- Although not final – preliminary numbers received
- Instead of 2% as estimated looks like 1.8%
- Could still change when final rolls provide in mid December



Real growth CVA 1.8%



	2008		2009 Budget	% Change	\$ Change	% of TOTAL
	Budget	Actual				
<u>CURRENT VALUE ASSESSMENT (Millions)</u>						
<u>Residential</u>						
Residential	4,494.3	4,494.3	4,553.6	1.3%	59.3	78.7%
New Multi-residential	13.1	13.1	17.1	30.5%	4.0	0.3%
Multiresidential	366.3	366.3	368.5	0.6%	2.2	6.4%
Farm Property Class	3.3	3.3	4.4	33.3%	1.1	0.1%
	4,877.0	4,877.0	4,943.6	1.4%	66.6	85.4%
<u>Commercial</u>						
Occupied	684.7	684.7	713.2	4.2%	28.5	12.3%
Excess Lands & Vacant Units	9.9	9.9	9.7	-2.0%	(0.2)	0.2%
Vacant Land	7.3	7.3	14.2	94.5%	6.9	0.2%
	701.9	701.9	737.1	5.0%	35.2	12.7%
<u>Industrial</u>						
Occupied	92.0	92.0	89.9	-2.3%	(2.1)	1.6%
Excess Lands & Vacant Units	2.6	2.6	2.4	-7.7%	(0.2)	
Vacant Land	1.7	1.7	2.2	29.4%	0.5	
	96.3	96.3	94.5	-1.9%	(1.8)	1.6%
<u>Pipeline</u>						
	13.1	13.1	12.9	-1.5%	(0.2)	0.2%
	5,688.3	5,688.3	5,788.1	1.8%	99.8	100.0%



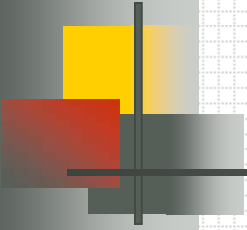
Impact of 1.8% real growth

- Mun res tax rate increase by 4.9% as opposed to original 4.7%
- All-in increases by 3.8% as opposed to original 3.6%

2009 tax rates after real growth



	2008 Budget	2009 Budget	% Change
TAX RATES			
<u>Residential</u>			
Residential	1.241343%	1.301930%	4.9%
New Multi-residential	1.241343%	1.301930%	4.9%
Multiresidential	2.513968%	2.618311%	4.2%
Farm Property Class	0.310336%	0.325483%	4.9%
<u>Commercial</u>			
Commercial Class	2.286430%	2.370033%	3.7%
Commercial Class, Excess Lands & V	1.600501%	1.659023%	3.7%
Commercial Class, Vacant Land	1.600501%	1.659023%	3.7%
<u>Industrial</u>			
Industrial Class	3.224513%	3.381893%	4.9%
Industrial Tax Vacant Unit/Excess	2.095933%	2.198231%	4.9%
Industrial Class, Vacant Lands	2.095933%	2.198231%	4.9%
<u>Pipeline</u>			
	1.577250%	1.654232%	4.9%



City of Peterborough



Preliminary Impact of Updated Market Value and Phase In Known



Impact of using updated CVA

- When we use updated CVA in our draft budget, tax levy stays the same \$89.8M level but tax rates go down because of increased CVA value
- Median value for typical property owner changes as well.....

CVA 2008-2009 CVA Phased in

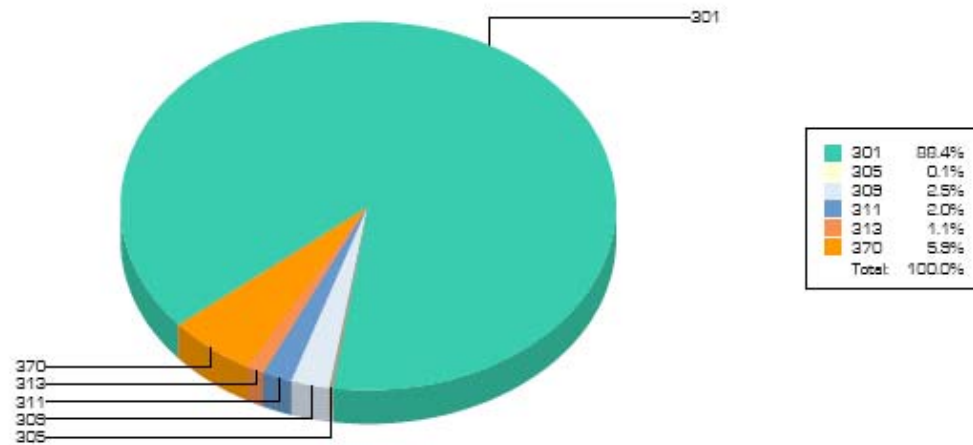


	2008 Budget	2009 Budget	% Change
<u>CURRENT VALUE ASSESSMENT (Millions)</u>			
<u>Residential</u>			
Residential	4,494.3	4,770.6	6.2%
New Multi-residential	13.1	17.6	34.4%
Multiresidential	366.3	392.9	7.3%
Farm Property Class	3.3	4.7	42.4%
	4,877.0	5,185.8	6.3%
<u>Commercial</u>			
Occupied	684.7	768.0	12.2%
Excess Lands & Vacant Units	9.9	10.6	7.1%
Vacant Land	7.3	14.8	102.7%
	701.9	793.4	13.0%
<u>Industrial</u>			
Occupied	92.0	96.4	4.8%
Excess Lands & Vacant Units	2.6	2.6	
Vacant Land	1.7	2.4	41.2%
	96.3	101.4	5.3%
<u>Pipeline</u>	13.1	13.2	0.8%
	5,688.3	6,093.8	7.1%

Median Assessed Values



Median Assessed Value by Selected Residential Property Codes



Property Code/Description	Property Count	Property Count %	Median 2005 Value Estimate	Median 2009 Phased-in Assessment	% Change in Median Value Estimate
301 Single Family Detached	19,572	88.44	173,000	181,000	4.62
305 Link Home	16	0.07	170,000	174,500	2.65
309 Freehold Townhouse/Rowhouse	555	2.51	149,000	156,500	5.03
311 Semi-detached residential	435	1.97	127,000	133,500	5.12
313 Single family detached on water	249	1.13	221,000	232,250	5.09
370 Residential Condominium	1,303	5.89	166,000	171,500	3.31

Total:	22,130	100	168,000	173,000	2.98
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City uses this for all-in guideline chart



2009 Tax Rates using phased-in Market value



	2008 Budget	2009 Budget	% Change
TAX RATES			
<u>Residential</u>			
Residential	1.241343%	1.232887%	-0.7%
New Multi-residential	1.241343%	1.232887%	-0.7%
Multiresidential	2.513968%	2.479459%	-1.4%
Farm Property Class	0.310336%	0.308222%	-0.7%
<u>Commercial</u>			
Commercial Class	2.286430%	2.244347%	-1.8%
Commercial Class, Excess Lands & Vacant Units	1.600501%	1.571043%	-1.8%
Commercial Class, Vacant Land	1.600501%	1.571043%	-1.8%
<u>Industrial</u>			
Industrial Class	3.224513%	3.202547%	-0.7%
Industrial Tax Vacant Unit/Excess	2.095933%	2.081656%	-0.7%
Industrial Class, Vacant Lands	2.095933%	2.081656%	-0.7%
<u>Pipeline</u>			
	1.577250%	1.566506%	-0.7%



Residential Education Tax Rate

Should decrease as well...

Provincial Assessment Summary



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

Provincial Assessment Summary

Notice Edition - October, 2008

	2007 Roll for Tax Year 2008 (2005 CVA)	During Tax Year 2008 (2005 Value Estimate)	Destination Value (CVA 2008)	% Growth	% Reassessment Change	
PROVINCIAL SUMMARY - Excluding non-municipal territory outside the jurisdiction of any locality board of education						
Commercial	117,020,665,502	115,452,823,115	145,751,532,897	-1.34	26.24	
Exempt	83,411,335,209	84,080,011,839	96,877,244,251	0.80	15.22	
Farm	33,510,407,368	32,419,104,711	37,895,138,036	-3.26	16.89	★
Industrial	25,233,369,370	24,695,883,144	31,351,801,865	-2.13	26.95	
Large Industrial	11,141,691,081	11,127,353,869	12,603,465,924	-0.13	13.27	
Large Theatre	35,194,000	36,806,000	64,541,000	4.58	75.35	
Managed Forest	606,832,148	645,097,210	874,305,164	6.31	35.53	
Multi-Residential	55,082,359,267	55,318,372,921	62,401,762,685	0.43	12.80	★
New Multi-Residential	938,529,120	993,031,585	1,100,192,395	5.81	10.79	★
Office Building	31,372,991,636	34,390,165,799	44,189,021,402	9.62	28.49	
Parking Lot	1,781,295,419	1,740,253,409	1,979,135,398	-2.30	13.73	
Pipeline	5,705,315,375	5,766,463,375	6,648,326,400	1.07	15.29	
Professional Sports Facility	398,702,000	392,227,800	503,603,100	-1.62	28.40	
Railway	0	0	0	0.00	0.00	
Residential	993,977,506,881	1,011,319,585,604	1,222,204,864,430	1.74	20.85	★
Resort Condominium	195,940,000	196,410,300	206,309,100	0.24	5.04	
Shopping Centre	25,839,726,791	26,277,291,310	35,340,405,082	1.69	34.49	
Utility	0	0	0	0.00	0.00	
Provincial Total:	1,386,251,861,167	1,404,870,969,991	1,700,015,090,129	1.34	21.01	



Used by Province to set Residential Education Rate

City of Peterborough



Res ed tax rate estimated to be reduced by 4.9% to 0.251%



Ref	Class	2007 Roll for Tax Year 2008 (2005 CVA)	During Tax Year 2008 (2005 Value Estimate)	Destination value (CVA 2008)	% Growth	& Change	2009 Estimated CVA After Phase-in
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
1	Farm	33,510,407,368	32,419,104,711	37,895,138,036	-3.26%	16.89%	33,788,113,042
2	Multi-res	55,082,359,267	55,318,372,921	62,401,782,685	0.43%	12.81%	57,089,225,362
3	New Multi res	938,528,120	993,031,585	1,100,192,395	5.81%	10.79%	1,019,821,788
4	Residential	993,977,506,881	1,011,319,585,604	1,222,204,884,430	1.75%	20.85%	1,064,040,910,311
5	Total	1,083,508,801,636	1,100,050,094,821	1,323,601,997,546	1.53%	20.32%	1,155,938,070,503
6	2008 Education Tax Rate	0.2640000%	0.2640000%	0.2640000%			0.2640000%
7	Implied Education Levy	2,860,463,236	2,904,132,250	3,494,309,274			3,051,676,506
8	2009 Ed rate to raise same amount in Col 4						0.2510%
9	Estimated reduction in 2009 ed rate						-4.9%



So.....

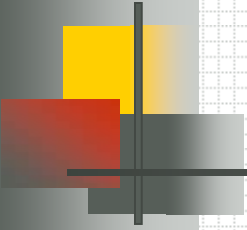
- Water rate increase by 3.4%
- Market value adjusted – phased-in CVA for 2009
- Tax levy requirement stays the same
- Mun tax rates go down
- New numbers for median assessed property – 2008 – 2009
- Residential education tax rate decreasing
- Even before we start Budget Committee Reviews we are at.....



New-all-inclusive 3.2%



Ref C1	Description C2	2008 C3	2009 C4	Change from 2008	
				Amount	%
				C5	C6
2.03	Subtotal Municipal Tax Rate	1.2413430%	1.2328730%	-0.0084700%	-0.7%
2.04	Residential education rate	0.2640000%	0.2510000%	-0.0130000%	-4.9%
2.05	Total Municipal and Education Tax Rates	1.5053430%	1.4838730%	-0.0214700%	-1.4%
3.00	Average annual water rates (Basic charge, six rooms, 500m2 lot)	366.60	379.20	12.60	3.4%
5.00	Median assessed value- Residential class	173,000	181,000	8,000	4.6%
6.00	<u>Tax on assessment for median property</u>				
6.01	Municipal general tax levy	2,111.20	2,176.89	65.69	3.1%
6.02	Garbage tax levy	36.32	54.61	18.29	50.4%
6.03	Subtotal Municipal Tax on Assessment	2,147.52	2,231.50	83.98	3.9%
6.04	Education tax levy	456.72	454.31	(2.41)	-0.5%
7.00	Sewer surcharge payable annual	366.60	379.20	12.60	3.4%
8.00	Total municipal annual tax and sewer	2,514.12	2,610.70	96.58	3.8%
9.00	Combined Mun and Ed Tax on Assessment PLUS Sewer Surcharge	2,970.84	3,065.01	94.17	3.2%
9.01	Per Month	247.57	255.42	7.85	3.2%



City of Peterborough



**Some significant changes since
Nov**

GPAEDC, CCHU, & Annexation Payments

Description	2009 Draft Budget	2009 Amendments	\$ Change
GPAEDC (Page 223 Highlights Book)	\$777,052	\$775,916	(\$1,136)
CCHU (Page 121 Highlights Book)	\$1,023,964	\$930,333	(\$92,371)
Annexation Payments (P225 Highlights Book)	\$183,000	\$90,000	(\$93,000)
Total			(\$186,507)

The \$186,507 reduction will decrease the net tax levy requirement





Energy costs

- Were difficult to budget
- Significant impact



Energy costs (gross) 2008 – 2009 Budget (Millions)

Expense	2008 Budget	2009 Budget	\$ Change	% Change
Utilities (electrical & water)	\$2.903	\$3.163	\$0.2600	9.0%
Heat	\$0.572	\$0.598	\$0.026	4.4%
Vehicle Fuel	\$1.833	\$2.629	\$0.796	43.4%
Total	\$5.308	\$6.390	\$1.082	20.4%



Energy costs (net)– 2008 – 2009 Budget (Millions)

Expense	2008 Budget	2009 Budget	\$ Change	% Change
Total (Gross)	\$5,308	\$6.390	\$1.082	20.4%
Non Tax Sources (Sewer Surcharge subsidies, other)	(\$0.572)	(\$0.598)	(\$0.260)	4.4%
Net tax impact	\$4.708	\$5.529	\$0.822	17.4%

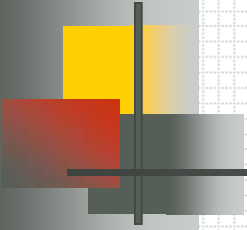


Budgeted Increase for Vehicle Fuel (net)



User	\$ Value 2009 Budget
Transit	\$460,000
Public Works	\$241,000
Sanitation	\$75,000
Police	\$11,500
Fire	\$3,900
Airport	\$3,600
Total	\$795,000

**\$795,000 added
0.6% on all
inclusive**



City of Peterborough



How did we budget for Vehicle Fuel?



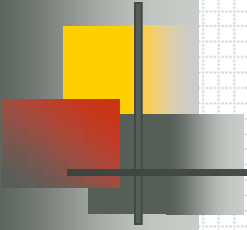
Budget timetable

- Operating departments submitted budgets as of **May 16, 2008**
- How to budget fuel for 2009 back in May of 2008?

Per litre cost – 2008 - 2009

Type	2008 Bud P/L	2009 Bud P/L	\$ Change	% Change
Gas	\$0.81	\$1.15	\$0.34	42%
Diesel	\$0.84	\$1.20	\$0.36	42%
Coloured Diesel	\$0.73	\$1.04	\$0.31	42%





City of Peterborough



What happened May - Nov



We Can reduce vehicle fuel cost

But by how much...?

Decrease vehicle fuel by about 16.5%

Ref Col 1	Description Col 2	Reg Gas Col 3	Clear Diesel Col 4	Coloured Diesel Col 5	Total Col 6
1	Estimated quantity in litres 2009 Budget	373,000	1,740,000	108,000	2,221,000
	Possible price per litre				
2	2009 Budget	\$1.1500	\$1.2000	\$1.0400	
3	Avg of biwkly spot rates over 2008	\$1.0619	\$1.1060	\$0.9624	
4	Maximum of daily prices over 2008	\$1.2783	\$1.3590	\$1.2160	
5	Minimum from daily prices over 2008	\$0.6933	\$0.8386	\$0.6956	
6	Nov 24, 2008 Recommended	\$0.9600	\$1.0000	\$0.8700	
	Then total paid net of GST will be				
7	2009 Budget	\$428,950	\$2,088,000	\$112,320	\$2,629,270
8	Avg of biwkly spot rates over 2008	\$396,089	\$1,924,440	\$103,939	\$2,424,468
9	Maximum of daily prices over 2008	\$476,806	\$2,364,660	\$131,328	\$2,972,794
10	Minimum from daily prices over 2008	\$258,601	\$1,459,164	\$75,125	\$1,792,890
11	Nov 24, 2008 Recommended	\$358,080	\$1,740,000	\$93,960	\$2,192,040
12	Net budget requirements reduced by \$	-\$70,870	-\$348,000	-\$18,360	-\$437,230
★ 13	Net budget requirements reduced by %	-16.5%	-16.7%	-16.3%	-16.6%

★ This line corrected after initial presentation which incorrectly showed 20% reduction.





Business travel

- Also impacted by fuel cost
- Mileage rate tied in part to fuel cost
- 2009 draft includes \$226,000 for business travel, mileage claims
- Can be reduced by **\$21,310**

Fuel summary

- Vehicle fuel estimates reflected in the various 2009 operating budgets can be reduced **by 20% (\$437,230)**
- The net cost of business travel identified throughout the operating budget be reduced **by 20%, where applicable (\$21,330)**
- The resulting **\$458,560** reduction reduce the 2009 tax levy requirement

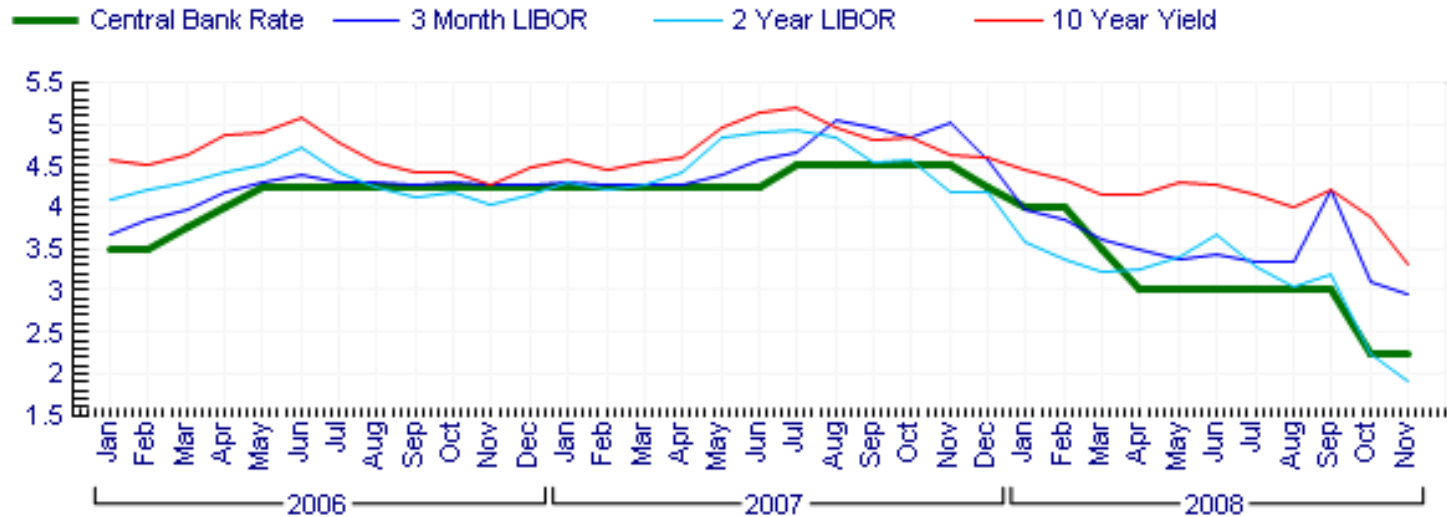




Interest rates going down

Affect revenues and expenditures

Canadian Interest Rates

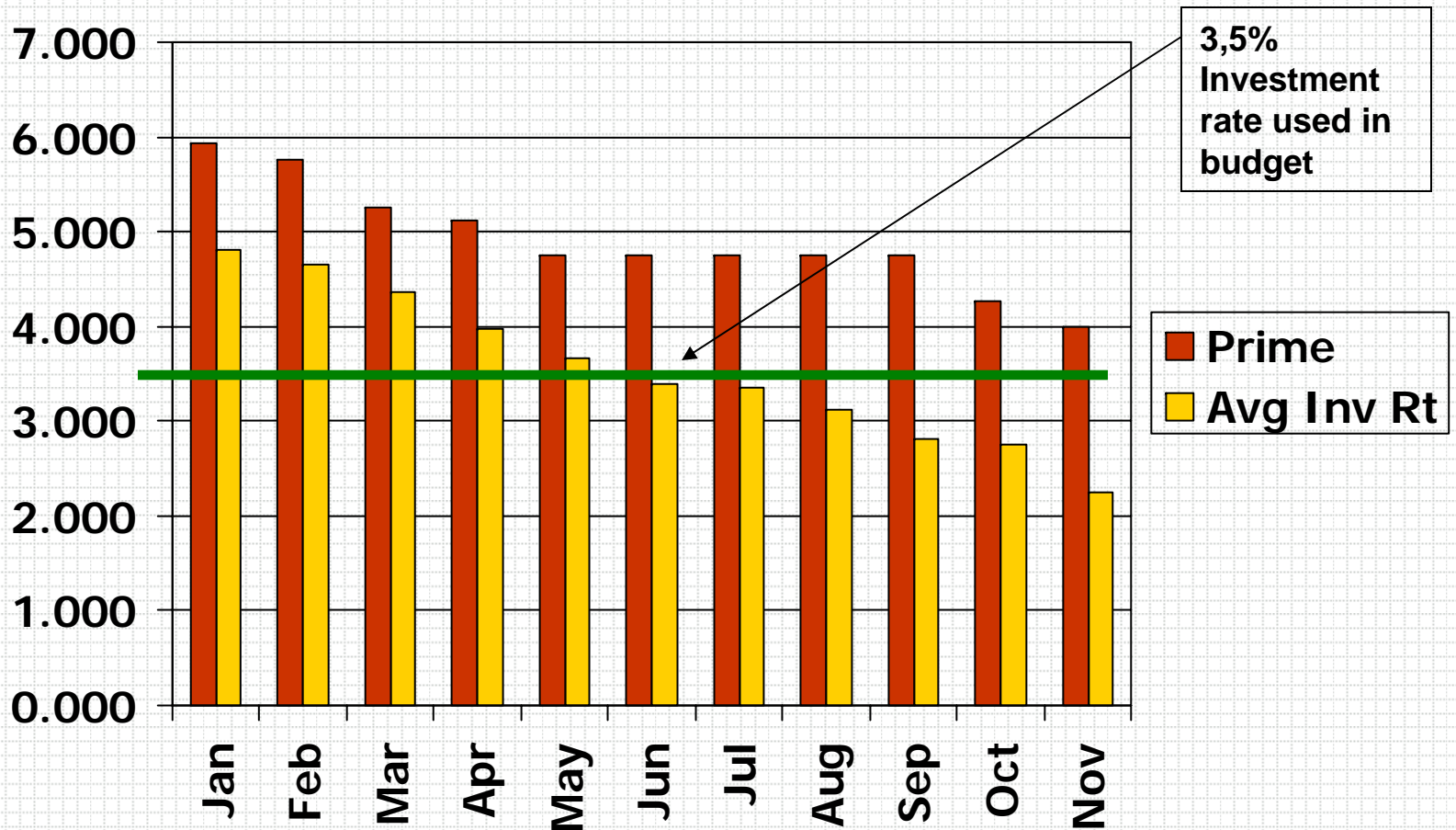


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	4.00	4.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00	2.25	2.25	
2007	4.25	4.25	4.25	4.25	4.25	4.25	4.50	4.50	4.50	4.50	4.50	4.25
2006	3.50	3.50	3.75	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25



Avg Prime & Avg City Inv Rate (2008)

City of Peterborough



Investment revenue adjustment

Description	2009 Draft Budget	Updated Nov 24	Change
Avg prime	5.0%	4.0% ★	(1.0%)
Avg Investment Rate	3.5%	2.5%	(1.0%)
Avg Balance	\$55.5M	\$62.5M ★	\$7.0M
Inv Rev	\$1.9M	\$1.6M	(\$0.3M)

★ Royal bank predicts prime could drop to as low as 3.0% by end of 2008

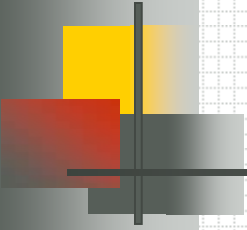
★ Reflects Prov Surplus 07-08



Investment revenue recommendation

- That 2009 investment income be reduced from \$1,900,000 to \$1,600,000
- The \$300,000 reduction will increase the net tax levy requirement





City of Peterborough



Recycling Markets



Recycling markets declining

- 2009 draft budget includes \$1.5M for sale of recycled materials (See page 129-130 - 2009 Current Budget Estimates (Page 111 of Highlights Book))
- We noted markets were “soft”
- Now projecting a **\$742,000** decline from draft budget estimate
- Tax levy requirement must be increased to offset or program reductions

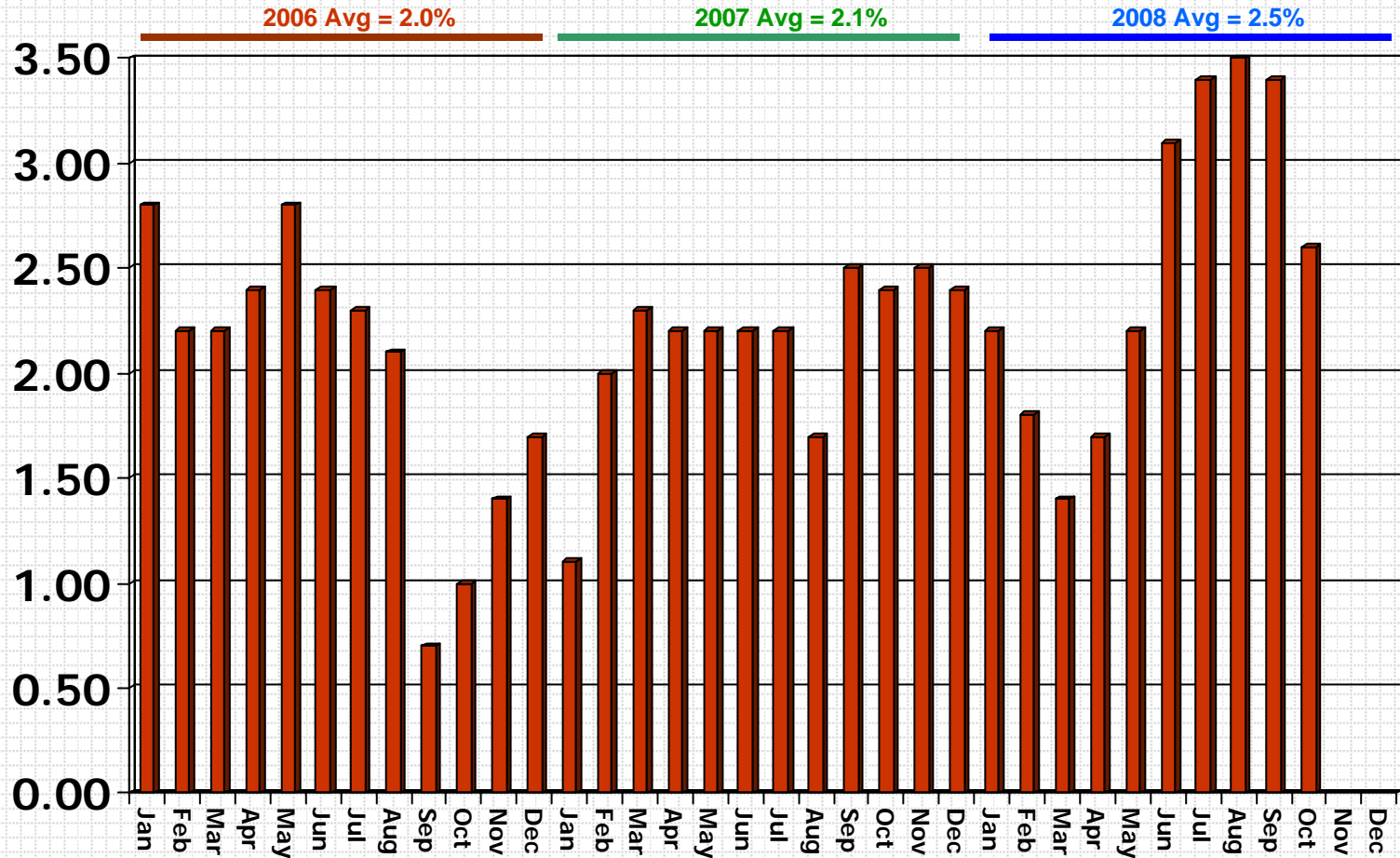




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Inflation

CPI Increases (Jan 2006-Oct 2008)



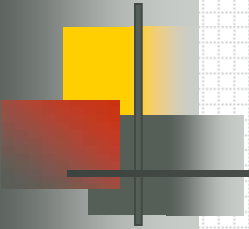
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Areas of the budget dependent upon inflation

- Capital project indexing – prime example





City of Peterborough

Ontario Municipal Partnership Fund (OMPF)





OMPF & Provincial uploads

- OMPF has been held flat at \$6.9M for 2007 & 2008



Four Year Upload of ODSP and ODB

FIGURE 2:
FOUR YEAR UPLOAD OF ODSP AND ODB

	2007 Provincial Cost Shares	PROVINCIAL UPLOADS			
		2008	2009	2010	2011
Ontario Drug Benefits	80%	100%	100%	100%	100%
Ontario Disability Support Program Administration Component	50%	>>>	100%	100%	100%
Ontario Disability Support Program Benefits Component	80%	>>>	>>>	90%	100%

In 2008, Province upload \$1.6 M in Drug Benefits

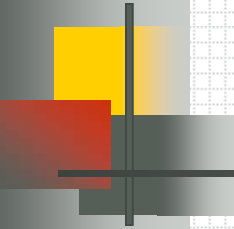
Was a major reason how 2008 all-in increase was limited to 1.7%



Would 2008 upload reduce OMPF grant for 2008

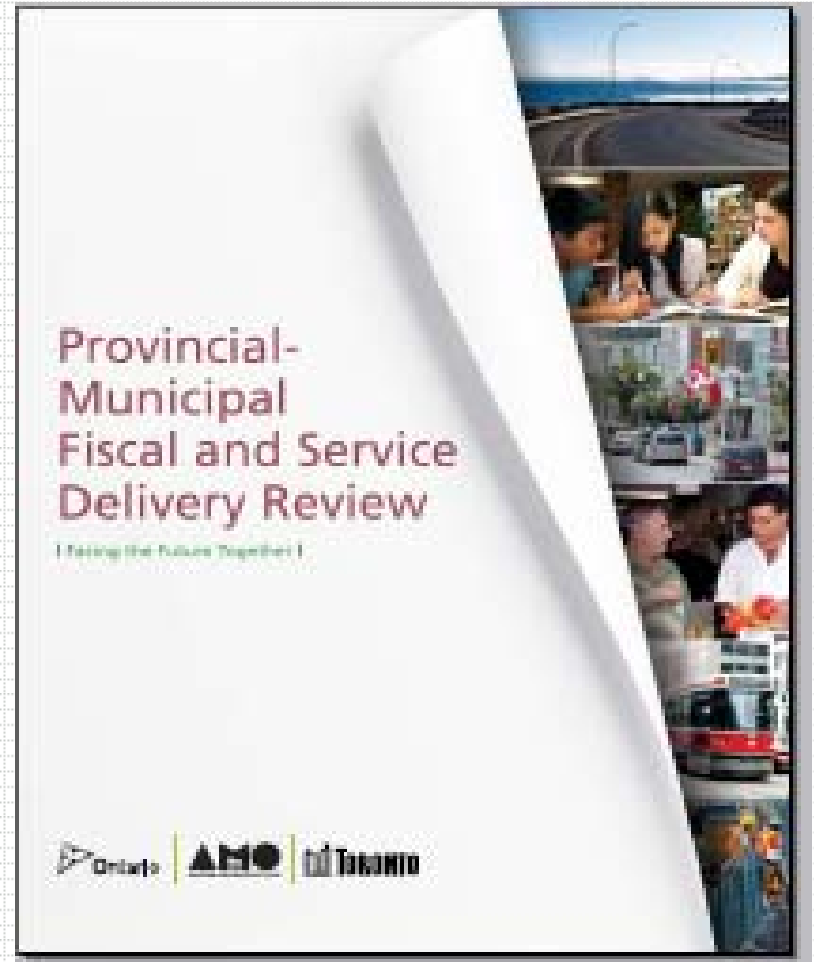
- Was our concern for 2008
- Were relieved when 2008 OMPF grant was confirmed at \$6.9M figure
- What would happen for 2009 when ODSP Admin taken back?
- Draft 2009 budget submitted Nov 10 assumed no claw back





Fiscal Review

- Release late October
- More uploading announced
- Look for hint about 2009 OMPF





Fiscal review said this

- A key principle is that the OMPF remains responsive to changes in municipal circumstances, such as the upload of the ODB, and ODSP and OW benefits. Consistent with the normal operation of the OMPF, the social programs grants will be adjusted to reflect the reduction in municipal costs for these programs as the uploads are phased in. As a result, the OMPF will decline to a level of about \$500 million by 2016.



OMPF wording vague

- My first take is we were ok
- 2009 would be held flat at \$6.9M
- November 14 received further correspondence
- Letter said this...

Some municipalities would normally see a reduction in their OMPF allocations because of the phase-out of the one-time and transitional funding they have received in past years under the OMPF. In 2009, through the Combined Benefit Stable Funding Guarantee (CBSFG), we will ensure that your municipality's *combined benefit* of your 2009 OMPF plus the reduced costs from ODB and ODSP administration uploads, will be equal to or greater than your March 2007 OMPF. The special one-time assistance we are providing in 2009 to deliver on this Guarantee will allow you sufficient time to plan your 2010 spending in accordance with your actual OMPF entitlements.





Part of our Bud Comm prep

- Questioned wording
- Called MOF
- They confirmed late Friday we should only count on **\$4.4M not \$6.9M**
- Have had discussions with MPP Leal over the wknd & today who has confirmed



2009 Combined Benefit Stable Funding Guaranty

City of Peterborough



Ontario Municipal Partnership Fund (OMPF)

2009 Combined Benefit Stable Funding Guarantee Notice

City of Peterborough



88101

A. 2009 OMPF Combined Benefit Stable Funding Guarantee Amount	\$4,347,000
B. Total Benefit from Provincial Upload (Equal to Line B1, plus Line B2)	\$2,602,700
B1. Estimated Benefit of the Ontario Drug Benefit Upload	\$1,633,000
B2. Estimated Benefit of the Ontario Disability Support Program Administration Upload	\$969,700
C. Total Minimum Combined Benefit (Equal to Line A, plus Line B)	\$6,949,700
D. Total March 2007 Announced OMPF Funding	\$6,949,700
E. 2009 Guaranteed First Quarter Payment * (Equal to ¼ of Line A)	\$1,086,750



MOF says \$4.3M is minimum

- Will receive updated numbers in mid Dec
- reflect some of our cost increases
- But no guaranties
- Go with \$4.3 M



In summary..

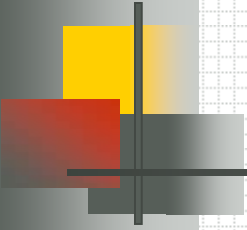


Description	Change	Description	Change
GPAEDC (Page 223 Highlights Book)	(\$1,136)	Fuel & Mileage	(\$458,560)
CCHU (Page 121 Highlights Book)	(\$92,371)	Investment Rev	\$300,000
Annexation Payments (P225 Highlights Book)	(\$93,000)	Recycling Rev	\$742,000
		OMPF	\$2,602,700
Total			\$2,999,633

All-in would be 5.7%



Ref C1	Description C2	2008 C3	2009 C4	Change from 2008	
				Amount C5	% C6
1.00	Total amount raised from taxation - all classes	84,364,716	92,825,358	8,460,642	10.0%
2.03	Subtotal Municipal Tax Rate	1.2413430%	1.2740580%	0.0327150%	2.6%
2.04	Residential education rate	0.2640000%	0.2510000%	-0.0130000%	-4.9%
2.05	Total Municipal and Education Tax Rates	1.5053430%	1.5250580%	0.0197150%	1.3%
3.00	Average annual water rates (Basic charge, six rooms, 500m2 lot)	366.60	379.20	12.60	3.4%
5.00	Median assessed value- Residential class	173,000	181,000	8,000	4.6%
6.03	Subtotal Municipal Tax on Assessment	2,147.52	2,306.04	158.52	7.4%
6.04	Education tax levy	456.72	454.31	-2.41	-0.5%
6.05	Subtotal Mun & Ed tax on assessment	2,604.24	2,760.35	156.11	6.0%
7.00	Sewer surcharge payable annual	366.60	379.20	12.60	3.4%
8.00	Total municipal annual tax and sewer	2,514.12	2,685.24	171.12	6.8%
9.00	Combined Mun and Ed Tax on Assessment PLUS Sewer Surcharge	2,970.84	3,139.55	168.71	5.7%



City of Peterborough



CAO has some comments....