

Vision: *The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.*



Agenda

Finance Committee

meeting to be held

Monday, February 28th, 2011

at 4:00 pm

Council Chamber, Tom Davies Square

FINANCE COMMITTEE AGENDA

For the 4th Finance Committee Meeting
to be held on **Monday, February 28, 2011**
Council Chamber, Tom Davies Square at 4:00 pm

COUNCILLOR TERRY KETT, CHAIR

Frances Caldarelli, Vice-Chair

(Please ensure that cell phones and pagers are turned off)

The Council Chamber of **Tom Davies Square** is accessible to persons with disabilities. 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 Clerks 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 at www.greatersudbury.ca/agendas/.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

2011 BUDGET

(PLEASE BRING YOUR COPY OF THE BASE BUDGET DOCUMENT TO THE MEETING.)

PRESENTATIONS

1. Review of Performance Measurements Section
(Refer to Base Budget Document - Tab: Performance Measurements - Pages 1 to 11)
2. Review of 2011 Operating Budget: Summary
(Refer to Base Budget Document - Tab: 2011 Operating Budget - Pages 1 to 11)
3. Review of Corporate Revenues and Expenditures Budget
(Refer to Base Budget Document - Tab: Corporate Revenues and Expenditures - Pages 12 to 17)
4. Report dated February 24, 2011 from the Chief Financial Officer/City Treasurer regarding 2010 Supplementary Taxation Revenue and 2011 Assessment Growth. **5 - 8**
(FOR INFORMATION ONLY)
(This report provides an update with regards to Finance staff liaises with MPAC to ensure all assessments are captured in a timely matter in order to maximize the revenue.)
5. Report dated February 24, 2011 from the Chief Financial Officer/City Treasurer regarding Ontario Municipal Partnership Fund (OMPF) Update. **9 - 13**
(FOR INFORMATION ONLY)
(This report provides Council with an update on the 2011 OMPF grant entitlement for the City of Greater Sudbury as well as the impact of the 2009 reconciliation.)
6. Review of Growth and Development Services 2011 Budget
(ELECTRONIC PRESENTATION)
 - Bill Lautenbach, General Manager of Growth and Development(Refer to Base Budget Document - Tab: Growth and Development Services - Pages 43 to 88)
7. Review of Community Development Services 2011 Budget
(ELECTRONIC PRESENTATION)
 - Catherine Matheson, General Manager of Community Development(Refer to Base Budget Document - Tab: Community Development Services - Pages 106 to 167)
8. Toward Fiscal Sustainability Plan and Proposals

(Refer to Base Budget Document - Tab: Towards Fiscal Sustainability - Pages 1 to 26)

PARKING LOT REVIEW

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

ADJOURNMENT (Resolution Prepared)

ANGIE HACHÉ, CITY CLERK

FRANCA BORTOLUSSI, COUNCIL SECRETARY

For Information Only

2010 Supplementary Taxation Revenue and 2011 Assessment Growth

Presented To:	Finance Committee
Presented:	Monday, Feb 28, 2011
Report Date	Thursday, Feb 24, 2011
Type:	Presentations

Recommendation

FOR INFORMATION ONLY

Background

The purpose of this report is to identify the reasons for the unprecedented supplementary taxation revenue that resulted from the increased taxable assessment being captured on the assessment rolls.

In the September 2010 Cost Centre Variance Report, it was reported that supplementary taxation revenues would exceed budget by approximately \$4.5 million. Based on updated 2010 year end projections, which are now inclusive of the fourth supplementary tax run, this supplementary taxation will provide additional revenue over budget in excess of \$5 million.

There are three main reasons, as follows, for this generation of taxation revenue from the supplementary tax rolls:

1. The City has seen a tremendous amount of new construction in the last few

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Report Prepared By

Ed Stankiewicz
Manager of Financial Planning & Policy
Digitally Signed Feb 24, 11

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
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Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
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years in all sectors. Residential construction has remained strong over this period. New major commercial projects such as Wal-Mart and Lowes have lead their sector in continued growth. As well, the industrial expansion which includes Xstrata's Nickel Rim project, Podolski and Totten mine sites, has generated growth in this tax class.

2. Finance staff are reviewing building permits and occupancies in conjunction with Building Services staff to ensure completed projects are added to the supplementary tax roll in a timely basis. Finance liaising with MPAC has proven to be beneficial to the City as specific properties are discussed between the two parties, which has led to a faster turnaround time for application to the rolls.

3. MPAC's ability to address the backlog of properties has resulted in the larger than normal supplementary taxation runs. They had implemented a number of key performance initiatives that have resulted in properties added to the taxation rolls faster. In addition, MPAC has delivered a fourth supplementary taxation roll as a result of the heavier than normal construction activity.

The following chart reflects the tax revenues generated from finalized construction in 2008, 2009 and 2010 that are now being added to the assessment rolls.

	Residential (Municipal Only)	Non-Residential (Municipal Only)	Total (Municipal Only)
2008	\$ 216,152.91	\$ 331,466.37	\$ 547,619.28
2009	967,975.11	1,197,439.21	2,165,414.32
2010	2,055,525.27	3,105,171.82	5,160,569.09
	\$ 3,239,525.29	\$ 4,634,077.40	\$ 7,873,602.69

Impact of 2011 Budget (Assessment Growth)

In addition to generating additional supplementary tax revenue in 2010, the measures previously mentioned have also created a larger tax base as reflected in the 2011 assessment growth figure of 2.4%.

Attached is the spreadsheet which reflects the growth by tax class relating to new

construction. As a result of previous tax policy decisions, 2011 tax class ratios had to be reduced in accordance with legislation, therefore reflecting a lower increase in weighted assessment. If the ratios were able to be left at 2010 values, the City's assessment growth would have reflected a 2.8% increase.

Through the development of 2011 property tax policy with the implementation of revenue neutral tax ratios for the Commercial and Industrial classes, some additional tax burden may be transferred away from the Residential class to the non residential classes. The development of property tax policy will be undertaken from February to April of 2011.

The adoption of property tax policy decisions and the affects of area rating will impact the final property tax rates for all properties.

Summary

The City has realized larger than normal supplementary taxation in 2010 due to the efforts of City and MPAC staff and the continued strong economy in Sudbury. This has also translated into significant assessment growth of 2.4%, which will assist in lessening the impact of the 2011 Operating Budget on property owners.

2010-2011 PHASED-IN ASSESSMENT (Assessment Growth)

**RETURNED ROLL
CITY OF GREATER SUDBURY**

Property Class	2010 Assessment \$ returned roll	2011 Assessment \$ returned roll	2010 Tax Ratio	2011 Tax Ratio	2010 Weighted Assessment \$	2011 Weighted Assessment \$	Difference in Assessment \$	Assessment Growth %
City Totals								
Residential	8,373,993,373	8,536,614,785	1.000000	1.000000	8,373,993,373	8,536,614,785	162,621,412	1.94
Multi-Residential	453,186,045	453,167,273	2.208780	2.208780	1,000,988,272	1,000,946,809	(41,463)	-
New Multi-Residential	2,062,488	13,356,015	1.000000	1.000000	2,062,488	13,356,015	11,293,527	547.57
Commercial - Occupied	1,288,744,251	1,332,851,695	2.027537	2.001613	2,612,976,652	2,667,853,280	54,876,628	2.10
Commercial - Excess Lands	13,693,448	14,861,574	1.419277	1.401130	19,434,796	20,822,997	1,388,201	7.14
Commercial - Vacant Lands	37,809,044	35,547,450	1.419277	1.401130	53,661,507	49,806,599	(3,854,908)	(7.18)
Industrial - Occupied	130,159,316	138,587,102	2.859391	2.822831	372,176,377	391,207,968	19,031,591	5.11
Industrial - Excess Lands	12,149,898	11,512,883	1.858604	1.834840	22,581,849	21,124,298	(1,457,551)	(6.45)
Industrial - Vacant Lands	9,667,672	10,115,099	1.858604	1.834840	17,968,374	18,559,588	591,214	3.29
Large Industrial - Occupied	210,219,706	235,338,453	3.240966	3.199527	681,314,920	752,971,735	71,656,815	10.52
Large Industrial - Vacant	719,898	719,898	2.106628	2.079693	1,516,557	1,497,167	(19,390)	(1.28)
Pipelines	41,600,073	41,956,349	1.764048	1.764048	73,384,526	74,013,014	628,488	0.86
Farmlands	11,272,387	11,094,134	0.250000	0.250000	2,818,097	2,773,534	(44,563)	(1.58)
Managed Forest	8,054,790	8,018,156	0.250000	0.250000	2,013,698	2,004,539	(9,159)	(0.45)
TOTAL	10,593,332,389	10,843,740,866			13,236,891,486	13,553,552,328	316,660,842	2.39

For Information Only

Ontario Municipal Partnership Fund (OMPF) Update

Presented To:	Finance Committee
Presented:	Monday, Feb 28, 2011
Report Date	Thursday, Feb 24, 2011
Type:	Presentations

Recommendation

FOR INFORMATION ONLY

Background

This report will provide a brief description of the OMPF, details of the 2011 allocation to the City of Greater Sudbury and the impact of the announced reconciliation of social program costs for 2009. For 2011, the City will receive an OMPF grant of \$38.5 million. In addition, the value of the uploads in 2011 dollars is \$18.5 million. The combined benefit of the uploads and the OMPF grant is \$57.0 million.

OMPF

In 2005, the OMPF replaced the Community Reinvestment Fund (CRF) in being the Province's main transfer payments to municipalities. The OMPF assists municipalities with their social program costs, includes equalization measures, addresses challenges faced by northern and rural communities, and responds to policing costs in rural communities.

Through the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), the Province had committed to gradually uploading social program costs such as Ontario Drug Benefit Program (ODB), Ontario Disability Support Program (ODSP) and Ontario Works Benefits (OW). As these costs are being uploaded to the Province, the municipality is seeing a corresponding reduction in the social program component of the OMPF grant. Since 2009, the Province has reflected the municipal benefits as a combination of both the OMPF and the municipal share of the social assistance benefit programs uploaded by the Province and this is referred to as the Combined Benefit.

In December of 2010, the Province announced the OMPF allocations to all municipalities for 2011. The OMPF allocation notice is attached.

The Combined Benefit for the City of Greater Sudbury has increased from \$56.8 million in 2010 to \$57 million in 2011. The reason for this \$200,000 increase relates to the Provincial calculation of the upload in 2011 dollar figures. This has no impact on the City's position.

Social Programs Grant Component and Uploads

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The 2011 social programs grant component was substantially reduced (\$11.7 M for 2010 to \$6.4 M for 2011) as a result of the upload.

The following chart displays the changes from 2008 to 2011 relating to the uploading of social services costs and the corresponding adjustment to the Social Programs Grant.

Social Programs Upload and Grant

	2008	2009	2010	2011	Change from 2008 to 2011
Value of the Social Program Cost Upload	3,034,600	5,051,200	11,335,800	18,507,100	15,472,500
Social Program Grant Component	21,581,000	18,455,800	11,656,200	6,352,500	(15,228,500)
					<u>\$244,000</u>

As outlined in the above chart, the impact of the value of the uploads, net of the grant reduction is \$244,000 since 2008. This has had no impact on the tax levy since the value of the uploads has been calculated in 2011 dollars.

Other Grant Components

In addition to the social program grant component, there are other components that form the entire OMPF grant. From 2008 to 2011, excluding the 2008 one-time ODB grant of \$3 million, the City's grant portion has gone down by \$1.9 million as reflected in the chart below.

	2008	2009	2010	2011	Change from 2008 - 2011
Assessment Equalization Grant	16,337,500	12,942,900	9,239,800	4,536,600	(11,800,900)
Northern Grant (\$235 per household)	16,853,100	16,885,700	16,956,500	17,046,000	192,900
Stabilization Grant			1,914,400	6,683,200	6,683,200
Transition Funding	895,000	5,530,600	5,653,200	3,906,800	3,011,800
Subtotal - Other OMPF Components	\$34,085,600	\$35,359,200	\$33,763,900	\$32,172,600	
Year Over Year Change		\$1,273,600	(\$1,595,300)	(\$1,591,300)	(\$1,913,000)

These components of the OMPF grant have decreased by \$1.9 million since 2008. The impact to the 2011 Budget is a reduction in grant revenue of approximately \$1.2 million. This differs from the \$1.6 million displayed in the chart due to timing differences in the preparation of the budget and the release of the Provincial allocation notice.

The following paragraphs will explain the major variances in the individual components of the grant.

As a result of the 2008 reassessment, which saw valuations in Sudbury increase substantially more than the rest of the province, the City continues to see reductions in the assessment equalization component of the grant as reflected in the chart.

This reduction of \$11.8 million in the assessment equalization component is the issue that was brought forward to the previous Council as an area of concern and potential loss in grant revenue. However, the reduction of this component over the years has been offset by the stabilization and transition components of the grant.

The stabilization component of the grant provides funding to municipalities that would otherwise have seen decreases more than the per household amount relative to funding received in 2007. It is the City's understanding that the stabilization grant is an on-going component of the OMPF grant.

In addition, in order to protect municipalities from major losses in the OMPF, the Province also continued to provide the Transitional Assistance component of the grant. This \$3.9 million is still considered to be one-time and is not guaranteed, which puts the City at risk of losing this portion of the grant in the future.

The loss of \$1.9 million in OMPF funding from 2008 to 2011 is considerably less than the \$8 million to \$12 million potential loss previously identified by City staff. The mitigation measures by the Province through the stabilization component and the transitional funding have allowed the City to continue with its current service levels while maintaining a modest tax increase.

Reconciliation of Social Program Costs

2009 Budget

The Province has committed to reconcile the 2009 social program costs for OMPF purposes. Based on the City's calculation of 2009 social program costs gathered from the Ministry of Community and Social Services' summary of program costs, it is estimated that the Province will provide approximately an additional \$1.1 million in the 2009 grant. This amount will be set up as a receivable from the Province in the 2010 financial year end. There has been no confirmation from the Province on the amount of the reconciliation and it is anticipated that the final 2009 reconciliation will be available by May of 2011.

2010 Budget

The OMPF grant reflected in the 2010 operating budget was calculated based on the Ontario Works Division estimated costs of social programs. The differential between the City's estimate and the Ministry of Finance's 2010 OMPF allocation notice was \$1.3 million. In the 2010 technical guide for OMPF, the document mentions that the social program costs are considered live data, which indicates there is a good possibility that 2010 costs will be reconciled. At this point, a receivable from the Province has not been set up, however, if more information becomes available, a year end entry may have to be made reflecting the additional social program costs reimbursement.

2011 OMPF Budget Impact

Again in the 2011 technical guide, it has been stated that the social program costs would be considered live data, thus staff have assumed that a reconciliation of these costs would occur. The budget reflects a receivable of approximately \$150,000 for social programs costs in excess of the allocation notice.

Summary

In summary, the 2011 OMPF allocation announced by the Province was indeed good news for the City of Greater Sudbury. City staff will continue to be in contact with Ministry of Finance staff in order to ensure that municipalities have a voice in this partnership with the Province.

**Ontario Municipal Partnership Fund (OMPF)
2011 Allocation Notice**



City of Greater Sudbury

23103

2011 Highlights for the City of Greater Sudbury

- The City of Greater Sudbury will continue to benefit from the phased upload of Ontario Works (OW) benefit costs and the completion of the upload of Ontario Disability Support Program (ODSP) benefits. This builds on the province's previous uploads of Ontario Drug Benefits (ODB) and the administration component of ODSP.
 - The estimated total benefit of 2011 provincial uploads for the City is \$18,507,100.
- The City of Greater Sudbury's 2011 combined benefit of OMPF, transitional assistance and provincial uploads totals \$57,032,200.
 - This exceeds 2004 CRF payments by \$2,435,200.
 - Transitional assistance ensures that your municipality receives at least 95% of your 2010 combined benefit.

A. Sum of OMPF Grant Components	\$34,618,300
1. Social Programs Grant	
a. Assessment Threshold Component	\$4,698,700
b. Income Threshold Component	-
2. Equalization Grant	
a. Assessment Equalization Component	\$4,536,600
b. Farmland and Managed Forest Component	-
3. Northern and Rural Communities Grant	
a. Rural Communities Component	-
b. Northern Communities Component	\$17,046,000
c. Northern and Rural Social Programs Component	\$1,653,800
d. Stabilization Component	\$6,683,200
4. Police Services Grant	-
B. Transitional Assistance	\$3,906,800
C. Total 2011 OMPF Funding (Line A + Line B)	\$38,525,100
D. Combined Benefit of 2011 OMPF Plus Social Assistance Benefit Program Uploads	\$57,032,200
1. Total 2011 OMPF Funding (Equal to Line C)	\$38,525,100
2. Ontario Drug Benefit (Uploaded in 2008)	\$3,364,500
3. Ontario Disability Support Program - Administration Component (Uploaded in 2009)	\$1,930,700
4. Ontario Disability Support Program - Benefits Component (Phased Upload Completed in 2011)	\$12,850,100
5. Ontario Works - Benefits Component (Phased Upload Continues in 2011)	\$361,800
E. Other Ongoing Provincial Support	\$8,864,200
1. 2011 Estimated Public Health Net Benefit	\$6,125,200
2. 2011 Estimated Provincial Gas Tax Revenue	\$2,739,000
F. Key OMPF Data Inputs	2011 Release
1. Total Municipal Social Program Costs	\$27,102,156
2. Households	72,536
3. Total Assessment per Household	\$210,109
4. Policing Costs per Household	\$627
5. Rural and Small Community Measure	13.4%
6. Total Household Income	\$4,424,443,070

Issued: December 2010

**Ontario Municipal Partnership Fund (OMPF)
2011 Allocation Notice**

City of Greater Sudbury



23103

2011 OMPF Allocation Notice - Line Item Descriptions

A Total 2011 OMPF Grant Components.

A1 to A4 The OMPF grants are described in detail in the OMPF technical guide – this document can be found on the Ministry of Finance's website at: <http://www.fin.gov.on.ca/en/budget/ompf/2011>

B Transitional assistance guarantees that the combined benefit of OMPF and provincial uploads your municipality receives in 2011 will be at least equal to 95 per cent of the 2010 combined benefit.

C Sum of the 2011 OMPF grant components and transitional assistance.

D1 Equal to line C.

D2 Estimated municipal benefit in 2011 of the upload of the Ontario Drug Benefit Program (incorporating 2010 cost shares). Further information will be provided with the Social Programs Cost Report.

D3 Estimated municipal benefit in 2011 of the upload of Ontario Disability Support Program Administration (incorporating 2010 cost shares). Further information will be provided with the Social Programs Cost Report.

D4 Estimated municipal benefit in 2011 of the upload of Ontario Disability Support Program Benefits (incorporating 2010 cost shares). Further information will be provided with the Social Programs Cost Report.

D5 Estimated municipal benefit in 2011 of the upload of Ontario Works Benefits (incorporating 2010 cost shares). Further information will be provided with the Social Programs Cost Report.

E1 The projected municipal benefit of the Province's 75% share of Public Health funding is relative to its 50% share in 2004. Actual municipal savings may not correspond with the Allocation Notice due to budget approvals made by the local Boards of Health. Municipalities may provide additional funding beyond their obligated cost share. This additional funding is not included in the calculation of the "Estimated Public Health Net Benefit".

E2 Estimated provincial gas tax revenue in 2011 based on the municipality's funding through the 2009-10 provincial gas tax program.

F1 Refers to the costs that municipalities are responsible for under existing cost-sharing arrangements with the Province. Includes municipal costs for Ontario Works, Child Care, Social Housing and the reinvestment of National Child Benefit Savings. Costs have been adjusted to reflect the phased provincial upload of Ontario Works benefits.

F3 Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households.

F4 Refers to the projected 2011 eligible police costs per household.

F5 Represents the proportion of a municipality's population that resides in rural areas or small communities.

F6 Refers to the total household income for all residents of the municipality.

Note: Provincial funding and other ongoing provincial support initiatives rounded to multiples of \$100.

Ontario Ministry of Finance
Provincial-Local Finance Division

Issued: December 2010