

# 2009 Draft Budget



Presented to November 10, 2008 Budget Committee



2009 Draft Budget



## All inclusive

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- The 2009 Draft Operating Budget reflects a **3.6%** all inclusive municipal, & sewer surcharge levy increase for SFD “not on water” assessed at \$170,000 for 2008 and 2009
- That compares to the 3.4% CPI increase as of September



## Meets our mandate

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- ....which is to prepare a budget that reflects the same levels of service as approved in previous year unless enhancements are specifically approved by resolution of Council



## Within the mandate...

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- Draft 2009 budget documents based on a combination of
  - previous year's approved service levels
  - Council-approved enhancements
  - inflationary factors including salary settlements & grid steps, energy costs, etc.
  - increases / decreases on both direct and indirect revenues
  - legislated enhancements



# Second year of early budget approval

| Budget      | Approved            |
|-------------|---------------------|
| 2006        | May 1, 2006         |
| 2007        | Feb 26, 2007        |
| 2008        | Dec 10, 2007        |
| <b>2009</b> | <b>Dec 15, 2008</b> |
| 2010        | Dec 14, 2009        |



# Pros/Cons of early budget approval

## Pros

- Budget approval exist for expenditures as Jan 1
- New hires & work program items start sooner
- Fee increases take effect sooner
- Tenders issued sooner
- Council not asked to pre-commit in isolation

## Cons

- More unknowns
  - OMPF grants levels
  - CVA an estimate
  - CPI, Interest rates, Energy
  - 2009 Budget submitted in May/June of 2008
  - Projected actuals submitted end of May





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**Sandra to provide some high level details.....**



# Format of Highlights Book Changed

- **Part 1** – Operating and Capital Summaries
- **Part 2** – Operating and Capital Detailed Review
- **Appendix A** – Staffing
- **Appendix B** – Items not in the Budget
- **Appendix C** – Assessment and Tax Info
- **Appendix D** – Capital Supplementary Info



# Within 3.6% many other key indicators

- Refer to Part 1-Chart 4 on page 11 of Highlights Book
- Overall Tax levy up by \$5.5M or 6.5%
- Mun Res Tax Rate up by 4.7%
- Residential Education Tax Rates - no change
- Combined Mun & Ed Tax Rates up by 3.9%
- Sewer surcharge rate to stay at 100%



# Part 1-Chart 4 (page 11)

| Ref<br>C1   | Description<br>C2   | 2008<br>C3        | 2009<br>C4        | Change from 2008  |             |
|-------------|---|-------------------|-------------------|-------------------|-------------|
|             |   |                   |                   | Amount            | %           |
|             |   |                   |                   | C5                | C6          |
| <b>1.00</b> | <b><u>Total amount raised from taxation - all classes</u></b>                 | 84,364,716        | 89,825,725        | 5,461,009         | 6.5%        |
| <b>2.00</b> | <b><u>Tax Rates</u></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><u>Subtotal Municipal Tax Rate</u></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><u>Total Municipal and Education Tax Rates</u></b>                         | <b>1.5053430%</b> | <b>1.5636330%</b> | <b>0.0582900%</b> | <b>3.9%</b> |
| <b>3.00</b> | <b><u>Average annual water rates (Basic charge, six rooms, 500m2 lot)</u></b> | 366.60            | 373.93            | 7.33              | 2.0%        |
| <b>4.00</b> | <b><u>Sewer surcharge rate</u></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><u>Effective rate over the year</u></b>                                    | <b>100.0%</b>     | <b>100.0%</b>     |                   |             |



# Part 1-Chart 4 – (continued)

| Ref<br>C1 | Description<br>C2   | 2008<br>C3      | 2009<br>C4      | Change from 2008 |             |
|-----------|---|-----------------|-----------------|------------------|-------------|
|           |   |                 |                 | Amount<br>C5     | %<br>C6     |
| 4.06      | Budget Water Revenues   | 13,401,000      | 13,590,000      | 189,000          | 1.4%        |
| 4.07      | Total Sewer Surcharge Collected                                       | 13,401,000      | 13,590,000      | 189,000          | 1.4%        |
| 5.00      | Median assessed value- Residential class                              | 170,000         | 170,000         |                  |             |
| 6.00      | <b><u>Tax on assessment for median property</u></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%       |
| 6.03      | <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          |                  |             |
| 6.05      | <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%        |
| 7.00      | <b>Sewer surcharge payable annual</b>                                 | 366.60          | 373.93          | 7.33             | 2.0%        |
| 7.01      | <b>Per Month</b>  | 30.55           | 31.16           | 0.61             | 2.0%        |
| 8.00      | <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> |
| 8.01      | <b>Per Month</b>  | <b>206.41</b>   | <b>215.28</b>   | <b>8.87</b>      | <b>4.3%</b> |
| 9.00      | <b>Combined Mun and Ed Tax on Assessment<br/>PLUS Sewer Surcharge</b> | <b>2,925.68</b> | <b>3,032.10</b> | <b>106.42</b>    | <b>3.6%</b> |
| 9.01      | <b>Per Month</b>  | <b>243.81</b>   | <b>252.68</b>   | <b>8.87</b>      | <b>3.6%</b> |



# Other quick operating budget facts

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- Gross Expenditures – **up by 3.2%** to **\$193.1M**
- Net expenditures **up by 5.2%** to **\$107.6M**
- Taxable CVA **up by estimated 2.0%** to **\$5.8B**



## 2.0% real CVA growth generates \$1.8 M tax levy

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- CVA increase by an estimated 2.0%
- If 2009 tax rates applied to real growth, **\$1.8 M** additional tax levy generated
- Helps offset cost increases and limits tax rate increase



# Tax ratio policy means different tax rate increases

- Residential municipal tax rate increases **4.7%**
- Commercial municipal tax rate increases **3.5%**
- Industrial municipal tax rate increases **4.7%**
- Multi-residential municipal tax rate increases **4.0%**



# Why net tax levy requirement up by \$5.5 M or 6.5%

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Summary on page 13 of  
Highlights Book – Part 1 Chart 5



# Budget Impacts divided into 5 categories

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- Personnel Costs
- Legislated/Mandated/Third-party increases
- Service Level Enhancements approved by Council
- Inflationary Factors
- Offsets – Increased Revenues or Decreased Expenditures



# Part 1-Chart 5 (page 13)

| Ref<br>C1   | Description<br>C2   | Amount<br>C3 | Total<br>C4       | 2009 Tax<br>Rate Impact<br>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  | (440,814)    |                   | -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>                   |



# Part 1-Chart 5 (continued)

| Ref<br>C1   | Description<br>C2   | Amount<br>C3 | Total<br>C4        | 2009 Tax<br>Rate Impact<br>C5 |
|-------------|---|--------------|--------------------|-------------------------------|
| 4.00        | <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>                   |
| 5.00        | <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>                   |
| 6.00        | <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>                   |



2009 Draft Budget

# Main Factors Affecting Tax Levy

| Description                    | \$ Million |
|--------------------------------|------------|
| Personnel                      | 2.5        |
| Vehicle Fuel Cost increase     | 0.8        |
| Supp Taxation Revenue decrease | 0.7        |
| ODSP Benefit Cost increase     | 0.6        |
| Land Ambulance                 | 0.5        |
| Airport Development Program    | 0.5        |
| ODSP Admin—becomes 100% Prov   | -1.0       |
| Increased POA Revenues         | -0.4       |
| Other factors                  | 1.3        |
| <b>Total</b>                   | <b>5.5</b> |



# Staffing – Full-Time FTE change

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- 2009 Budget reflects net increase of 10.0 FTE comprised of
  - 4.0 deletions
  - 9.0 new full-time positions,
    - 3.0 part-time position converted to a full-time permanent
    - 2.0 new full-time temporary



# Staffing – Full-Time FTE change

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- 4 Positions funded through Capital – needed due to legislated requirement or to maintain level of service
- 4 Police positions
- 2 are conversion of work done by outside firm to in-house resources
- Remainder are charged to operating - required to maintain levels of service



# Items not included & Risks

(Appendix B)

| Not in                                  |
|---|
| 5% increase in Capital Levy - \$500,000 |
| Contribution to WMRF - \$200,000        |
| 9 Full-time positions - \$500,000       |
| Discretionary benefit increase          |
| Downtown youth centre                   |
| Others see Appendix B                   |

| Risks                               |
|-------------------------------------|
| OMPF amount not confirmed - \$1.9 M |
| Investment revenues                 |
| "Supp" revenues                     |
| OW caseloads                        |
| Building Permit fees                |
| CVA real growth                     |
| Tax arrears & write-offs            |



# Quick Capital budget facts

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- Capital budget = **\$43.0** million
- Capital budget uses:
  - **\$7.7 M** capital levy
  - **\$15.2 M** from Reserve & Reserve Funds
  - **\$4.7 M** tax-supported debt
  - **\$6.7** Federal Gas Tax
  - **\$5.0** Development Charges



# Top 20 Capital Projects

## Part 1-Chart 9 (page 20)

| 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 |



## Next steps

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- **Nov 10** – The Draft Documents become Council's
- **Nov 11 – Nov 23** - Councillors review documents
- **Week of Nov 24** – Budget Committee Reviews documents 5:00 p/m start
- **Wed Dec 10** – Public Budget Meeting
- **Dec 15** – Council final approval scheduled





# Tax policy report spring of 2009

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- Tax ratio & other policies
- CVA market impact known





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# Questions?

