



Finance and Administration Committee Agenda

Tuesday, May 18, 2021

Tom Davies Square

Councillor Jakubo, Chair

4:00 p.m. Open Session, Council Chamber / Electronic Participation

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1. Call to Order

2. Roll Call

3. Declarations of Pecuniary Interest and the General Nature Thereof

4. Consent Agenda

For the purpose of convenience and for expediting meetings, matters of business of repetitive or routine nature are included in the Consent Agenda, and all such matters of business contained in the Consent Agenda are voted on collectively.

A particular matter of business may be singled out from the Consent Agenda for debate or for a separate vote upon the request of any Councillor. In the case of a separate vote, the excluded matter of business is severed from the Consent Agenda, and only the remaining matters of business contained in the Consent Agenda are voted on collectively.

Each and every matter of business contained in the Consent Agenda is recorded separately in the minutes of the meeting.

4.1. Routine Management Reports

4.1.1. Healthy Community Initiative Fund Applications – May 2021

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This report provides a recommendation regarding Healthy Community Initiative (HCI) funding requests. By-law 2018-129 requires Council's approval for all eligible HCI Capital fund requests exceeding \$10,000 and Grant requests exceeding \$1,000.

5. Presentations

5.1. Finance & Administration Committee Outlook 2021

This presentation by Kevin Fowke, General Manager of Corporate Services provides information to the Finance & Administration Committee regarding the expected outcomes for 2021.

6. Managers' Reports

6.1. Development Cost Sharing Application for Water Main Extension at 270 Fielding Road

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This report provides a recommendation regarding a development cost sharing application for the extension of a water main at 270 Fielding Road.

6.2. Enterprise Risk Management - Corporate Risk Tolerance Position

A report to follow will provide an update, as discussed at the Finance and Administration Committee of April 20, 2021, the next step in implementing Corporate-wide Enterprise Risk Management is to work with the Committee

to establish a Risk Tolerance framework. This report will provide background and rationale with recommendations for consideration.

6.3. 2021 Covid-19 Property Tax Deferral Program

A report to follow will provide a recommendation regarding the 2021 Covid-19 Property Tax Deferral Program.

6.4. 2021 Property Tax Policy

This report provides recommendations regarding the adoption of property tax policy decisions.

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7. Members' Motions

8. Addendum

9. Civic Petitions

10. Question Period

11. Adjournment

Healthy Community Initiative Fund Applications – May 2021

Presented To:	Finance and Administration Committee
Meeting Date:	May 18, 2021
Type:	Routine Management Reports
Prepared by:	Lyne Côté Veilleux Leisure Services
Recommended by:	General Manager of Community Development

Report Summary

This report provides a recommendation regarding Healthy Community Initiative (HCI) funding requests. By-law 2018-129 requires Council's approval for all eligible HCI Capital fund requests exceeding \$10,000 and Grant requests exceeding \$1,000.

Resolution

THAT the City of Greater Sudbury approves the Healthy Community Initiative Fund requests, as outlined in the report entitled "Healthy Community Initiative Fund Applications – May 2021", from the General Manager of Community Development, presented at the Finance and Administration Committee meeting on May 18, 2021.

AND THAT the City of Greater Sudbury directs staff to prepare a by-law to implement the recommended changes.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to the goal: Create a Healthier Community as identified in the Strategic Plan, as it aligns with the Population Health Priorities of Building Resiliency, Investing in Families, Creating Play Opportunities, Promoting Mental Health Awareness, Achieving Compassionate City Designation and Implementing an Age-Friendly Strategy.

Financial Implications

The Healthy Community Initiative (HCI) Fund is allocated within prescribed budgets. Approval of an HCI capital project includes approval of operating costs to be provided in the base budget in subsequent budget years for the operating department.

Background

By-law 2018-129, requires Council's approval for all Grant requests that meet Healthy Community Initiative (HCI) funding criteria and exceed \$1,000 and all Capital requests that meet HCI funding criteria and exceed \$10,000. Eligible applications for Grant requests of \$1,000 or less, and eligible Capital requests of \$10,000 or less may be approved by the General Manager (GM) of Community Development.

HCI Fund Applications and Financial Summary

Appendix A - Healthy Community Initiative Fund - Applications, lists HCI Fund requests by Ward as recommended by the GM of Community Development for approval by Council. All projects listed in Appendix A have been evaluated against By-law 2018-129 and its related criteria and have been verified to ensure sufficient funds are available within each Ward's funding allocation.

Appendix B – Healthy Community Initiative Fund – Application Outcomes, provides a list of HCI Fund applications that were approved or denied by the GM of Community Development since the last report presented at the Finance and Administration Committee meeting on December 8, 2020.

Appendix C – Healthy Community Initiative Fund Financials, includes the recommended approvals contained in this report as well as a summary of HCI Fund allocation balances up to May 18, 2021. The amounts may be adjusted due to reimbursement of under-spent funds from completed and reconciled projects/initiatives.

Next Steps

Upon Council approval, applicants will receive written notification confirming their approved funding and the intended use of funds, and grant recipients will also receive a Post-project Final Report form. This form is to be completed by the applicant and returned following completion of their initiative for reconciliation by Financial Services.

Grant recipients will receive funding via electronic fund transfer or by cheque (where applicable) for the approved amount, whereas a capital funded project will be managed by the City of Greater Sudbury, working closely with the applicant.

During the pandemic, approved grant funds supporting social activities will be issued upon confirmation that the initiative can proceed pursuant to public health protocols or restrictions established by the Province of Ontario, Public Health Sudbury & Districts, the City of Greater Sudbury and/or other regulatory bodies.

Should an HCI fund request not be approved, the applicant will be notified of same.

Resources Cited

Healthy Community Initiative Fund, By-law 2018-129

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=24310.pdf>

Healthy Community Initiative (HCI) Fund
Applications for Council Approval – May 18, 2021

CAPITAL FUNDS

Ward	Recipient/ Project/ Location	Purpose for Funds	Estimated Operating Costs/Yr	Amount Requested	Amount Recommended for Approval by the GM
No items to report					

GRANTS

Ward	Recipient/Initiative	Purpose for Funds	Amount Requested	Amount Recommended for Approval by the GM
3	Onaping Falls Recreation Committee / Onaping Falls Youth Choir program (spring & fall/21)	To support costs for choir supplies, equipment and local concert travel.	\$1,500	\$1,500
3	Onaping Falls Recreation Committee / 2021 Summer Fest event (Date TBD)	To support costs of insurance, hall rental, activities, games and supplies.	\$1,000	\$1,000
3	Onaping Falls Recreation Committee / A.Y. Jackson Lookout program (Jul.- Aug./21)	To support expenses for portable toilet rentals and supplies for activities, cleaning and personal protective equipment.	\$2,500	\$2,500
3	Café Heritage / Rayside-Balfour Heritage Days Park Party virtual event (Jun. 6/21)	To support expenses for entertainment, sound, lighting and tent rentals.	\$3,000	\$3,000
4	Café Heritage / Thursday Night Summer Concerts virtual events (Jun-Sept/21)	To support costs of entertainment, sound, lighting and back-up facility.	\$3,000	\$3,000
4	Café Heritage / Lions SuperSTARS Youth Vocal Competition event (Nov. 27/21)	To support expenses for entertainment, marketing, and production.	\$2,500	\$2,500

Healthy Community Initiative Fund**Applications: Approved/Denied by the General Manager, Community Development**

For the period of November 17, 2020 to April 19, 2021

Successful Applications

Capital Funds				
Ward	Group / Project	Estimated Operating Costs/Yr	Amount Requested	Amount Approved
No items to report				

Grants				
Ward	Group / Project		Amount Requested	Amount Approved
3	Onaping Falls Hamper Fund / Christmas hamper program (Dec.16/21)		\$ 1,000	\$ 1,000

Unsuccessful Applications

Ward	Group / Project	Amount Requested	Reason(s) for Denial
No items to report			

Healthy Community Initiative (HCI) Fund Financials for the Period Ending May 18, 2021

Schedule 1.1 – Capital

Ward	2021 Allocation*	2020 Uncommitted Funds (carry forward)	Adjustments from Completed Projects	Approved by General Manager 2021	Approved by Council 2021	Proposed for Approval by Council	Balance of Uncommitted Funds After Resolution	Pending Requests (to April 19, 2021)
1	\$ TBD	\$ 63,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,300
2	\$ TBD	\$ 34,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	\$ TBD	\$ 1,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,500
4	\$ TBD	\$ 37,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	\$ TBD	\$ 30,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	\$ TBD	\$ 77,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	\$ TBD	\$ 29,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	\$ TBD	\$ 30,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	\$ TBD	\$ 6,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	\$ TBD	\$ 99,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,837
11	\$ TBD	\$ 13,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,250
12	\$ TBD	\$ 91,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000

Schedule 1.2 – Grants

Ward	2021 Allocation*	2020 Uncommitted Funds (carry forward)	Adjustments from Completed Initiatives	Approved by General Manager 2021	Approved by Council 2021	Proposed for Approval by Council	Balance of Uncommitted Funds After Resolution	Pending Requests (to April 19, 2021)
1	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
2	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
3	\$ 10,417	N/A	\$ -	\$ 1,000	\$ -	\$ 8,000	\$ 1,417	\$ -
4	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ 5,500	\$ 4,917	\$ -
5	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
6	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
7	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
8	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
9	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
10	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
11	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -
12	\$ 10,417	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,417	\$ -

* There were no contributions to the HCI Reserve Fund in 2021 as the maximum threshold of \$24,000 was achieved in 2020. There was a one-time deduction of \$100,000 in the HCI Fund to support the Transitional Housing business case in the 2021 budget (Resolution FA2021-24-A17). The 2021 capital allocation for each ward was not available at the time of writing this report.

Development Cost Sharing Application for Water Main Extension at 270 Fielding Road

Presented To:	Finance and Administration Committee
Meeting Date:	May 18, 2021
Type:	Managers' Reports
Prepared by:	Kris Longston Planning Services
Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report provides a recommendation regarding a development cost sharing application for the extension of a water main at 270 Fielding Road.

Resolution

THAT the City of Greater Sudbury approves the Development Cost Sharing Application by CCM Group Management Ltd. for the extension of a water main from Westhill Court to Fielding Road subject to parameters outlined in the report entitled “Development Cost Sharing Application for Water Main Extension at 270 Fielding Road”, from the General Manager of Growth and Infrastructure presented at the Finance and Administration Committee meeting on May 18, 2021;

AND THAT the General Manager of Growth and Infrastructure be directed to negotiate and enter into a Cost Sharing Agreement with CCM Group Management Ltd. for the extension of a water main from Westhill Court to Fielding Road;

AND THAT the City’s 50% portion of the Cost Sharing, up to a maximum of \$250,000.00, be funded from the industrial Reserve Fund.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This recommendation is consistent with Council’s Strategic Plan, specifically;

- 1.4 Reinforce Infrastructure for New Development;
- 2.1 Build Economic Development Initiatives to Support Existing Businesses, Attract New Businesses and Promote Entrepreneurship;
- 4.2 Leverage Greater Sudbury’s Public Sector Assets and Intergovernmental Partnerships to Generate New Economic Activity, and
- 4.4. Invest in Transformative Facilities, Spaces and Infrastructure Initiatives that Support Economic Activity.

Financial Implications

The City's share for 50% of the project costs, up to a maximum of \$250,000, can be funded from the Industrial Reserve Fund, subject to Council approval. The landowner is responsible for 50% of the project costs up to \$500,000 as well as 100% of any project costs over \$500,000.

As per the Reserve Fund By-law, expenditures may be made from the Industrial Reserve Fund to fund the City's share for upgrading of City related infrastructure relating to Industrial Park Land Development and/or Development Cost Sharing Policy for Industrial Parks.

Funding for the easement will be in a separate report to be presented to Council for the procurement of the easement.

Background

The City has received an application for Development Cost Sharing on a water main extension for the property at 270 Fielding Road. The application seeks to share with the City in the cost of extending a new water main from Westhill Court to Fielding Road as part of the development of a 2,043 square metre new industrial building on the property. The water main would extend down an existing 20m wide City service corridor from Westhill Court to the subject property's west property line (Appendix A). At this point the City would be seeking a new easement on the subject property to allow for the water main to extend to Fielding Road and terminate at a new fire hydrant. The total length of the proposed new water main is approximately 600m. The estimated cost to construct the water main from West Hill Court to Fielding Road, as provided with the cost sharing application, is approximately \$500,000.

The servicing of the Fielding Road area was examined through an Environmental Assessment (EA) in 2014. Costs for servicing were also developed during the course of the EA and those costs have been recently updated (attached). The proposed water main extension from Westhill Court to Fielding Road would represent a portion of the water servicing plan outlined in the EA (Appendix B). As a result of this, the City is in the process of negotiating with the owner the establishment of an easement across the property at 270 Fielding Road for the future watermain extension. It should be noted that the EA was completed but not finalized in order to review a possible water only servicing option. A decision whether or not to include a water only option was going to be based on conversations with the property owners along Fielding Road on the desirability of that option. It should be noted that the larger servicing plan and costing for Fielding Road has been broken down into three categories (water, sanitary sewer and road reconstruction, Appendix C). The installation of water and/or sewer services would require the complete or partial reconstruction of Fielding Road.

Vale owns and operates the Vermilion Water System which includes the treatment plant and trunk mains which supply potable water to Lively, Walden and Copper Cliff. There is an agreement between the City and Vale that regulates the use and consumption of water by residential and business uses. This agreement is expiring and needs to be renegotiated. This has implications for the larger Fielding Road servicing scheme, however, it is not anticipated to impact the proposed extension of the water main outlined in this report. Staff are in the process of engaging Vale to address the renewal of the agreement.

Analysis

Policy on Development Cost Sharing

The current version of the City's Policy on Development Cost Sharing was approved by Council in 2016. The Policy establishes a framework with respect to situations where the City may wish to participate in the cost to upgrade deficient services or where enhanced work is desired by the City. There are two sections in the Policy on Development Cost Sharing that could apply regarding the proposed water main extension at 270 Fielding Road.

Section 2.1 (a) & (b)

This section recognizes that development represents an opportunity to rehabilitate, upgrade and or replace infrastructure that would otherwise fall under the City's capital programs.

This section also states that cost sharing is an option in situations where there are off site deficiencies or enhanced work is desired by the City.

With respect to these two sections the City has identified an interest in servicing the Fielding Road area by way of initiating an EA. The purpose of servicing this area would be to enhance the level of service in the area, which currently does not have sewer and water, thereby enhancing public safety in the area (through the introduction of fire flow and potable water) and making the area more attractive for new private investment or business expansion.

In the past, Council has approved cost sharing applications for new infrastructure, specifically collector road infrastructure that has been identified in the Official Plan.

Section 4.0

This section identifies situations where the City may cost share specifically on water mains. There are several situations that are identified, including water mains that service internal and external developments. In this situation, the water main would be both an external and internal service as it would be extended from an offsite connection, through an existing service corridor, to the subject property, through the subject property by way of a new easement to new a hydrant to be located in the Fielding Road allowance. In this type of situation the Policy would allow for a 50% developer and 50% City cost sharing arrangement.

In summary there is a policy framework and precedence in place for the City to cost share on this application up to 50% of the cost (\$250,000) should Council wish to do so.

Benefits of Cost Sharing

There are several benefits for the City to cost share on the water main extension identified in this application. The first is that the extension represents a portion of the water servicing plan identified in the EA. The City has an opportunity through this application to realize a portion of the servicing extension at this time while also sharing in the cost of its construction.

Secondly, the extension of the main to Fielding road would enhance public health and safety in the area by making potable water and fire flow available to the south end of Fielding Road.

Finally, the extension of the water main would allow the development at 270 Fielding Road to proceed. The development includes the construction of an approximately 2,050 sqm (22,000 sq.ft.) industrial building on the site. Depending on the use, a new industrial building of this size would generate \$56,000 to \$94,000 annually in new taxes.

Implications for Larger Servicing Plan for Fielding Road

As mentioned, the proposed water main extension outlined in this report represents a portion of a larger servicing plan for Fielding Road that was the subject of the 2014 EA. This larger servicing plan includes extending water and sanitary sewer services to the rest of Fielding Road. The installation of these services would also require the reconstruction of Fielding Road. The total cost of this project, including road restoration is approximately \$30M.

Staff undertook consultations with the property owners in 2014 as the EA was being developed to understand interest in the project and the appetite for property owners along Fielding Road to share in the servicing costs. There have been no further discussions with property owners since that time. Since 2014, approximately 40%

of the properties in the area have changed ownership. Given the change in property ownership and to address the question of a water only servicing option, City staff will be holding conversations with property owners on Fielding Road again to review the project and the interest in sharing the costs.

In the future should the City decide to proceed with the larger Fielding Road servicing plan and, should the owners on Fielding Road agree to participate in financing part of the costs, consideration should be given to contribution that the property at 270 Fielding Road is making under this application to construct the water main extension. The cost to extend the water main from Westhill Court to Fielding Road is estimated at \$500,000. Should Council approve this cost sharing application, the owner would be contributing \$250,000 or more to the overall project. This amount should be deducted from any future contribution for 270 Fielding Road required for the larger Fielding Road servicing project.

Relationship to Employment Land Strategy

The City of Greater Sudbury is developing an Employment Land Strategy (ELS) to foster economic growth and support a diversified economy now and into the future. The Strategy will ensure that the City is well positioned to respond to Employment Land needs by considering future trends, projected demand, land supply, municipal services, incentives and other tools to support future growth and economic changes

The Fielding Road area is slated to be identified as a “strategic employment area” in the ELS. While it is too early to provide specific recommendations as it relates to this cost sharing application, discussions with key stakeholders during the development of the ELS have identified a strong demand from industrial businesses to be located on the west side of the City in close proximity to mining operations.

Conclusions

Staff have received an application under the City’s Policy on Development Cost Sharing for the extension of a water main at 270 Fielding Road. The 600m long water main extension from Westhill Court, through the property at 270 Fielding Road, to a hydrant at Fielding Road represents a portion of the water servicing strategy identified in the Municipal Class Environmental Assessment for Fielding Road Industrial Area Water and Wastewater Servicing Report. The estimated cost to construct this 600m water main extension, as provided by the applicants, is approximately \$500,000. The City’s Policy on Development Cost Sharing contains a framework that would allow the City to cost share on the proposed water main extension up to 50% (\$250,000). Should the City wish to cost share on this application it would have the benefit of realizing a portion of the identified water servicing plan for Fielding Road at this time, while sharing in the costs. It would also facilitate the creation of a 2,050 sq.m (21,000 sq.ft) industrial building that will contribute to local job and assessment growth, while at the same time providing potable water and fire flow to the south end of Fielding Road.

Council has a number of options with respect to this application, namely:

1. Cost Share with the applicant to extend the water main from Westhill Crt. to Fielding Road and undertake consultation with other area landowners to determine interest in the larger Fielding Road area servicing scheme;
2. Secure easement across 270 Fielding Road only, or
3. Do not cost share.

Based on the analysis in this report, staff recommend that Council approve the application for cost sharing on the water main extension at 270 Fielding Road and authorize the General Manager of Growth and Infrastructure to enter into a cost sharing agreement subject to the following:

1. That the cost sharing agreement provide for the construction of the water main from Westhill Crt. to Fielding Road terminating in a fire hydrant on Fielding Road;
2. That the City’s contribution to the project be 50% of the cost of installing the water main and hydrant

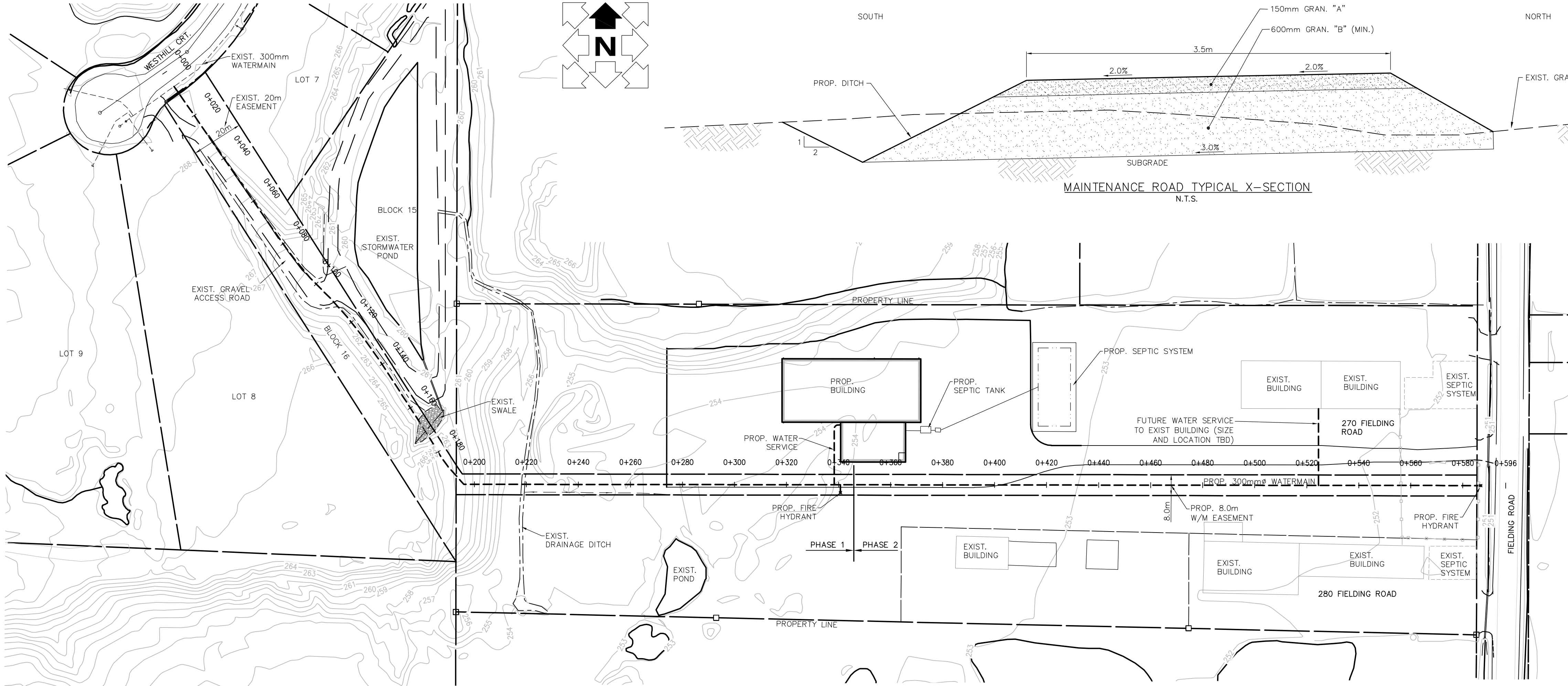
up to \$250,000, and

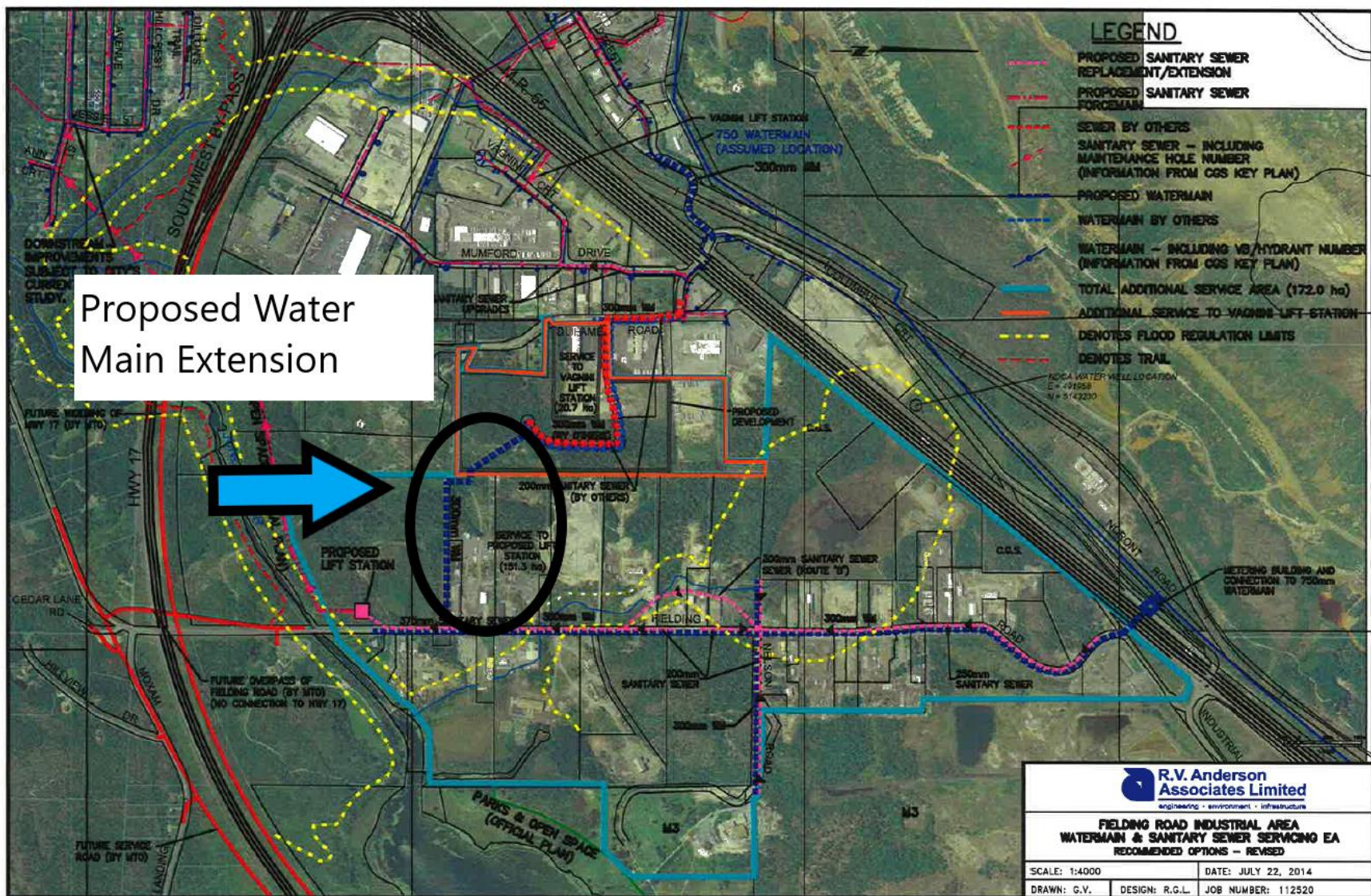
3. That the 270 Fielding Road contribution to the water main extension be deducted from any future contribution required for the larger Fielding Road servicing project.

Resources Cited

City of Greater Sudbury Policy on Development Cost Sharing 2016:

<https://www.greatersudbury.ca/linkservid/5E38F9D5-04B2-D0AB-05F8E5B48718740A/showMeta/0/>





Fielding Road Water & Wastewater Class EA
Order of Magnitude Construction Cost Estimate
Combined Cost Estimate - Breakdown

Street/Road	Water Servicing	Sewer Servicing (Option 1 Route A)	Roadway Restoration	Sub-Total	Contingencies				Total
					15% Engineering	10% Contingency Allowance	City Portion of HST (1.76%)	Total Contingency	
Fielding Road & Nelson Road	\$ 6,768,950	\$ 6,649,800	\$ 5,318,880	\$ 18,737,630	\$ 2,810,645	\$ 2,154,827	\$ 417,175	\$ 5,382,647	\$ 24,120,277
Mumford Drive	\$ -	\$ 86,625	\$ 175,000	\$ 261,625	\$ 39,244	\$ 30,087	\$ 5,825	\$ 75,155	\$ 336,780
Magill Street	\$ 1,488,480	\$ -	\$ 149,410	\$ 1,637,890	\$ 245,684	\$ 188,357	\$ 36,466	\$ 470,507	\$ 2,108,397
Lift Station & Forcemain	\$ -	\$ 4,573,550	\$ 229,750	\$ 4,803,300	\$ 720,495	\$ 552,380	\$ 106,941	\$ 1,379,815	\$ 6,183,115
Easement (Fielding to Duhamel)	\$ 981,000	\$ -	\$ 158,120						
Total	\$ 9,238,430	\$ 11,309,975	\$ 5,873,040					Total	\$ 32,748,569

Street/Road	Water Servicing	Sewer Servicing (Option 1 Route B)	Roadway Restoration	Sub-Total	Contingencies				Total
					15% Engineering	10% Contingency Allowance	City Portion of HST (1.76%)	Total Contingency	
Fielding Road & Nelson Road	\$ 6,768,950	\$ 3,893,200	\$ 5,318,880	\$ 15,981,030	\$ 2,397,155	\$ 1,837,818	\$ 355,802	\$ 4,590,775	\$ 20,571,805
Mumford Drive	\$ -	\$ 86,625	\$ 175,000	\$ 261,625	\$ 39,244	\$ 30,087	\$ 5,825	\$ 75,155	\$ 336,780
Magill Street	\$ 1,488,480	\$ -	\$ 149,410	\$ 1,637,890	\$ 245,684	\$ 188,357	\$ 36,466	\$ 470,507	\$ 2,108,397
Lift Station & Forcemain	\$ -	\$ 4,479,000	\$ 212,450	\$ 4,691,450	\$ 703,718	\$ 539,517	\$ 104,450	\$ 1,347,685	\$ 6,039,135
Easement (Fielding to Duhamel)	\$ 981,000	\$ -	\$ 158,120						
Total	\$ 9,238,430	\$ 8,458,825	\$ 5,855,740					Total	\$ 29,056,117

2021 Property Tax Policy

Presented To:	Finance and Administration Committee
Meeting Date:	May 18, 2021
Type:	Managers' Reports
Prepared by:	Steve Facey Financial Support & Budgeting
Recommended by:	General Manager of Corporate Services

Report Summary

This report provides recommendations regarding the adoption of property tax policy decisions.

Resolutions

Resolution 1:

THAT the City of Greater Sudbury approves property tax ratios as follow:

Multi-Residential - 1.965000;
Commercial - 1.912000;
Industrial – 3.660404;
Large Industrial - 4.248925;
Pipeline – 2.179489;
Farm – 0.200000;

AND THAT the necessary Tax Ratio by-law and Tax Rate by-law be prepared as outlined in the report entitled “2021 Property Tax Policy”, from the General Manager of Corporate Services, presented at the Finance and Administration Committee on May 18, 2021.

Resolution 2:

THAT the City of Greater Sudbury use capping and clawback tools as follows:

- Implement a 10% tax increase cap
- Implement a minimum annual increase of 10% of CVA level taxes for capped properties
- Move capped and clawed back properties within \$500 of CVA taxes directly to CVA taxes
- Eliminate commercial and industrial properties that were at Current Value Assessment in 2020 from the capping exercise
- Eliminate commercial and industrial properties that crossed between capping and clawback in 2021 from the capping exercise

AND THAT the necessary by-law be prepared;

AND THAT the following clawback percentages, as calculated by the Online Property Taxation Analysis (OPTA) System, be adopted by the City of Greater Sudbury:

Commercial – 64.9559%;
Industrial – 63.9942%;

AND THAT the City of Greater Sudbury approves the recommendations as outlined in the report entitled “2021 Property Tax Policy”, from the General Manager of Corporate Services, presented at the Finance and Administration Committee Meeting on May 18, 2021.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan.

Financial Implications

There are no financial implications associated with this report.

Background

Executive Summary

The purpose of this report is to establish 2021 property tax ratios to determine final property tax bills. There are two decisions:

1. Determine the property tax ratios applicable for 2020 tax bills
2. Determine the approach for managing tax capping and claw back provisions

The recommendations in this report are consistent with property tax policy decisions adopted in prior years and incorporate direction from Council with respect to the preferred methodology for Area Rating.

Calculation of Property Taxes

Rules governing property assessment values in Ontario are complex. However, the ultimate purpose of property assessment values is straightforward – to determine how the City’s tax levy is allocated to each property class.

Provincial regulations require decisions regarding tax policy options to be made prior to issuing final property tax bills, even if existing tax ratios (status quo) are being maintained.

Calculating property taxes is based on information provided by the Municipal Property Assessment Corporation (MPAC), under the authority of the Provincial Assessment Act and the Municipal Act, 2001. MPAC is responsible for the classification and identification of property values for all individual properties in Ontario. Municipalities use MPAC data to assign property tax obligations to each property.

The City must establish its tax rates through a by-law on an annual basis to raise the required levy set out in the annual budget. The municipal tax rates are based on assessment values, tax ratios and the annual tax-based operating budget. Tax rates are calculated as follows:

$$\text{Property Tax Rate} = \frac{\text{Property Tax Levy}}{\text{Weighted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

For 2021, the City of Greater Sudbury will levy \$351 million in property taxation. This funds both municipal operations (\$302 M) and Greater Sudbury's four school boards (\$49 M).

Deciding Whether to Adjust Tax Ratios

Property tax policy differs from the annual budget process, although both the budget and the choices in this report affect the amount of tax payable by each tax class. It is useful to think of the budget process as determining the “size of the pie”; it establishes how much tax needs to be collected.

Property tax ratios, the subject of this report, determine “how the pie is sliced”. Property tax ratios are used to calculate the tax rates. The tax rates are then used to calculate the specific amounts each property owner pays. Unlike the budget process, property tax policy decisions do not change the amount of money the City receives through taxation.

Considering whether to adjust tax ratios is reasonable because several factors influence assessment values and these could lead to undesirable changes in taxes payable for some tax classes. For example, every four years MPAC resets its property values; this is called a “reassessment”. A reassessment could result in a shift in property tax burden from one property class to another continually during the four year period. By adjusting the tax ratios, this could be avoided and property classes will remain responsible for a consistent share of property tax payable.

For 2021, the ability to adjust tax ratios is limited. MPAC assessed property values as of January 1st, 2016 and continued to update property information during non-assessment years to 2020. Due to the COVID-19 pandemic, the reassessment that was intended to occur for the 2021 taxation year was postponed. Property assessments will remain consistent with 2020 amounts and it is forecasted that the reassessment will occur in 2022, which will be in effect for the 2023 taxation year. If this timeline continues, the 2022 Property Tax Policy will be similar to the one presented for 2021.

For the Industrial class, only 50% of the levy increase can be passed on as the Industrial tax ratio (3.660404 for 2021) is currently above the provincial threshold of 2.63. This means that approximately \$440,000 is allocated to all other classes, rather than going directly to the Industrial class. It also explains why the ‘Municipal Tax Increase’ in all other classes is higher than the 4% tax increase that Council approved in April, 2021. If Council directed staff to move the class ratio to the threshold ratio (2.63), approximately \$5.4 million of municipal taxation would be allocated from the Industrial and Large Industrial classes to all other classes.

Tax Ratios

A tax ratio represents the property tax level for a property class in relation to the residential property class. The tax ratio for residential properties is required by legislation to be equal to one (1.0). The tax ratios established for property classes determine how the tax rate for that class compares to the residential tax rate. For example, the commercial tax ratio for 2021 is 1.912000 which means that, for every residential property tax dollar paid, the commercial property class pays \$1.912 based on its current value assessment.

The recommended tax ratios are:

	2021 Proposed	2020 Approved
Residential	1.000000	1.000000
Multi-Residential	1.965000	1.965000
Commercial	1.912000	1.912000
Industrial	3.660404	3.726326
Large Industrial	4.248925	4.325445

Pipelines	2.179489	2.179489
Farm	0.200000	0.200000

If approved, the tax rates can be generated and the billing process can proceed. See Appendix "A" for Tax Rates.

Residential Property Tax Distribution

This next chart reflects the tax impact in the residential class (municipal and education) of the approved tax rates.

Tax Change	# Properties
0 - \$100	16,267
\$100 - \$200	34,272
> \$200	7,407
Total	57,946

There are 16,267 (28%) of the total 57,946 residential properties that will experience an increase of less than \$100 on their 2021 property tax bill. The average increase for all residential properties would be \$136, but this figure will vary depending on area of the City and the valuation of the dwelling.

Impact of Provincially Regulated Education Tax Rates

For 2021, the Ministry of Finance regulated the business class education tax rate at 0.88% representing a 10.2% reduction. Education tax rates for the residential and multi-residential classes remained at 0.153%.

Education Tax Rates			
	2020	2021	% change
Residential, Multi-Residential	0.153%	0.153%	-
Commercial, Industrial, Pipeline	0.98%	0.88%	(10.2)

Tax Increase by Property Class

Council will recall the 2021 approved budget anticipated a 4.0% tax increase to support planned service levels. Based on the recommended property tax policy decisions presented here, not accounting for the impacts of area rating, the following tax changes for specific property types would be as follows:

	Residential	Commercial	Industrial
Municipal Tax Increase	4.2%	4.1%	2.3%
Education Impact	-0.5%	-4.0%	-2.2%
Final Tax Impact	3.7%	0.1%	0.1%

The above chart reflects a 4.2% Municipal Tax Increase (for Residential), which is 0.2% higher than the property tax increase that Council approved, solely due to the 50% levy cap in the Industrial class.

Area Rating

With respect to Fire Services, a recent binding interest arbitration award ordered an increase in staffing at Station 16 in Val Therese from two-full time firefighters per shift to four. The financial implications of this award was \$1.075 million, which was approved within the 2021 budget. This award resulted in a review of area rating methodology and staff presented a number of options for Council's consideration.

In April 2021, Council directed staff to include an option which allocates the entirety of the interest arbitration award to the Composite area, or the Former City of Valley East, over three years. This means that one third of the arbitration award is attributed to the Composite area, while the Career and Volunteer areas are allocated two thirds. For 2022, the Composite area carries two thirds of the award and Career and Volunteer areas have one third of the impact. By 2023, the entire amount of the arbitration award is within the Composite area.

In addition to the arbitration award, the area rating option includes an allocation based on call volumes. It is estimated that approximately 6% of incidents in outlying areas are responded to by Career or Composite services. This allocation is phased in over two years, resulting in 3% of direct suppression costs from the Career and Composite areas being allocated to the Volunteer areas.

These changes to the area rating methodology have been incorporated into the calculation of tax rates, inclusive of education, presented for Council's consideration. The following is the effective dollar impact for the residential class with an assessed value of \$230,000:

	Career / Urban	Composite / Commuter	Volunteer / Commuter	Volunteer
Municipal Portion - 2020	3,080	2,851	2,749	2,633
Education Portion - 2020	352	352	352	352
Total Taxation - 2020	3,432	3,203	3,101	2,985
Municipal Portion - 2021	3,206	2,973	2,868	2,736
Education Portion - 2021	352	352	352	352
Total Taxation - 2021	3,558	3,325	3,220	3,087
Dollar Change - Total Taxation	126	122	119	103
Percentage Change - Total Taxation	3.7%	3.8%	3.8%	3.4%

Tax Capping and Clawback Provisions

As a result of provincial legislation, there are limits to tax increases that can be applied to business properties. This is known as "tax capping". Under Bill 140, the cap was set at 5% over the previous year's taxes plus the municipal levy increase. These caps are not intended to be permanent, and since 2005 the Province has allowed municipalities some ability to manage the effects of property tax capping. Generally, this involves shifting the tax burden among properties within the affected property tax class.

The clawback is the amount that the decreasing property owners must forgo in order to fund the increasing properties' cap on tax increases. This is represented by a percentage and not a dollar value.

All of the measures are still available for use by municipalities. In 2008, the province allowed municipalities more options relating to capping which increased the cap from 5% to 10% and further enhanced measures for 2016 in an attempted to eliminate more properties from the capping exercise. In Greater Sudbury, this currently affects only Commercial and Industrial properties as the Multi-Residential class was previously phased out of the capping exercise.

Consistent with previous years' Tax Policies, the following tools are being recommended for approval:

1. Implement a 10% tax increase cap – this means that properties in the commercial and industrial classes, that were previously in the capping/clawback exercise, will continue to see property tax increases limited to 10% of the preceding year's annualized taxes, plus a portion of the Council's approved levy increase.
2. Implement a minimum annual increase of 10% of CVA level taxes for capped properties this means that properties in the commercial and industrial classes, that were previously in the capping/clawback exercise, will continue to see property tax increases limited to 10% of the preceding year's CVA taxes, plus a portion of the Council's approved levy increase.
3. Move capped and clawed back properties within \$500 of CVA taxes directly to CVA taxes.
4. Eliminate commercial and industrial properties that were at Current Value Assessment in 2020 from the capping exercise.
5. Eliminate commercial and industrial properties that crossed between capping and clawback in 2021 from the capping exercise.

The following table reflects the clawback percentage, capping dollars and properties affected by implementing the approved noted tools for the capping process.

	Commercial	Industrial	Total
Decrease Clawback %	64.9559%	63.9942%	
Clawback \$	\$120,138	\$688,314	\$808,452
Shortfall \$	\$0	\$0	\$0
# of Capped Properties	23	117	140
# of Clawback Decreasing Properties	12	21	33
# of CVA Tax Properties	2,623	300	2,923
Total # in Class	2,656	421	3,077

The use of all tax policy tools available is recommended to set the clawback percentage at:

Commercial	64.9559%
Industrial	63.9942%

By approving these clawback percentages, it ensures that properties seeing a tax decrease will fund a portion of taxes payable by properties seeing a tax increase of more than 10%.

2016 Reassessment – Industrial Properties

As mentioned in previous years, the 2016 reassessment returned a reduction of \$122 million in assessment (\$500 million in weighted assessment) for the industrial class. As a result, staff appealed the property valuations applied by MPAC to 13 large properties in an attempt to recoup this reduced assessment. MPAC, the property owners and the municipality are proceeding through the appeal process. As appeals are resolved, staff will report the results to Council.

Summary

The effect of the recommendations in this report produce a 3.7% increase in residential property taxes (municipal and education) for 2021 compared to 2020 levels, while Commercial and Industrial properties will pay relatively less due to the reduction in the Business Education tax rate. Actual changes in taxes payable for each property will be determined by its assessed value, type of dwelling and its location within the City.

Approving these recommendations will result in timely production of final tax bills. Refer to Appendix “A” for Tax Rates and Appendix “B” for comparison regarding property taxation across Ontario, as reflected in the BMA Study.

Resources Cited

Modification of Area Rating Model - <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=39829>

2020 Property Tax Policy - <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?documentid=235>

2021 Tax Policy Report - Appendix A

City of Greater Sudbury 2021 Final Tax Rates for all Municipal Purposes

(all figures in the form of %'s)

Property Description	General	Career	Fire Rate		Transportation Rate		Career/Urban Area	Composite/ Commuter Area	Volunteer/ Commuter Area	Volunteer Area
			Composite	Volunteer	Urban	Commuter				
Residential/New Multi-Res	1.117912	0.158596	0.116970	0.071471	0.117275	0.057783	1.393783	1.292665	1.247166	1.189383
Multiple Residential	2.196697	0.311641	0.229846	0.140441	0.230445	0.113544	2.738783	2.540087	2.450682	2.337138
Commercial Occupied	2.137448	0.303236	0.223647	0.136653	0.224230	0.110481	2.664914	2.471576	2.384582	2.274101
Commercial Excess Land	2.137448	0.303236	0.223647	0.136653	0.224230	0.110481	2.664914	2.471576	2.384582	2.274101
Commercial Vacant Land	2.137448	0.303236	0.223647	0.136653	0.224230	0.110481	2.664914	2.471576	2.384582	2.274101
Industrial Occupied	4.013842	0.580525	0.428157	0.261613	0.429274	0.211509	5.023641	4.653508	4.486964	4.275455
Industrial Excess Land	4.013842	0.580525	0.428157	0.261613	0.429274	0.211509	5.023641	4.653508	4.486964	4.275455
Industrial Vacant Land	4.013842	0.580525	0.428157	0.261613	0.429274	0.211509	5.023641	4.653508	4.486964	4.275455
Large Industrial Occupied	4.659189	0.673863	0.496997	0.303675	0.498293	0.245516	5.831345	5.401702	5.208380	4.962864
Large Industrial Excess Land	4.659189	0.673863	0.496997	0.303675	0.498293	0.245516	5.831345	5.401702	5.208380	4.962864
Pipelines	2.436477	0.345658	0.254935	0.155770	0.255600	0.125937	3.037735	2.817349	2.718184	2.592247
Farm	0.223582	0.031719	0.023394	0.014294	0.023455	0.011557	0.278756	0.258533	0.249433	0.237876
Managed Forests	0.279479	0.039649	0.029243	0.017868	0.029319	0.014446	0.348447	0.323168	0.311793	0.297347

Fire Area Rate

Career - this rate is applied to properties in the former City of Sudbury

Composite - this rate is applied to the properties in the former City of Valley East

Volunteer - this rate is applied to all other areas of the City of Greater Sudbury

Transportation Rate

Urban - this rate applies to properties in the former City of Sudbury

Commuter Rate - this rate applies to all other areas of the City of Greater Sudbury with the exception of the formerly Unorganized areas

No Rate - applies to formerly Unorganized areas

Appendix B - BMA Study

