

City of Greater Sudbury 2008 Budget Overview

Finance Committee Meeting
November 27, 2007

Presented by: Mark Mieto
Lorella Hayes



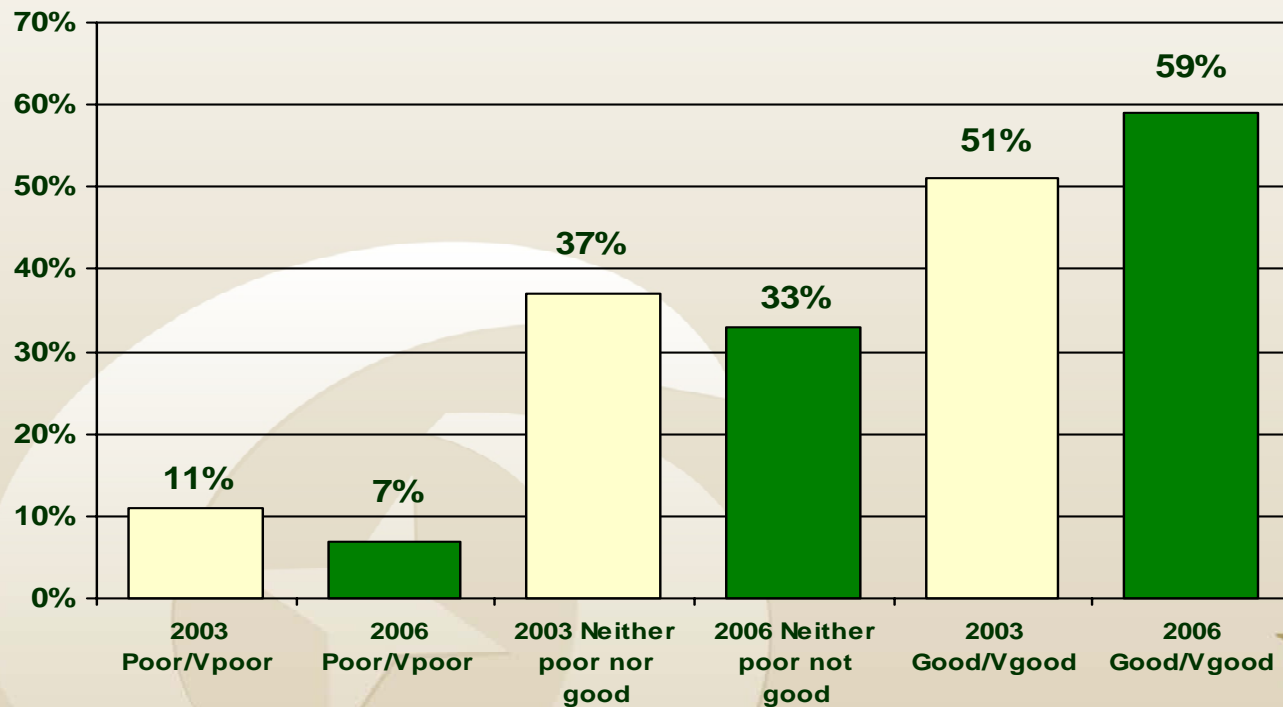
Agenda

- **Economic Update and Fiscal Issues**
- **2008 Budget Summary**
 - **Addresses Key Community Input and Council's Priorities**
- **2008 Budget Overview**
 - **Key Highlights and Variances**
- **BMA Study Highlights**



Citizen Issues

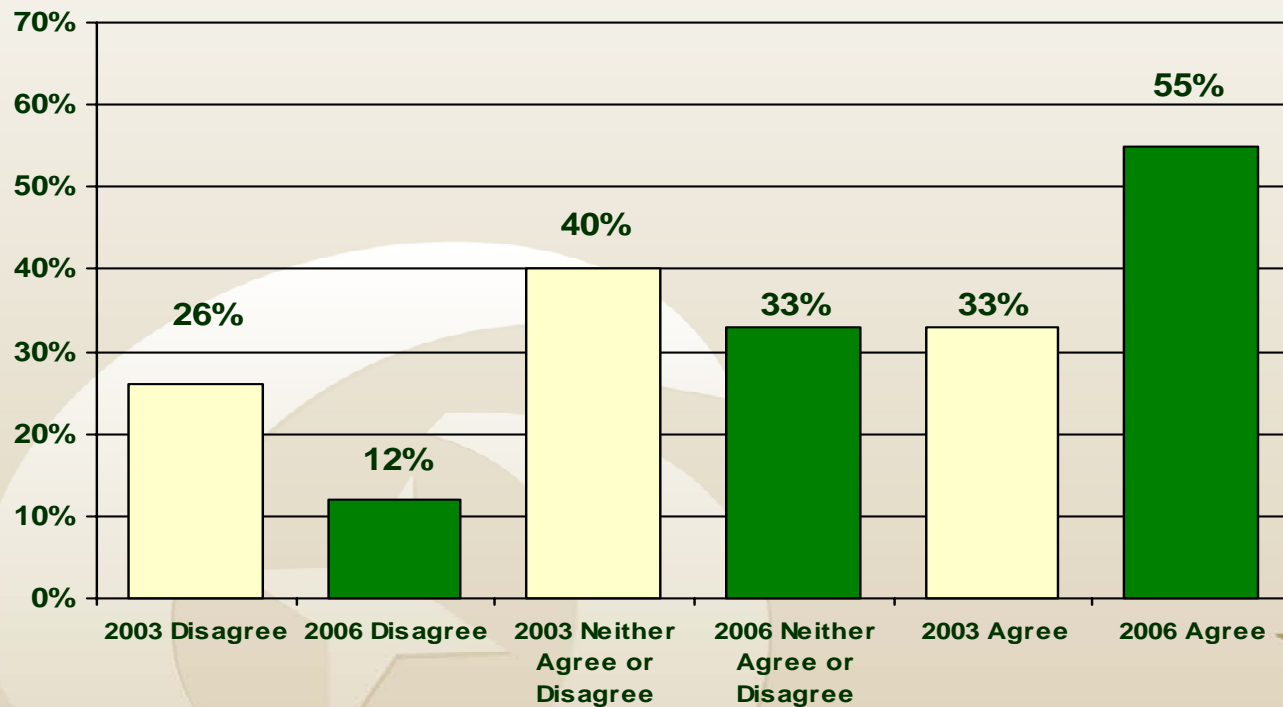
“ Using the scale where five is very good and one is very poor, how would you rate the overall quality of life in the CGS?”




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Citizen Issues

“I am confident about the economic future of the community.”



Living in Sudbury

Housing prices show no signs of easing: CMHC

Average resale price in city up 20 per cent

BY RACHEL PUNCH
The Sudbury Star

Sudbury's red-hot housing market pushed prices up about 20 per cent this year, a Canada Mortgage and Housing Corp. report has found.

"It's easily the strongest (market) in Northern Ontario in terms of average resale price growth," said Warren Philp, CMHC's Northern Ontario market analyst.

CMHC released its latest Housing Market Outlook Report on Monday.

It forecasts the average home price in Sudbury will be \$179,769 for 2007, compared to \$150,434 in 2006.

"Our forecast is for a 20 per cent increase in prices this year, cooling next year to 10 per cent, but still representing strong year-over-year price growth," Philp said.

Philp said the number of

listings is down about six per cent.

"You've got strong demand in an environment of relatively limited supply," he said.

"In that kind of environment, there is going to be pressure on price."

Alex Fex, president of the Sudbury Real Estate Board, said the strong market is good news for Sudbury homeowners.

See HOME / A2

HIGHLIGHTS

Details from the forecast summary for Greater Sudbury for Fall 2007:

- **Average resale home price** in 2007 is forecast to be \$179,769, up from \$150,434 in 2006;
- **A total of 480** single-detached new home starts in 2007, up from 448 in 2006 and 374 in 2004;
- **A total of 30** multiple-family home starts in 2007, up

from 29 in 2006 and 14 in 2004;

- **Vacancy rate** of 0.8 per cent in 2007, decreasing to 0.7 per cent in 2008;
- **Two-bedroom average rent** of \$748 per month in 2007, compared to \$706 in 2006 and \$655 in 2004.

Source: Canada Mortgage and Housing Corporation's Housing Market Outlook released on Monday.

THE SUDBURY STAR, TUESDAY, NOVEMBER 6, 2007

ry, two of the nearest major centres. The cities are serving as "staging grounds" for the mine, which is currently under

months of the year, according to a study by Mr. Holt released yesterday. The Saskatchewan housing

by sailing distance, the Port of Prince Rupert will serve as a hub for exports including grain, coal, and iron ore.

the territories with an ownership rate of just 22.7 per cent. ■ Roma Luciw

13, 2007


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Living in Sudbury - Housing

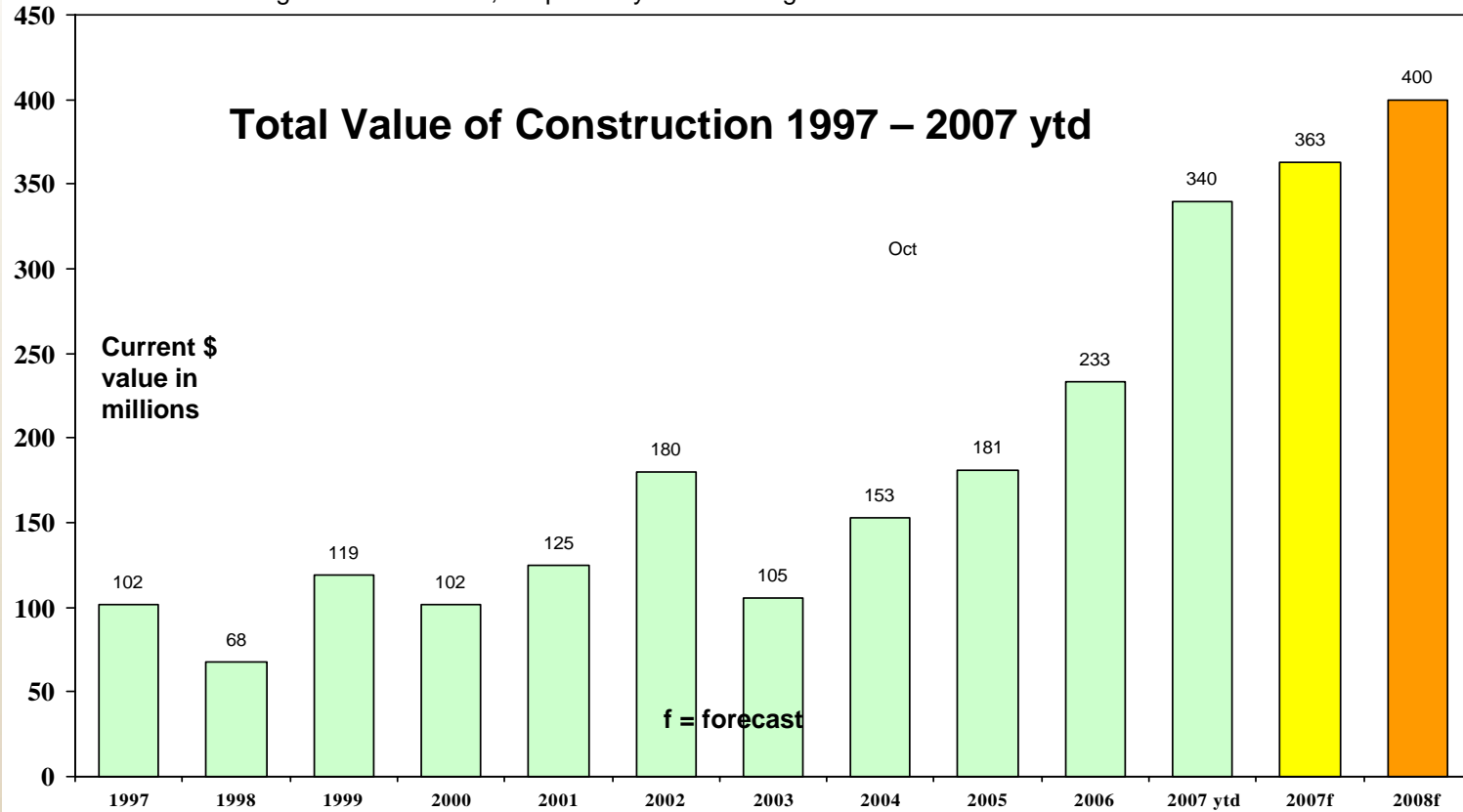
Sudbury Housing Market				
	January to September 2005	January to September 2006	January to September 2007	CMHC Forecast for 2008
MLS Sales	2,185	2,208	2,234	2,975
Average MLS Price	\$134,294	\$148,170	\$181,654	\$194,746



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Value of Construction

Source: Building Services Section, Prepared by the Planning Services Division



Doing Business in Sudbury

40

THE TOP PLACES TO DO BUSINESS IN CANADA

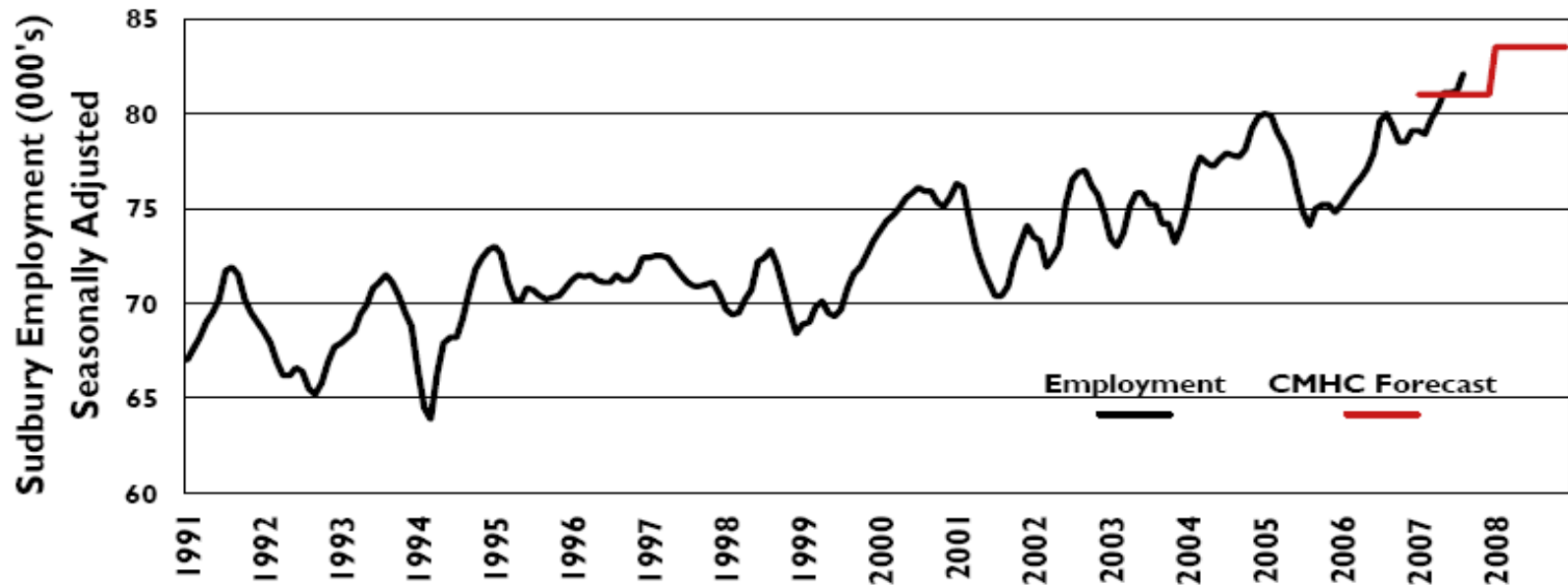
Rank	City	Annual operating costs (\$mil)	Cost of living index	Building permit growth (%)	Unemployment rate change (%)	Crime rate per 100,000 people (2006)
1	Sherbrooke, Que.	29.44	64.3	23.81	-21.9	5,491
2	Charlottetown	29.66	69.0	36.11	-20.0	11,499
3	Saguenay, Que.	28.37	69.8	-12.75	-2.3	4,038
4	Moncton, N.B.	30.73	65.0	19.12	-10.5	9,514
5	Laval, Que.	33.30	79.0	6.59	-25.3	5,237
6	Trois-Rivières, Que.	31.62	81.0	3.41	-3.8	4,792
7	St. John's, Nfld.	29.86	66.7	-26.19	-17.8	6,773
8	Saint John, N.B.	30.90	66.0	-20.99	-21.2	7,885
9	Oshawa, Ont.	34.79	73.6	2.80	-3.4	4,890
10	Longueuil, Que.	32.42	80.0	-1.24	-25.3	6,912
11	Quebec City	31.74	73.9	21.07	20.5	4,931
12	Lévis, Que.	31.41	71.9	-1.54	20.5	4,931
13	Greater Sudbury, Ont.	32.81	75.0	-6.12	-14.7	6,219
14	Abbotsford, B.C.	32.20	80.2	15.38	-15.7	11,224
15	Cape Breton, N.S.	30.82	67.0	-17.86	2.1	7,437
16	Gatineau, Que.	33.24	85.3	10.43	0.0	5,645
17	Hamilton	33.94	72.0	-1.42	7.0	5,602
18	Saskatoon	31.50	73.3	4.19	-4.3	12,209
19	Kitchener-Waterloo, Ont.	34.14	73.0	26.63	21.3	5,315
20	Red Deer, Alta.	33.21	73.2	-14.89	-38.2	13,206
21	Brampton, Ont.	34.96	85.0	11.21	9.5	4,513
22	Vaughan, Ont.	35.30	86.3	11.46	9.5	4,067
23	Winnipeg	30.92	72.2	3.70	16.7	11,085
24	Regina	31.72	74.3	0.00	0.0	12,415
25	Markham, Ont.	35.28	84.0	-9.95	9.5	4,067
26	Montreal	33.86	89.9	-21.10	-25.3	6,912
27	Ottawa	33.80	83.0	9.88	24.4	5,775
28	Edmonton	33.81	82.5	-3.31	0.0	10,079
29	London, Ont.	33.90	73.8	-19.92	1.8	8,137
30	Windsor, Ont.	34.72	74.7	-11.93	9.3	6,754



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Living in Sudbury - Employment

Sudbury Employment Rising Steadily



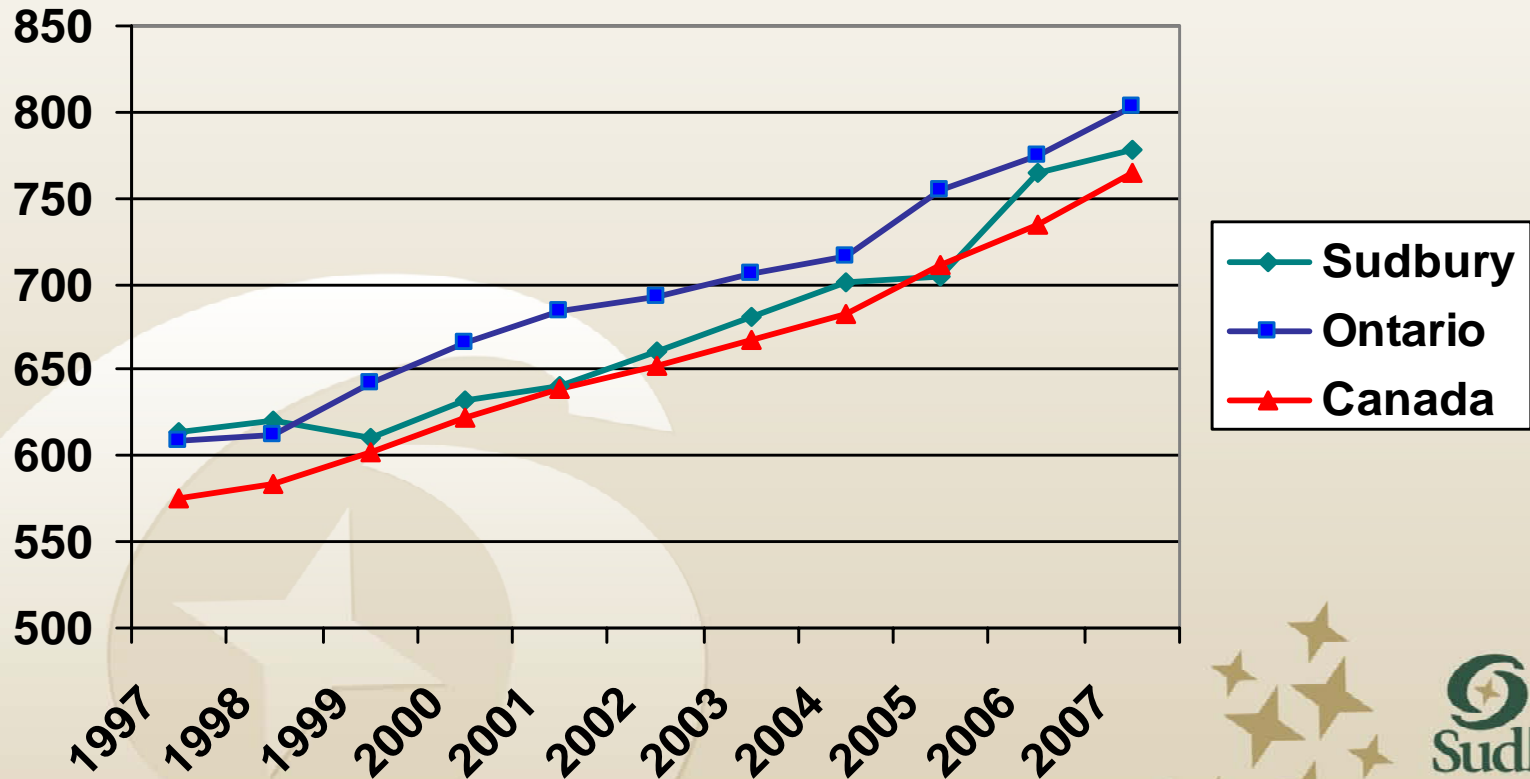
to August 2007

Source: Statistics Canada Labour Force Survey


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Living in Sudbury – Earnings

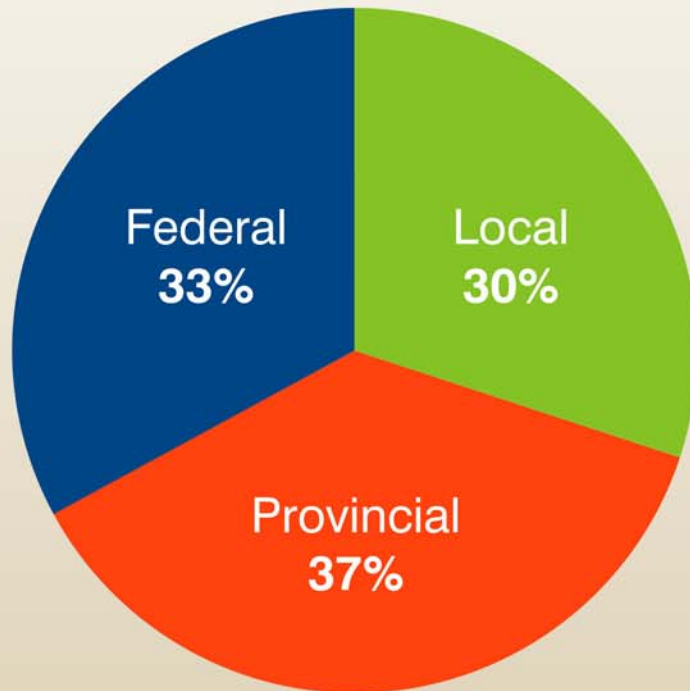
**Sudbury Average Weekly Earnings Keeping
Pace with Ontario & Canada**



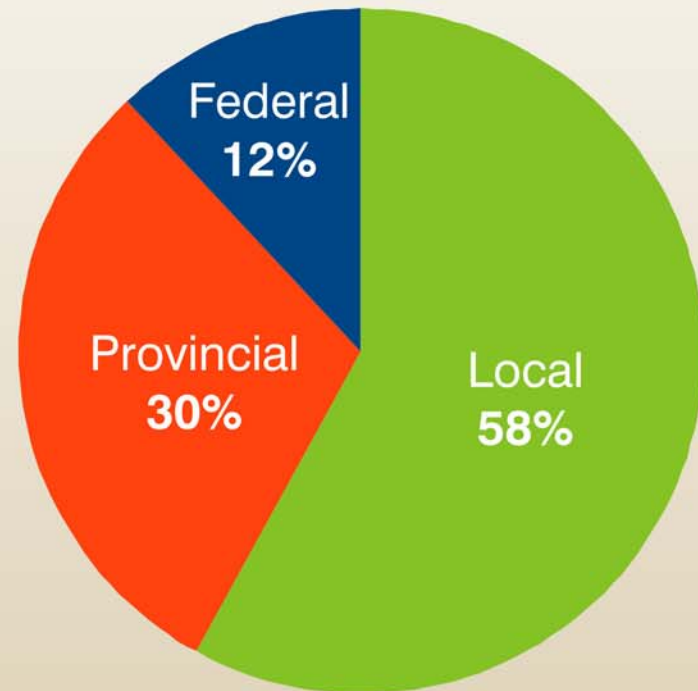

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Change in Municipal Infrastructure Ownership

1961



2005



Renewal/Replacement Needs and New Initiatives/Growth Needs

Renewal/Replacement Needs

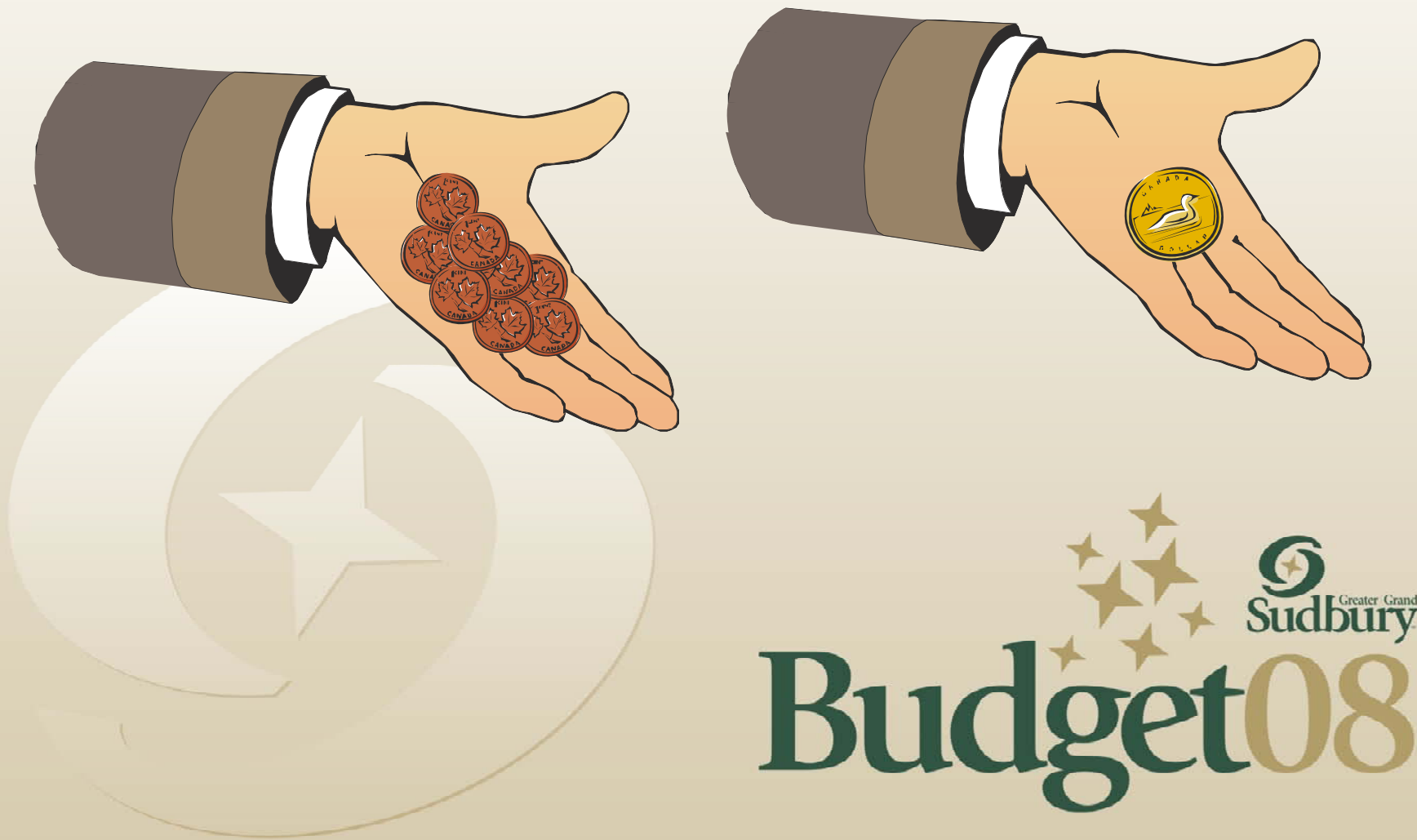


2007 - 2016

New Initiatives/ Growth Needs



Canadian Tax Dollar



Cost of Capital Levy




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2008 Budgetary Guideline

2008 to 2010 Financial Forecast (June 2007)

2008	3.0%	+ Capital Levy – <i>Council Direction</i>
2009	3.7%	+ Capital Levy
2010	3.3%	+ Capital Levy



2008 Budget

Key Highlights

2008 Base Tax Increase

2.4%

- Includes all core municipal services
- Negotiated wage increases, inflation
- Efficiencies, new revenues, assessment growth
- One time contribution to reserves (OMPF) - \$2.5 M
- 2008 enhancements approved by Council



2008 Budget

Key Highlights – Net 2008 tax increase consists of:

Base Budget	1.9%
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Add: Council approved enhancements	<u>0.5%</u>
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Net Tax increase	2.4%
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Capital Levy	<u>2.3%</u>
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2008 Tax Increase (before enhancements)	<u><u>4.7%</u></u>
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Council Strategic Focus

- **Community Growth & Development**
 - Quality of Life
 - Environment
- **Infrastructure Investment**
 - Roads
 - Public Safety
- **Fiscal Sustainability**
 - Economic Development
 - Budget Principles
- **Excellence in Governance**
 - Year of the Employee
 - Performance Measurement



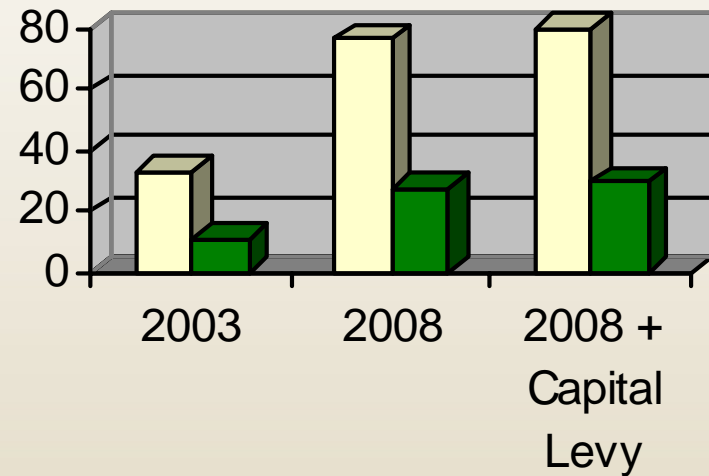

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Infrastructure Investment

✓ Capital Levy - \$3.7 Million

- ☐ Roads
- ☐ Fire
- ☐ Leisure and Recreation
- ☐ Municipal Facilities
- ☐ Communications Infrastructure



□ Capital Budget ■ Roads Capital


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Public Safety

CGS invests \$83 million in public safety and public health including:

- **Greater Sudbury Police**
- **Fire Services**
- **Emergency Medical Services**
- **Emergency Management**
- **Sudbury and District Health Unit**
- **Nickel District Conservation Authority**



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Economic Development




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Community Quality of Life

- ✓ Investment in Leisure and Recreation
- ✓ Delivery of Provincially Mandated Social Services
- ✓ Pioneer Manor
- ✓ Environmental Remediation/ Beautification




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Key Principles of the Base Budget

- **Council's approved initiatives are funded within the budget**
- **Legislative and contractual obligations are satisfied**
- **Council approved service and standard levels are maintained**
- **Cost of providing services is minimized**
- **Other revenue sources are maximized to minimize impact on property taxes**



2008 Budget

	2007 Final	2008	Municipal Tax Levy Increase
Expenditures	\$479.5M	\$507.9M	-
Revenue	(\$315.1M)	(\$333.1M)	-
Net Levy	\$164.4M	\$174.8M	6.4%
Assessment Growth			<u>1.7%</u>
Net Municipal Tax Increase			4.7%
Capital Levy			<u>(2.3%)</u>
2008 Municipal Tax Increase			<u>2.4%</u>



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2008 Budget

2008 Total Budget	\$508M
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2007 Total Budget	\$480M
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Increase	\$ 28M
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Less Grants & Other Revenues	\$ 18M
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Net Municipal Levy Increase	\$ 10M
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2008 Budget Major Variances

Increase From Prior Year	Gross Budget \$28M	Municipal Tax Levy \$10M
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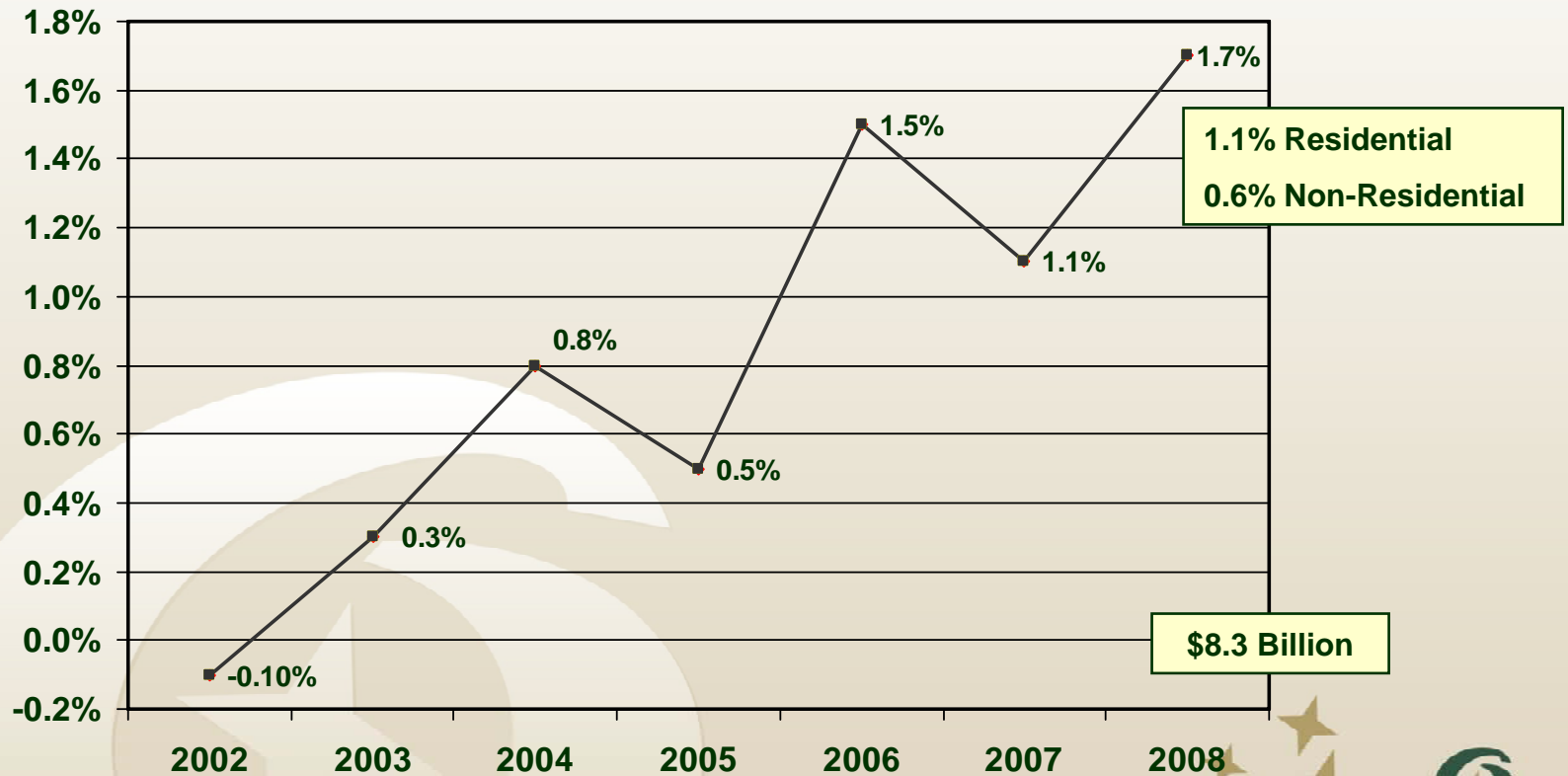
Major Highlights:

Provincially Funded Programs	\$9.7M	(\$2.7M)
OMPF Contribution to Reserve	\$2.5M	\$2.5M
Contractual/Inflationary	\$5.5M	\$5.2M
Capital Levy – 2.3%	\$3.7M	\$3.7M
Police Services	\$2.1M	\$1.9M
Transit Ridership Growth	\$1.0M	-
Pioneer Manor	\$1.3M	-
Water WasteWater	\$2.3M	-



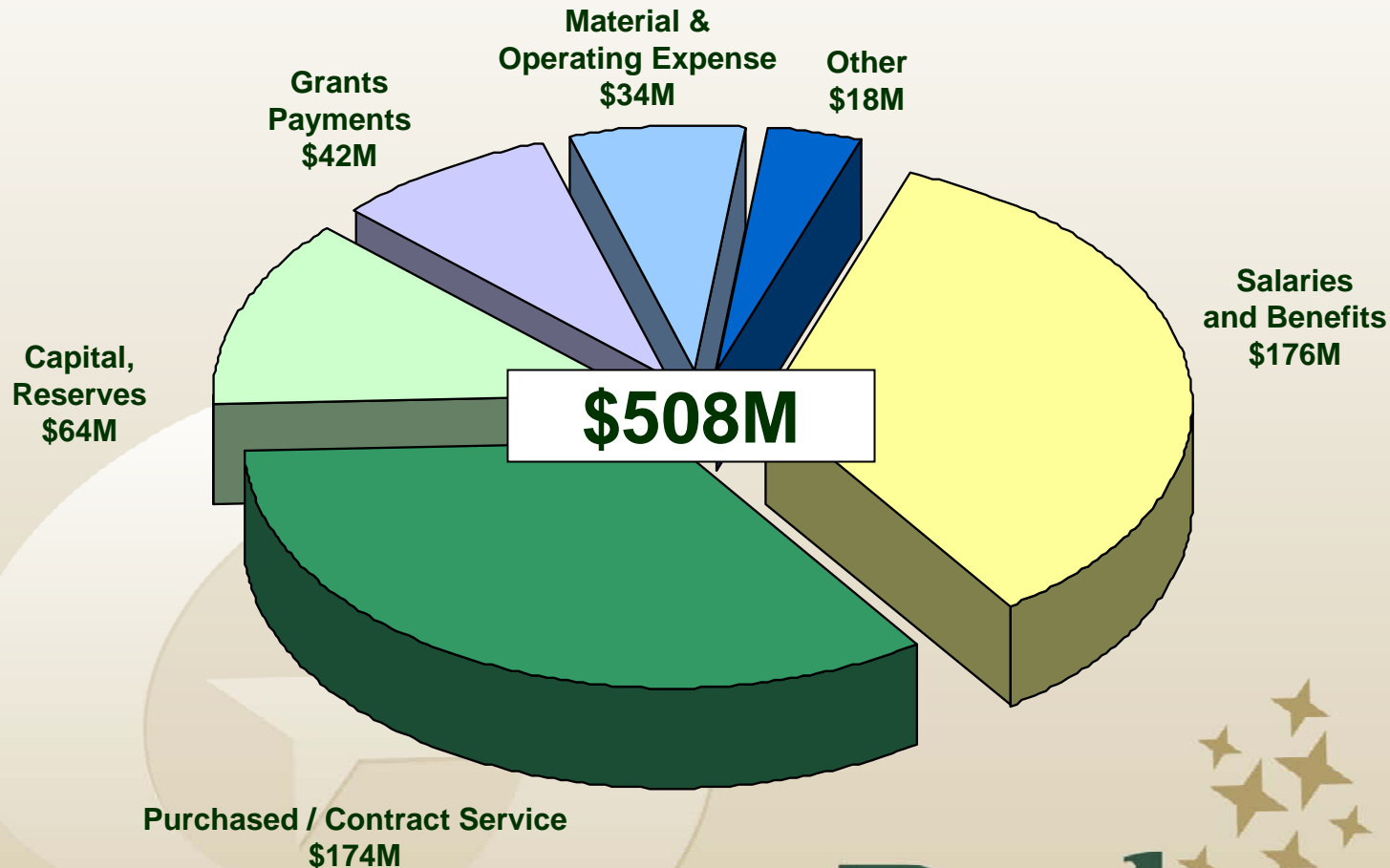
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Assessment Growth 2002 to 2008



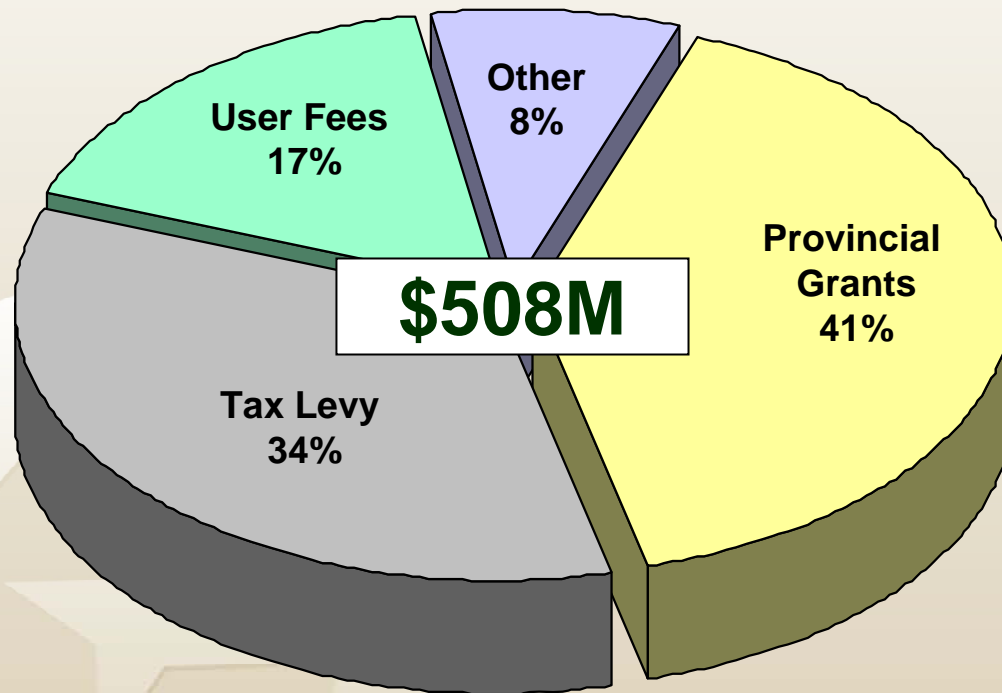

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How 2008 Operating Dollars are Spent




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Sources of Revenues 2008 Budget




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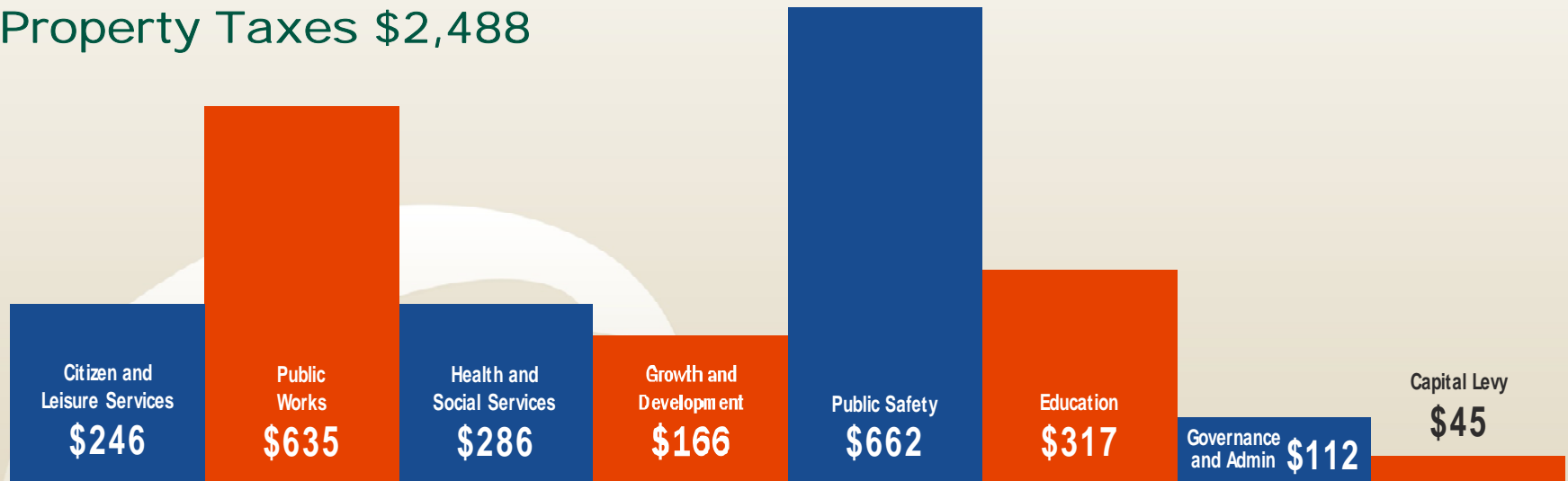
Mandatory vs. Discretionary Services

	2008 Gross Expenditure	2008 Tax Levy	% of Tax Levy
Mandatory Services	\$236.0M	\$76.3M	43.6%
Discretionary Services	\$268.2M	\$94.8M	54.1%
Capital Levy	\$3.7M	\$3.7M	2.3%
Total	\$507.9M	\$174.8M	100%

Distribution of Municipal Tax Bill

2008 Draft Budget (Including Capital Levy)

Property Taxes \$2,488



Based on a 4.7% municipal tax increase
and 4.1% overall property tax increase.



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2008 Draft Budget Summary Options

Enhancement Options:

\$ Millions

Council/Committee Resolutions

\$3.3

Council Referrals

\$5.7

Public Input/Submissions

\$2.3

Departmental

\$4.8

Capital Levy

\$3.7

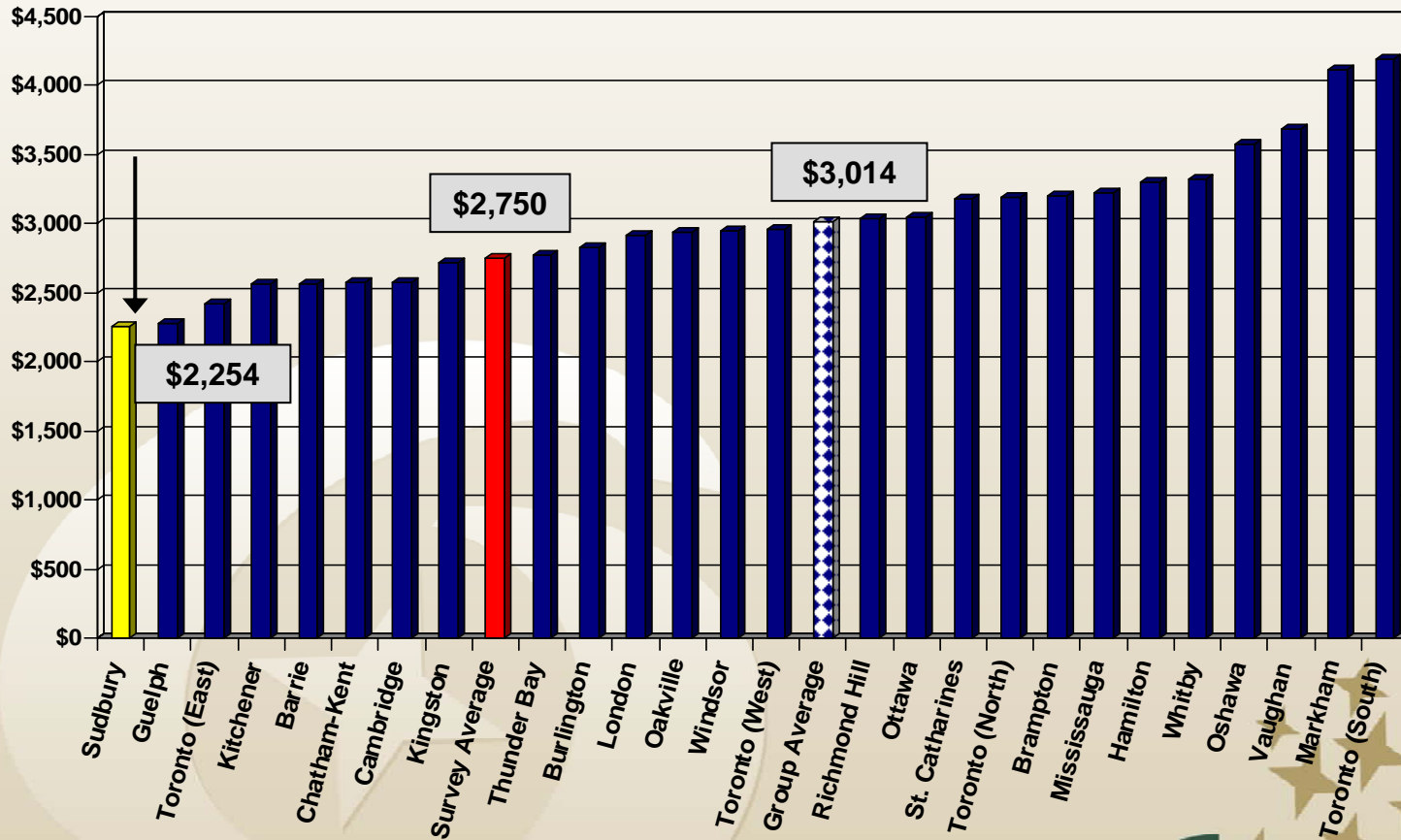
Total Enhancement Options

\$19.8M

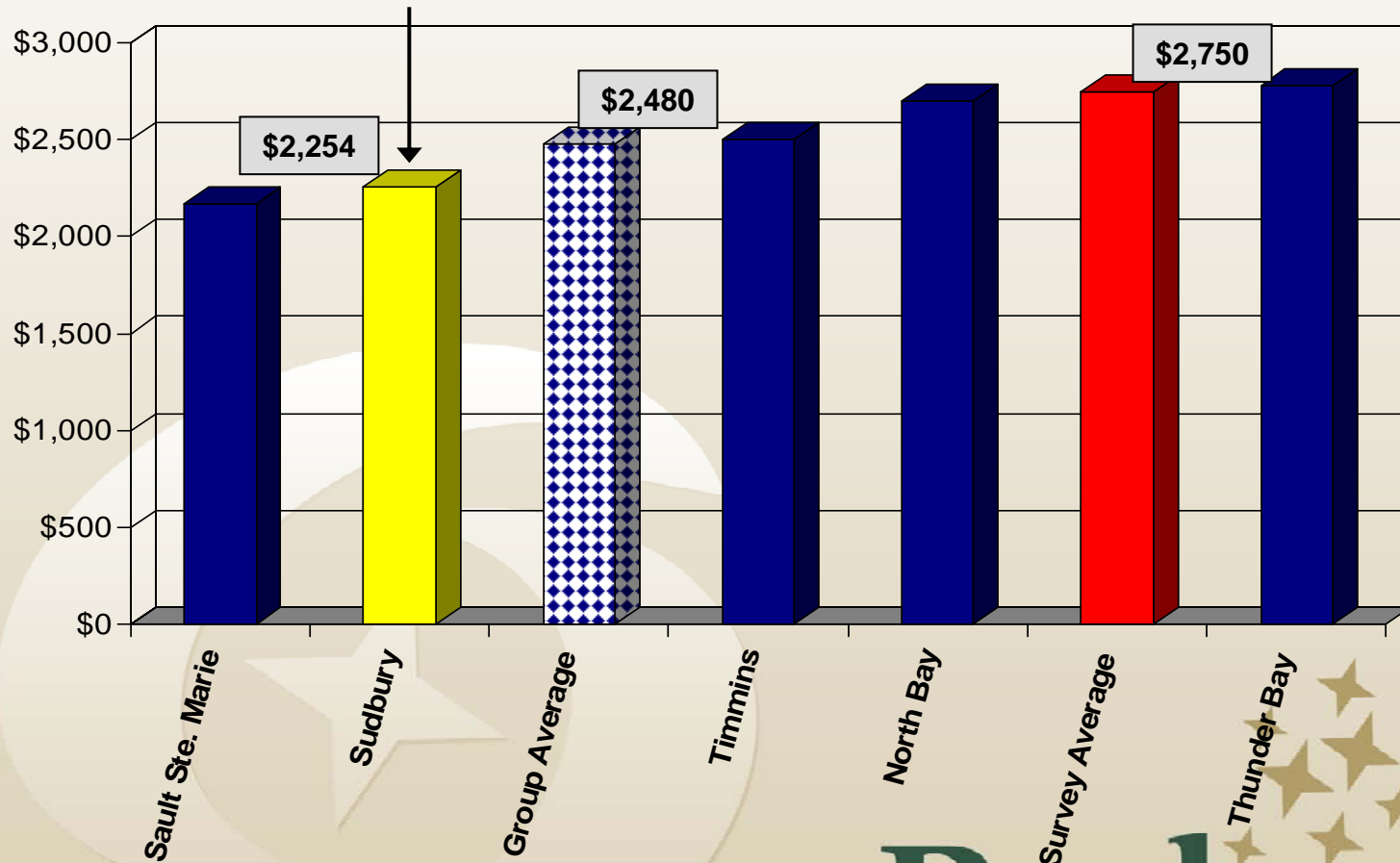


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2007 BMA Study – Municipal Taxes Residential Detached Bungalow

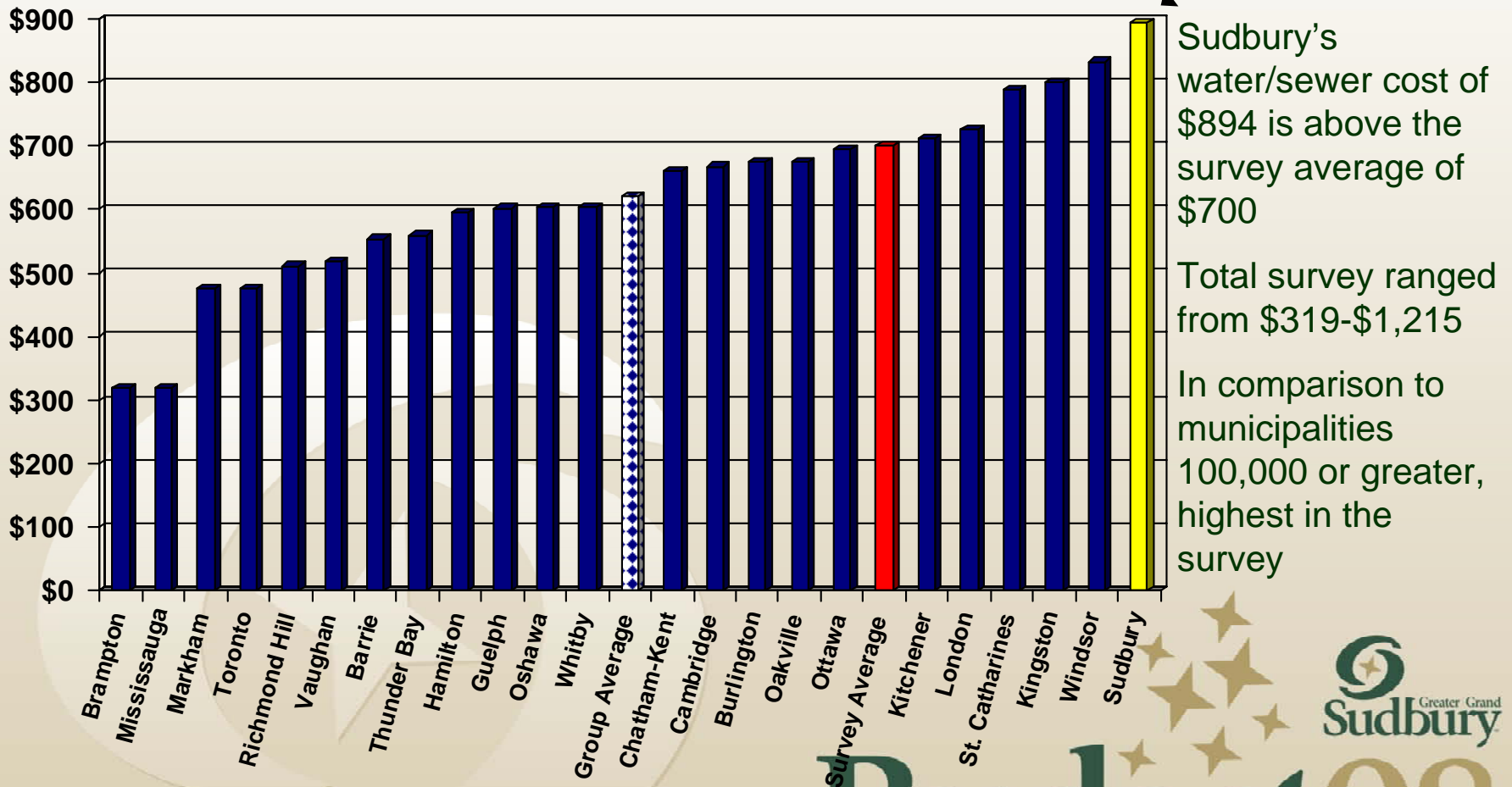


2007 BMA Study – Municipal Taxes Residential Detached Bungalow - North

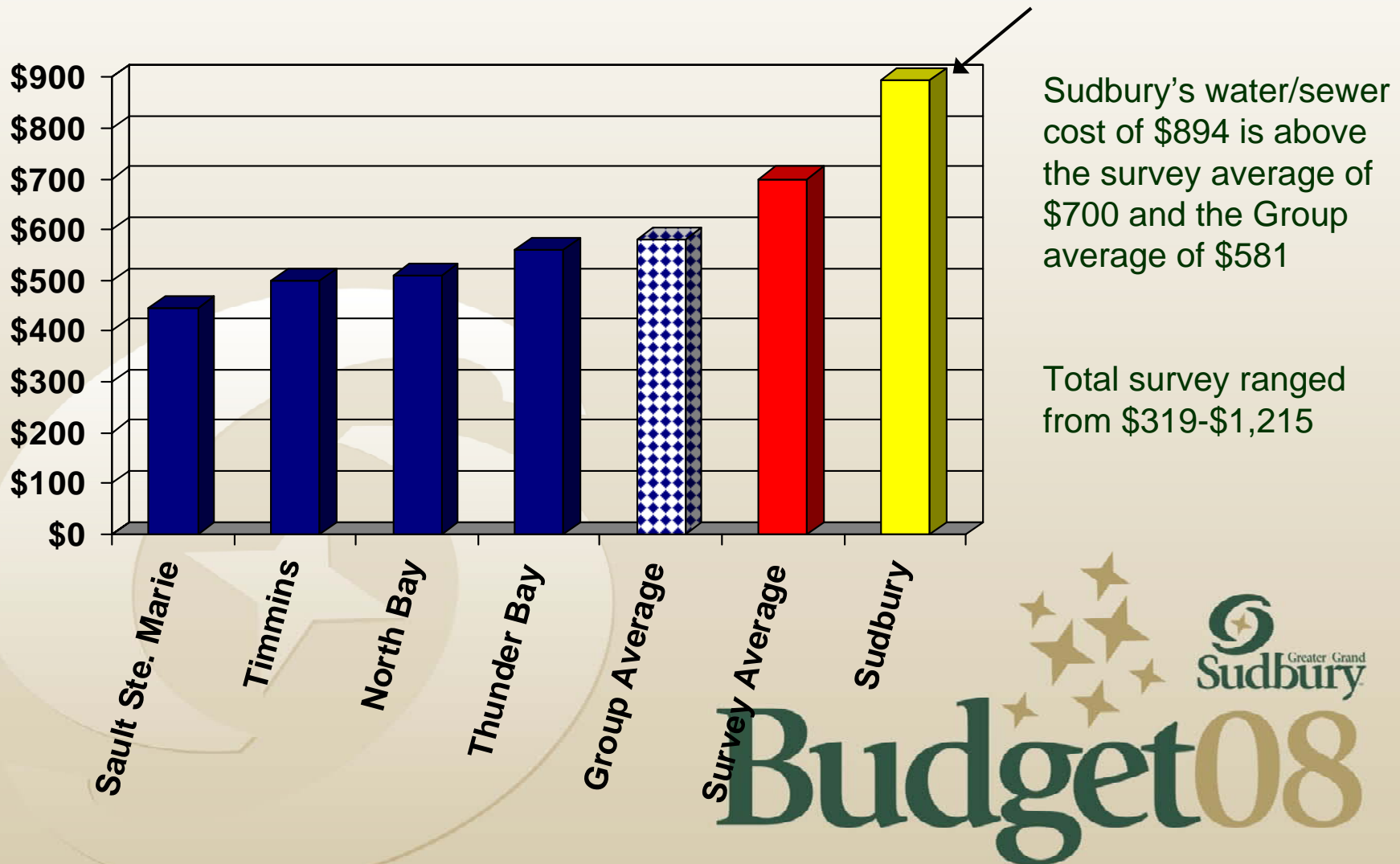



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2007 Municipal Study Residential Water/Sewer Cost

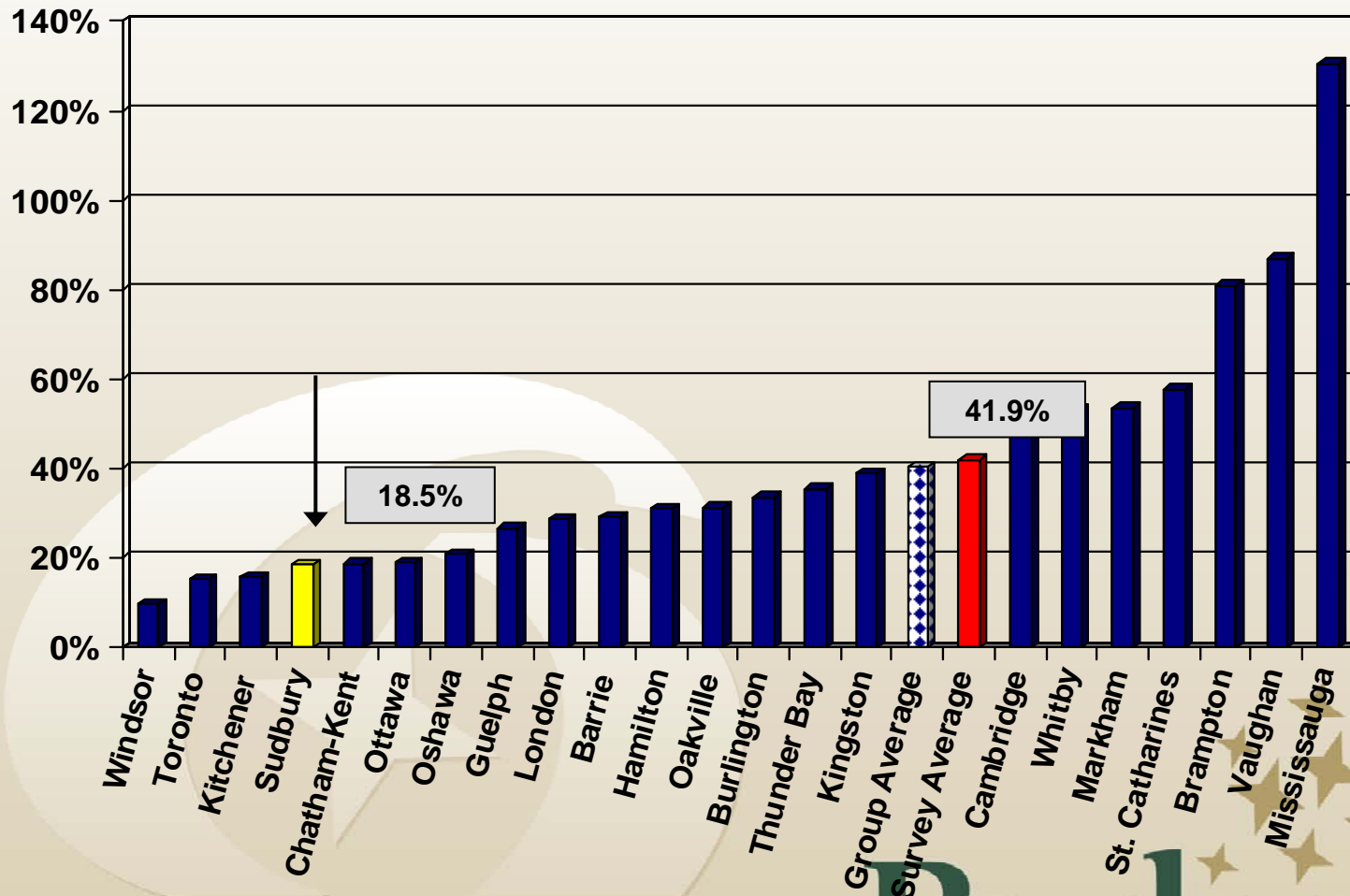


2007 Municipal Study Residential Water/Sewer Cost - North



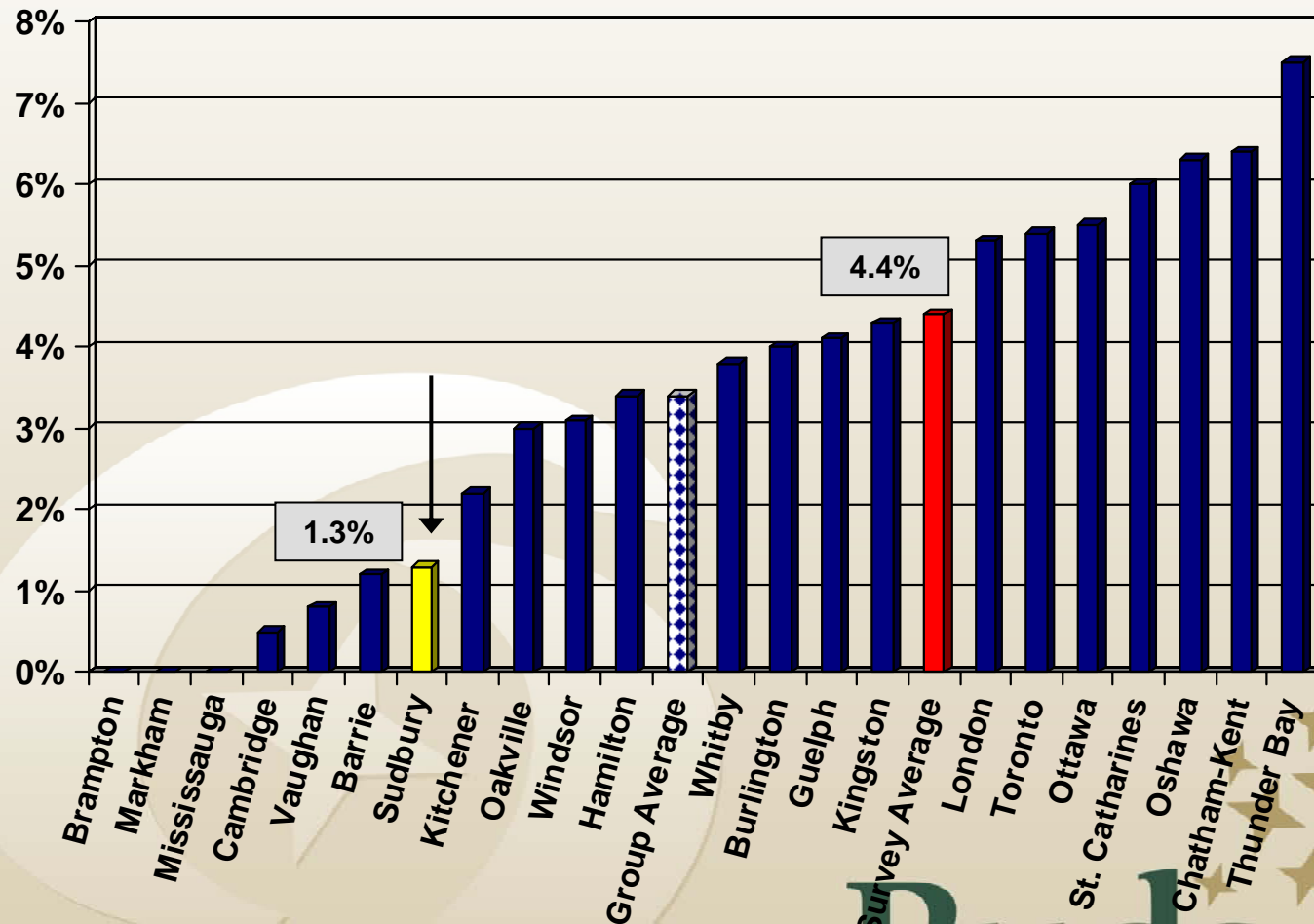
2007 BMA Study Reserves as a % of Total Expenditures

Source 2006 FIR



2007 BMA Study - Debt Charges as a % of Total Expenditures

Source 2006 FIR



Debt in Sudbury is significantly lower than the survey average

2008 Budget Schedule

<ul style="list-style-type: none">▪ Budget Overview Presentation▪ Distribution of 2008 Budget▪ Outside Boards Presentations	November 27 th
<ul style="list-style-type: none">▪ Budget Review and Departmental Presentations	November 29 th to December 6 th
<ul style="list-style-type: none">▪ Water and Wastewater Rates	December 6 th
<ul style="list-style-type: none">▪ Preliminary Voting – Staff Options	December 6 th
<ul style="list-style-type: none">▪ Budget Finalization▪ Voting on Budget Options▪ Approval of Budget by Finance Committee	December 10 th
<ul style="list-style-type: none">▪ Final Overview Presentation by Finance Chair▪ Budget Approval by City Council	December 12 th
<ul style="list-style-type: none">▪ Property Tax Policy - Final	April – May, 2008

Questions?

