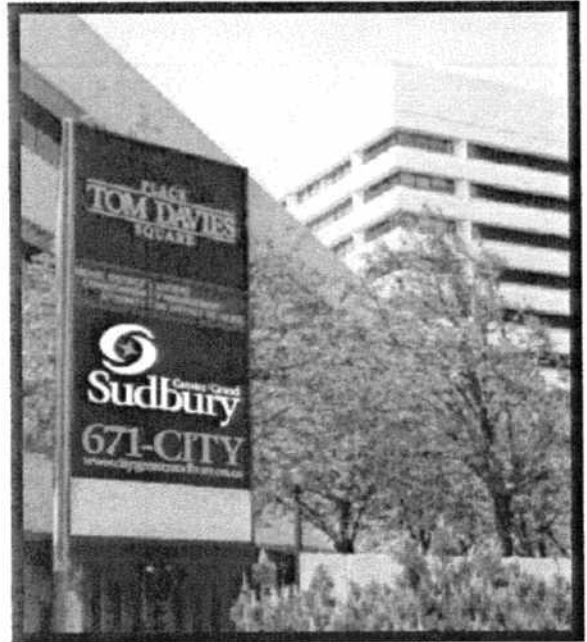


Agenda

Ordre du Jour

Councillor/Conseiller
Ted Callaghan
Chair/Présidente

Councillor/Conseiller
Russ Thompson
Vice-Chair/Vice-Président



For the
Finance Committee
Meeting to be held

Wednesday, February 3, 2010

at 4:30 p.m

Council Chamber
Tom Davies Square

Pour la réunion du
Comité des finances
qui aura lieu

mercredi le 3 février 2010

à 16 h 30

dans la Salle du Conseil
Place Tom Davies

Finance Committee AGENDA

***FORTY-FORTH MEETING OF THE FINANCE COMMITTEE
TO BE HELD ON WEDNESDAY, FEBRUARY 3, 2010 AT 4:30 P.M.
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE***

COUNCILLOR CALLAGHAN, CHAIR

(PLEASE ENSURE 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 Clerk's 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 on the City's web site at www.greatersudbury.ca.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

MANAGERS' REPORTS**PAGE NO.**

1. Report dated January 14, 2010 from the Chief Financial Officer/Treasurer regarding 2010 Budget Finalization and 2010 Ontario Municipal Partnership Fund (OMPF) Allocation. **1 - 5**
(RECOMMENDATION PREPARED)
2. Report dated January 18, 2010 from the Chief Financial Officer/Treasurer regarding Revisions to 2010 Capital Budget. **6 - 10**
(RECOMMENDATION PREPARED)

CORRESPONDENCE FOR INFORMATION ONLY

3. Report dated January 27, 2010 from the Chief Financial Officer/Treasurer regarding Next Steps During 2010. **11 - 20**
(FOR INFORMATION ONLY)

2010 PARKING LOT REVIEW

4. 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)**

COUNCILLOR TED CALLAGHAN
CHAIR, FINANCE COMMITTEE

FRANCA BORTOLUSSI
COUNCIL SECRETARY

Request for Recommendation Finance Committee



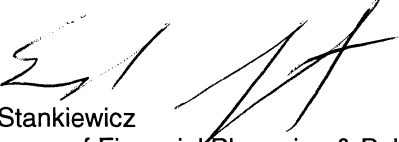
Type of Decision								
Meeting Date	February 3, 2010				Report Date	January 14, 2010		
Decision Requested		Yes	X	No	Priority	X	High	Low
	Direction Only				Type of Meeting	X	Open	Closed

Report Title
2010 Budget Finalization and the 2010 Ontario Municipal Partnership Fund (OMPF) Allocation

Budget Impact/Policy Implication	Recommendation
<p>X This report has been reviewed by the Finance Division and the funding source has been identified.</p>	<p>THAT the 2010 Budget be approved in the gross amount of \$518,074,673 and in the net amount of \$193,678,805, which represents a 2.5% municipal tax increase; and</p> <p>THAT estimated \$750,000 be drawn equally from the Tax Rate Stabilization Reserve Fund and the Capital Financing General Reserve Fund; and</p> <p>THAT City Council accept the following Board's budgets:</p> <p>The City's share of the Nickel District Conservation Authority's operating budget in the amount of \$553,778;</p> <p>The City's share of the Sudbury & District Health Unit's operating budget in the amount of \$5,373,220;</p> <p>The Greater Sudbury Police Service's operating budget in the amount of \$43,802,984.</p>
<p>X Background Attached</p>	<p>Recommendation Continued</p>

Recommended by the Department
 Lorella Hayes Chief Financial Officer / Treasurer

Recommended by the C.A.O.
 Doug Nadorny Chief Administrative Officer

Report Prepared By	Division Review
 Ed Stankiewicz Manager of Financial Planning & Policy	

Executive Summary

City Council at their meeting of December 9, 2009 adopted Finance Committee Recommendation # 2009-12 which reads as follows:

"THAT the funding line for Budget Enhancements be drawn at \$193,678,805 representing a 2.5% municipal tax increase, subject to finalization of the Ontario Municipal Partnership Fund (OMPF) entitlements;

AND THAT staff report back to the Finance Committee once the City receives notification of the 2010 OMPF allocation."

This report will provide council with an update regarding the 2010 OMPF allocation, and recommend a funding source for the shortfall.

Background

In December 2009, the Ministry of Finance released the 2010 OMPF allocations for all eligible municipalities in Ontario. The allocation for Greater Sudbury did not match the OMPF grant reflected in the City's 2010 operating budget. The City's budget was based on staff estimated social program costs and best estimates for other components of the grant. The difference between the City's numbers and the Ministry of Finance numbers has been discussed with Provincial staff.

For the social programs costs, City staff have been in contact with Ministry of Finance staff in an attempt to resolve the differences. The discrepancies are with City staff's estimates of Ontario Works support costs and ODSP costs. Staff are projecting significant increases over the 2009 value as caseloads are on the rise while it appears that the Ministry, through the release of the social program costs, are not accounting for an increase in caseloads nor an increase in allowances. In conversation with Ministry staff, it was identified that the Ministry of Finance used the Ministry of Community and Social Services data to forecast the 2010 Social Program costs. For the Ontario Works support numbers, the Ministry used the January to September 2009 actual costs and averaged the numbers to forecast 2010 projected costs. There was no consideration given for caseload increases or allowance increases. For this reason, the City's estimates seem to be more in line with current economic conditions and include a 2% increase in allowances, which has already been announced.

The ODSP costs were forecasted using ten months of the Ministry of Community and Social Services data.

Historically, the OMPF formula reconciled actual social program costs at year end. Ministry staff have not confirmed when reconciliation will occur for 2008, 2009 and 2010. CGS staff will be in contact with the Ministry of Finance during the next few months regarding the need to reconcile to actual program costs.

The following are the figures for the 2010 Social Programs expenditures used in the OMPF grant calculations:

	City Budget (Millions)	Ministry Allocation Notice (Millions)
Ontario Works	\$ 9.0	\$ 7.8
ODSP	\$ 6.3	\$ 6.1
Social Housing	\$ 15.8	\$ 15.8
Childcare	\$ 2.2	\$ 2.3
NCB / SAR	<u>\$ 0.3</u>	<u>\$ 0.3</u>
	<u>\$ 33.6</u>	<u>\$32.3</u>

The following chart compares the 2010 OMPF allocation to the 2009 allocation as provided by the Ministry of Finance.

	2009	2010	Variance Explanation
Social Programs Grant	\$18,455,800	\$11,419,500	<ul style="list-style-type: none"> - Decrease due to the upload of addition of 10% of ODSP allowances and benefits, which now reflects a 90% / 10% costs sharing - This grant will continue to decline as ODSP will be fully uploaded in 2011, while the OW transition will be complete in 2018
Assessment Equalization Grant	\$12,942,900	\$ 9,239,800	<ul style="list-style-type: none"> - Decreased due to CGS's average assessment increasing by greater than the provincial average - CGS's average assessment in all classes increased approx. 13% and the provincial average by 5.5% - In addition, the Province changed the funding level from \$48 per \$10,000 of assessment under the provincial average to \$47 per \$10,000 of assessment - The City will continue to lose money under this component as a result of the phase in of the 2008 reassessment
Northern Communities	\$16,885,700	\$16,956,500	<ul style="list-style-type: none"> - Increase slightly due to the increase in the number of households - Per household funding of \$235 has been unchanged since 2007
Northern and Rural Social Programs Component	\$ 0	\$ 236,700	<ul style="list-style-type: none"> - This is the first year that Greater Sudbury received funding under this component

Stabilization Grant	\$ 0	\$ 1,914,400	- This component provides funding for municipalities that would otherwise see decreases more than a specified per household amount (\$85) relative to what was received in 2007
Transitional	\$ 5,530,600	\$ 5,653,200	- This component is to ensure that Northern Ontario municipalities have a guaranteed level of support of at least 95% of the municipality's 2009 combined benefit (OMPF and Province uploads)
Total OMPF Grant	\$53,815,000	\$45,420,100	

The 2010 City budget reflects an additional \$1.3M Social Programs grant, based on the City's forecast of expenditures.

The transitional assistance component of the grant is in place for 2010 but does not provide any guarantee for future years. If this transitional funding does not continue in future years, the shortfall to the municipality will be upwards of \$12 million by 2012.

OMPF Impact on 2010 Budget

Based on staff's analysis, the shortfall in the OMPF grant will be approximately \$750,000 with the assumption that the Ministry of Finance continues to reconcile social program costs.

It is recommended that the shortfall be funded equally from the Tax Rate Stabilization Reserve Fund and the Capital Financing Reserve Fund – General. This leaves approximately \$305,000 in the Tax Rate Stabilization Reserve and \$251,000 in the Capital Financing General Reserve Fund. Staff will keep Council apprised regarding reconciliation of social programs costs. If the Province does not reconcile, then the shortfall would have to be funded from reserves.

Impact of 2010 Budget Increase on Municipal and Education Taxes

The 2.5% tax increase does not affect all areas the same as a result of varying degrees of assessment growth and varying costs by service area for Transit and Fire Services.

The following charts reflects the impact of municipal taxes on a typical household (2009 CVA \$136,440 – 2010 CVA \$152,880) in the different service areas of the City.

	2009 Taxes	2010 Taxes	\$ Increase	%
Career / Urban	2,264	2,322	58	2.6
Composite / Commuter	2,119	2,172	53	2.5
Volunteer / Commuter	2,038	2,088	50	2.5
Volunteer	1,967	2,012	45	2.3

As a result of the recent reassessment, which phases in assessment increases over four years, the City residents continue to be adversely affected by the residential education tax rate change. The estimate for the provincial wide residential education tax rate is .24%. The actual rate will be confirmed by the Province in the spring.

The following chart reflects the impact of the municipal tax increase and estimated change in the residential education tax rate.

	2009 Taxes	2010 Taxes	\$ Increase	%
Career / Urban	2,608	2,689	81	3.1
Composite / Commuter	2,463	2,538	75	3.1
Volunteer / Commuter	2,382	2,455	73	3.1
Volunteer	2,311	2,379	68	3.0

These figures are based on the average household valuation increases of 12%. Valuation changes of greater than 12% for 2009 to 2010 will realize a larger tax increase than reflected in the charts. Conversely, valuation increase of less than 12% will see tax increases of less than what is reflected in the charts or could realize tax decreases.

These increases are subject to change pending the finalization of property tax policy.

Summary

Approval of the 2010 budget reflecting a 2.5 % tax increase would impact the typical household by approximately \$50 municipal and \$13 education. The OMPF grant allocation for 2010 leaves the City approximately \$750,000 short and this shortfall will be funded by contributions from reserves.

The City's future years grant allocation is at risk mostly due to the assessment equalization grant reduction and the potential elimination of transitional funding. Attached is a summary of the 2010 OMPF allocation for the City of Greater Sudbury.

The following is a summary of the changes to the 2010 Budget since it was tabled on October 13, 2009:

	Gross Budget	Revenues	Municipal Tax Levy
Budget tabled October 13 th , 2009	\$521,566,839	\$324,132,407	\$197,434,432
Reductions approved	(4,747,166)	(81,539)	(4,665,627)
Enhancements approved	1,255,000	345,000	910,000
Subtotal: After November 30 th , 2009	518,074,673	324,395,868	193,678,805
Less: Reduction in OMPF Grant revenue		(\$754,601)	
Add: Contribution from Reserve and Reserve Funds		\$754,601	
2010 Final Budget	\$518,074,673	\$324,395,868	\$193,678,805

Request for Recommendation Finance Committee



Type of Decision							
Meeting Date	February 3, 2010			Report Date	January 18, 2010		
Decision Requested		Yes	X	No	Priority		High
	Direction Only					X	Low
				Type of Meeting	X	Open	Closed


Report Title
Revisions to 2010 Capital Budget

Budget Impact/Policy Implication
X This report has been reviewed by the Finance Division and the funding source has been identified.

<p>Background Attached</p>	<p>Recommenation Continued</p> <p>THAT the Finance Committee approve the 2010 Capital Budget in the amount of \$134,761,750, which is funded as follows: Contribution from the Operating Budget \$ 32,171,681; Contribution from Water and Waste water user fees \$ 20,277,465 Provincial and Federal Grants \$45,005,462; Contributions from CGS reserve and reserve funds \$15,988,642; and Internal financing of \$6,333,500 be approved for projects to be completed in 2010 and be repaid from future capital envelopes in 2011 to 2030;</p> <p>THAT Council accept the 2010 Police Services Capital Budget and;</p> <p>THAT the remainder of the 2011 and 2012 Capital Budgets be accepted for information for staff to use as a planning tool.</p>
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Recommended by the Department
 Lorella Hayes Chief Financial Officer / Treasurer

Recommended by the C.A.O.
 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Lorraine Larose Manager of Financial Support & Budgeting	Name Title

Background

The Finance Committee at its November 30th meeting approved two options (\$670,000 and \$647,500) which reduced the 2010 capital envelopes for 2010 and 2009 inflation, as well as additional reductions of \$1,400,000.

Please find below a summary of projects that have been removed from the 2010 Capital Budget.

Division	Projects removed/reduced in scope
Fleet (\$700,000)	Various vehicles (1 street sweeper, 6 pickup trucks, 6 vans and 6 cars) and a reduction in the contingency account of \$10,000.
Leisure Services (\$600,000)	Splash pads (Nickel Centre, Onaping Falls, Capreol & former City of Greater Sudbury)
Public Safety (\$115,500)	Communication System, reduction in funding allocated
Roads (\$931,000)	Removal of Kingsway contingency, reduction in MR10 – Panache Lake Road and reduction in Lasalle Notre Dame Improvements – Engineering / Property / Utilities
Assets (\$154,000)	Reduction for North West locker rooms, various engineering studies, various energy conservation, various locations barrier free, various roof drain conversions and contingency, removed Kathleen Park Depot – shell windows and doors and reduced contingency
Environmental Services (\$43,000)	Reduction in Organic Waste Collection – Phase II.
Community Development (\$112,000)	Reduced contingency and removed Community Halls repairs and upgrades and Pools / Waterfront upgrades
Fire (\$24,000)	Reduced number of vehicles from 3 to 2.
Police (\$20,000)	Not yet determined
Administrative Services (\$18,000)	Reduced replacement of Docutech 120 – Phase 2
Total Capital Reduction (\$2,717,500)	

A report to Council will be forthcoming once the PSAB 3150 Tangible Capital Asset project and asset values are complete to reallocate capital envelopes between divisions for 2011.

During the Finance's Committee's deliberations of Water and Wastewater rates, \$2,265,549 was approved as a reduction in capital spending:

Water (\$1,112,535) and Waste Water (\$1,153,014)	Defer master plan allocations, defer work management system, data management initiatives, GIS integration allocations, reduce contingencies, polyphosphate installation – Valley Wells, operating manuals & as-builts, pollution prevention and control plans, St Charles Lift Station, Penman Avenue watermain and sewer lining/manhole rehabilitation
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SUMMARY

In conclusion, the 2010 Capital Budget amounts to \$134.8 million (inclusive of capital envelopes, grants, reserve amounts and internal financing of \$6.3 million). See attached for a summary of the 2010 revised Capital Budget.



2010 Capital Budget Summary

DEPARTMENT		FUNDING SOURCES						
	CAPITAL ENVELOPE	FUTURE YEAR ENVELOPES	RESERVES OR RESERVE FUNDS	GRANTS OR RECOVERIES	INVESTING IN ONTARIO	FEDERAL GAS TAX	2010 CAPITAL BUDGET	
Infrastructure	\$ 41,871,032	\$ 2,593,500	\$ 9,345,274	\$ 25,733,332	\$ 12,155,000	\$ 10,087,000	\$ 101,785,138	
Environmental Services	\$ 1,071,226	\$ -	\$ 504,774	\$ -	\$ -	\$ -	\$ 1,576,000	
Facilities I & E.S.	\$ 811,951	\$ -	\$ 50,000	\$ -	\$ 1,000,000	\$ -	\$ 1,861,951	
199 Larch Street	\$ -	\$ -	\$ 2,315,000	\$ -	\$ -	\$ -	\$ 2,315,000	
Fleet	\$ -	\$ -	\$ 2,243,500	\$ -	\$ -	\$ -	\$ 2,243,500	
Roads	\$ 19,710,390	\$ 2,143,500	\$ 4,232,000	\$ 25,733,332	\$ 11,155,000	\$ 10,087,000	\$ 73,061,222	
Water	\$ 10,126,762	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 10,576,762	
Waste Water	\$ 10,150,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,150,703	
Emergency Services	\$ 274,650	\$ -	\$ 1,401,865	\$ -	\$ -	\$ -	\$ 1,676,515	
E.M.S.	\$ -	\$ -	\$ 1,326,865	\$ -	\$ -	\$ -	\$ 1,326,865	
Emergency Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Public Safety	\$ 274,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,650	
CLELC	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000	
Fire	\$ 831,431	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ 2,331,431	
Community Development	\$ 8,525,073	\$ 3,740,000	\$ 2,354,000	\$ 6,681,666	\$ 1,345,000	\$ -	\$ 22,645,739	
Community Development	\$ 6,707,414	\$ 3,740,000	\$ 2,179,000	\$ 5,348,333	\$ 600,000	\$ -	\$ 18,574,747	
Facilities - Community Development	\$ 1,817,659	\$ -	\$ 175,000	\$ 1,333,333	\$ 745,000	\$ -	\$ 4,070,992	
Growth & Development	\$ -	\$ -	\$ 2,221,536	\$ 2,488,464	\$ -	\$ -	\$ 4,710,000	
Parking & Transit	\$ -	\$ -	\$ 2,201,536	\$ 2,488,464	\$ -	\$ -	\$ 4,690,000	
Planning	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000	
Administrative Services	\$ 433,533	\$ -	\$ 123,467	\$ -	\$ -	\$ -	\$ 557,000	
Information Technology	\$ 111,385	\$ -	\$ 113,615	\$ -	\$ -	\$ -	\$ 225,000	
Administration	\$ 322,148	\$ -	\$ 9,852	\$ -	\$ -	\$ -	\$ 332,000	
Police Services	\$ 513,427	\$ -	\$ 542,500	\$ -	\$ -	\$ -	\$ 1,055,927	
TOTAL		\$ 103,553,434	\$ 12,667,000	\$ 31,434,784	\$ 69,806,924	\$ 28,500,000	\$ 266,136,142	

Notes:

- 1 The 2010 Capital Budget requires the approval to spend \$6.3 million which will be borrowed from the capital fund, and repaid from future year capital envelopes
- 2 Allocation of grants to specific projects may be altered if the project does not meet the eligibility criteria of the grant.
- 3 The 2010 Capital Budget includes financing for the Infrastructure Stimulus Fund (ISF) and Recreation Infrastructure Canada Program (RInC) expenditures incurred from June 5, 2009 to March 31, 2011.

Included are the following projects:

Roads (ISF)	\$	38,600,000
Grace Hartman Amphitheatre (ISF)	\$	5,000,000
James Jerome Sports Complex Renewal (RInC)	\$	3,000,000
Howard Armstrong Recreation Complex - (RInC)	\$	2,000,000
	\$	<u>48,600,000</u>

Development Charges

The 2010 Capital Budget does not include development charge revenues for projects identified in the 2009 Development Charges Background Study. All development charges collected are deposited in the department's Development Charges Reserve Fund.

If sufficient development charges have been collected throughout the year, management will review the allocation of the capital envelopes and utilize the funds collected as a source of funding.

Any eligible projects that were not previously identified in the 2009 Development Charges Background Study, will be considered in the next development charges background study anticipated to be prepared in 2014.

Request for Recommendation Finance Committee



Type of Decision									
Meeting Date	February 3, 2010			Report Date	January 27, 2010				
Decision Requested		Yes	X	No	Priority	X	High		Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title
Next Steps for 2010

Budget Impact/Policy Implication	Recommendation
<div>X</div> <div>This report has been reviewed by the Finance Division and the funding source has been identified.</div> <div>Not Applicable</div>	<div>For Information Only</div>
<div>X</div> <div>Background Attached</div>	<div>Recommendation Continued</div>

Recommended by the Department	Recommended by the C.A.O.
<div>Lorella Hayes Chief Financial Officer / Treasurer</div>	<div>Doug Nadorozny Chief Administrative Officer</div>

Report Prepared By	Division Review
Lorella Hayes Chief Financial Officer / Treasurer	

The City of Greater Sudbury will continue to face financial challenges over the upcoming years. There is uncertainty surrounding the level of permanent funding under the Ontario Municipal Partnership Grant (OMPF) and approximately \$12 million of grant funding is at risk annually by 2012. These challenges will require management and staff at CGS to closely review operations, service levels, and other sources of revenues. In addition, staff and Council will continue to work in partnership with the Provincial Government to highlight the need for a revised OMPF formula that recognizes Greater Sudbury's unique geographic complexity, low population density, social and economic context and the our residents' tax burden. See attached for a copy of the briefing document used by Mayor Rodriguez during a meeting with Minister Duncan and Minister Bartolucci.

Staff will begin planning for the future budgets immediately, by exercising prudent fiscal management and closely reviewing financial results on a regular basis.

For 2010, it is recommended that staff report to the Finance Committee with budget Variance Reports on a quarterly basis until September 2010, and monthly for the remainder of 2010. In addition, staff will plan more frequent Finance Committee meetings to review actual financial results, and financial information requirements requested by the Council.

Attached is a table outlining the previous Finance Committee requests for information, along with the department's response.

Next Steps for 2010

Date Requested Councillor	Department	Report Requested	Department Response
2007-12-03 Callaghan	Infrastructure	Comprehensive review of guarantees on contracted work.	Early after amalgamation, the City universally adopted a full 2 year maintenance period on all roads and water/wastewater infrastructure projects. On unique or test sections, we will require a 5 year maintenance period. Both Design and Operating staff are continually monitoring the performance of all contracted work and are comfortable that the current warranty periods are appropriate. Our quantities and warranty periods are consistent with those of other municipalities across the Province.
2008-12-03 Gasparini	Finance	Possibility of Dividends to CGS from GSU.	The CAO and Finance are in discussions with GSU staff regarding the development of a dividend policy.
2007-02-22 Landry-Altman	Infrastructure / Finance	Explore alternative methods of funding for Maley Drive Extension similar to Hwy. 407.	This option was explored as part of the preliminary design of the Maley Drive Project. It was concluded that the introduction of a "toll" system on the road would discourage heavy truck traffic from using the road and keep them on Lasalle Blvd. and on the Kingsway. A major concern as stated in our business case for this project is to keep the large traffic off of our other City roads. Once senior levels of government funding is secured for the project, a detailed Financial Plan will be developed.
2008-10-28 Barbeau	Growth and Development	Update list of buildings/properties owned by the CGS (Outline buildings /properties which can be unloaded.)	This is a longer term initiative, and a report will be forthcoming in the future.

Next Steps for 2010

Date Requested Councillor	Department	Report Requested	Department Response
2008-12-08 Rivest/Rodriguez	Infrastructure	Feasibility of operating our own asphalt plant and/or possible partnerships.	<p>This option was discussed extensively with the Mayor and subsequently with the current President of Vale Inco with respect to a possible joint partnership in this project.</p> <p>Since that time, the economy has been depressed and a third asphalt plant has opened in the City. Our prices for asphalt have stabilized and escalated inflation has ceased. We do not believe that there is a need to pursue this option further at this time.</p>
2007-03-05 Callaghan	Infrastructure	Report on projects to be undertaken according to Pavement Management Study (equal amounts of worth done).	<p>Our computerized Pavement Management System (PMS) identifies and prioritizes road conditions based on an electronic evaluation/condition survey of all roads. Once the evaluation is completed, the PMS determines where to spend our Capital and Maintenance budget to maximize the benefit and longevity of the road system. This priority list is then meshed with Council's approved expenditure levels and percentages per road type to determine the annual list of road projects. Councillors provide input into the development of the list on an annual basis.</p> <p>We believe that the current system is working well and that we have addressed the questions raised by Councillor Callaghan.</p>

Next Steps for 2010

Date Requested Councillor	Department	Report Requested	Department Response
2008-10-28 Dupuis / Rivest	EMS / Fire	Capital investment in old existing facilities, long term plan in terms of replacement with new buildings (fire stations may be at capacity due to ambulances. Examine new fire stations, but also look at new ambulance stations).	Staff are reviewing options and will report to Council in the future. Staff are reviewing long term capital plans and a review of this area will be included.
2008-11-17 Rodriguez	Transit	Report on using garage on Desmarais Road for transit buses.	A report is forth coming.
2008-11-27 Gasparini	Infrastructure	Analysis of a global budget for Public Works.	The public works budget was reviewed by the Committee during budget deliberations. Further reports can be developed when requested by the Finance Committee.
2009-10-13 Dupuis	CAO	Report on overtime hours and how they can be reduced.	A report is forthcoming.
2009-10-13 Caldarelli	CAO	Review of long term staffing.	A report is forthcoming.

Next Steps for 2010

Date Requested Councillor	Department	Report Requested	Department Response
2009-10-13 Dupuis	Administrative Services / Finance	Report on corporate cost for newspaper and magazine subscriptions and advertisements.	A report is forthcoming by the next Finance Committee meeting.
2009-10-19 Landry-Altmann	Finance	Historical analysis of energy costs.	A report is forthcoming by the next Finance Committee meeting.
2009-10-26 Berthiaume	Finance	Analysis by Division – report on actual full time employees, part-time hours and overtime hours – actual versus budget for 2008 and 2009.	A report is forthcoming by the next Finance Committee meeting.
2009-10-26 Barbeau	Finance	Report regarding what is involved in expanding the budget documents to include figures on current year and two previous years.	Finance and IT are developing a replacement to the existing budget system. Staff will review this request, and where possible include historical actual information on budget report, to assist Council in its deliberations.
2009-11-04 Caldarelli	Finance	Feasibility of preparing quarterly variance report on capital budget.	A report will be forthcoming by the 2 nd quarter of 2010.

Next Steps for 2010

Date Requested Councillor	Department	Report Requested	Department Response
2009-11-05 Dupuis	Transit/Finance	Financial Plan for replacing Transit Garage.	This project will be included in the City's 10 year capital plan, and reviewed by the Transit Committee for further direction.
2009-11-16 Gasparini / Dupuis / Rodriguez	CAO	Advantages of converting water/ wastewater service to GSU (at later date following 2010 budget process).	Staff are in the process of reviewing previous consultant's reports on this matter.
2009-11-16 Gasparini	Water/Wastewater / Finance	Investigate costs to large industrial water users.	The City is required by the MOE to prepare a Financial Plan by July 1, 2010. Once this work is completed, staff will review cost drivers for residential and business classes.
2009-11-23 Callaghan	Water/Wastewater	Explore synergies for cost saving opportunities with the Health Unit based on experiences with other municipalities.	Nick Benkovich has initiated discussions with the Health Unit on such topics as Blue Green Algae and Fluoride. This progress is on-going. Any synergies of efficiencies and cost savings will be reported to Council.
2009-11-25 Dutrisac	Fire	Report on compliance of fire hydrants with the Ontario Fire Code and how we can assist residents in obtaining fire hydrants.	This is a longer term initiative.

The Ontario Municipal Partnership Fund:

The Challenges for Greater Sudbury
The Need for a New Formula
Building a Strong Partnership

AMO Advocates Preserving OMPF Mitigation

November 26, 2009 D9

The Association of Municipalities of Ontario will continue to advocate strongly with the Province to preserve OMPF mitigation funding for 2010

Government of Ontario, Budget 2009

Ontario to Protect Key Public Services

Recognizing the economic challenges facing Ontario, the government chose to reaffirm its commitment to provide and protect key public services.

City of Greater Sudbury, December 2009

Formula Puts Community At Risk

The City of Greater Sudbury is at risk of losing between \$10 million and \$12 million annually by 2012 under the assessment equalization component of the OMPF.

Executive Summary

The assessment equalization component of the OMPF has been raised as a concern by many municipalities but the City of Greater Sudbury has been severely – and uniquely – impacted by the 2008 MPAC reassessment.

The City of Greater Sudbury experienced the highest overall average residential property valuation increase in large Ontario municipalities as a result of the January 1, 2008 reassessment – up 55 per cent over 2005.

As a result, the City of Greater Sudbury is at risk of losing between \$10 million and

not the case for the City of Greater Sudbury, since there will be an equal reduction in the Social Programs grant of the OMPF. The provincial uploading of these services is a revenue neutral exercise for the City of Greater Sudbury.

The City of Greater Sudbury is experiencing an economic downturn. The lingering effects of the recession have been exacerbated by weak demand for nickel, globalization of its major industry, a prolonged strike by 3,100 members of United Steelworkers Local 6500 and a significant rise in unemployment.

The Challenges

The City of Greater Sudbury was formed on January 1, 2001, amalgamating seven towns and cities that comprised the former Regional Municipality of Sudbury (Sudbury, Capreol, Nickel Centre, Onaping Falls, Rayside-Balfour, Valley East and Walden), as well as nine unincorporated townships.

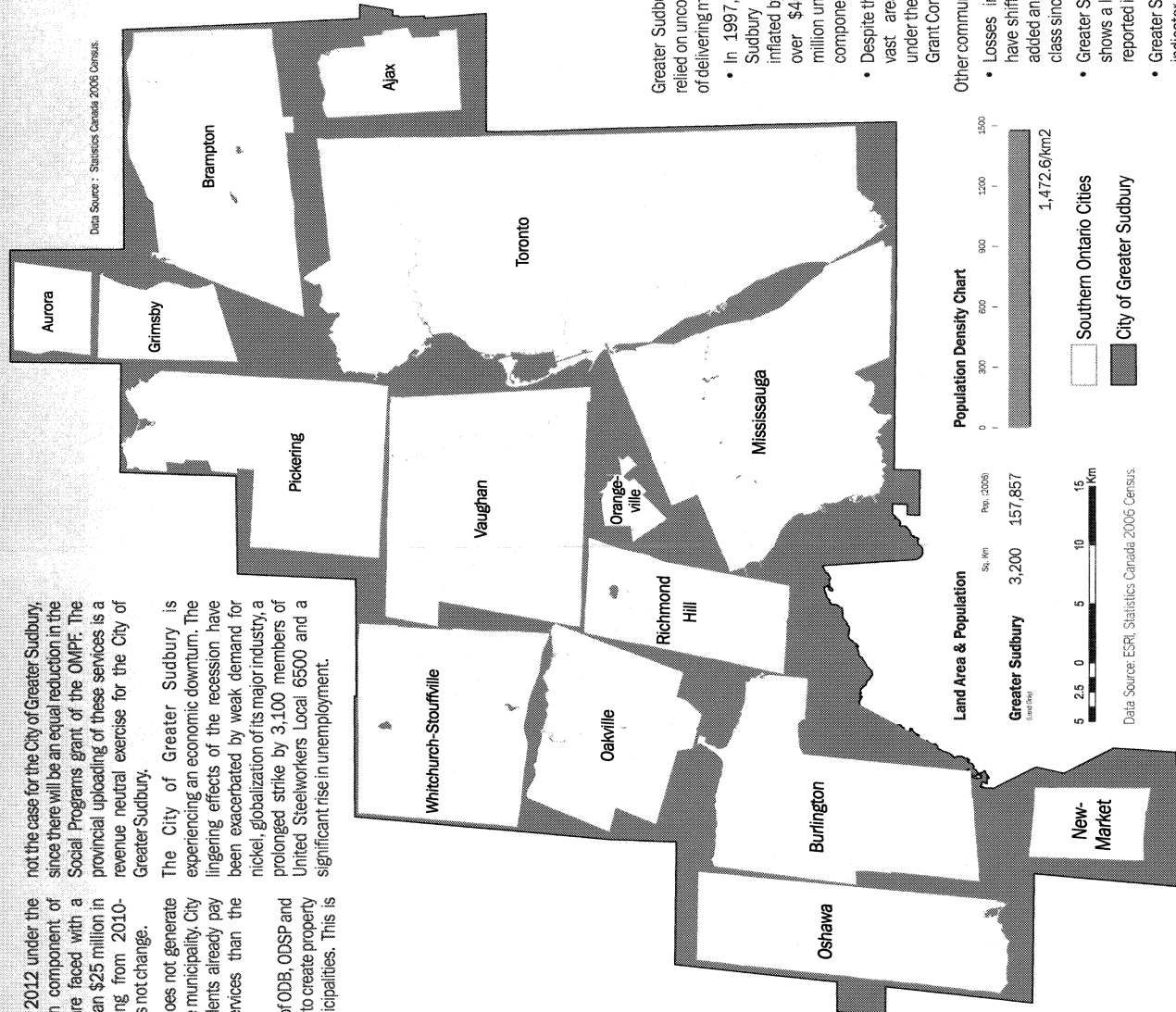
The transition from a two-tier government structure to a single tier municipal government has been a challenging process. Not only has the city had to adapt to a new self-identity, traditional perceptions from outside the Greater Sudbury area must also undergo a gradual transition.

In 2008, the Mayor and Council of Greater Sudbury adopted the recommendations of a report commissioned to lessen the level of angst felt by residents of smaller towns who feared losing their identity to amalgamation. Greater Sudbury is now a "Community of Communities" – embracing both rural and urban areas as an overarching operating philosophy.

While the City of Greater Sudbury is settling into its new identity post-amalgamation, formulas used to calculate provincial support grants have not kept pace with Greater Sudbury's new geographic distinctions.

The City of Greater Sudbury (population: 157,857) covers the widest geographic area of any municipality in Ontario, stretching over 3,620 square kilometers. Due to a historical pattern of development that resulted in several communities spread across this massive geographical area, Greater Sudbury cannot benefit from the economies of scale common to larger urban centres:

- Cost to service parks, solid waste diversion and collection, and water/wastewater treatment and delivery are 10 per cent higher than the average reported in the Ontario Municipal Benchmarking Initiative.
- Combined property taxes and water/wastewater user fees account for 6.7 per cent of average household income in Greater Sudbury compared to a 5.6 per cent average in the 2008 BMA Study, representing 85 per cent of the province's population in 82 municipalities.
- Estimated replacement value of City of Greater Sudbury capital assets is close to \$6 billion. Projected infrastructure deficit is almost \$500 million.



Data Source: Statistics Canada 2006 Census

Greater Sudbury Infrastructure

Road Lanes	3590 km
Water System	919 km
Sanitary System	749 km
Arenas	14
Libraries	13
Lift Stations	75
Fire Stations	25
Licensed Child Care Sites	84
Municipal Buildings	620
Ambulance Stations	11
Citizen Service Centers	7
Parks/Fields/Playgrounds	406
Wastewater Treatment Plants	14
Water Treatment Plants / Wells	18
Pumping Stations	11
Cemeteries	24

Greater Sudbury and other Northern Ontario communities have long relied on unconditional grant payments to offset the high per capita cost of delivering municipal services in low density residential areas:

- In 1997, under the former Municipal Support Grant, Greater Sudbury received \$36.9 million in unconditional grants. When inflated by CPI to 2009, this equates to an unconditional grant of over \$46 million – far more than the estimated \$28 million unconditional portions under the Northern and Assessment components of OMPF.

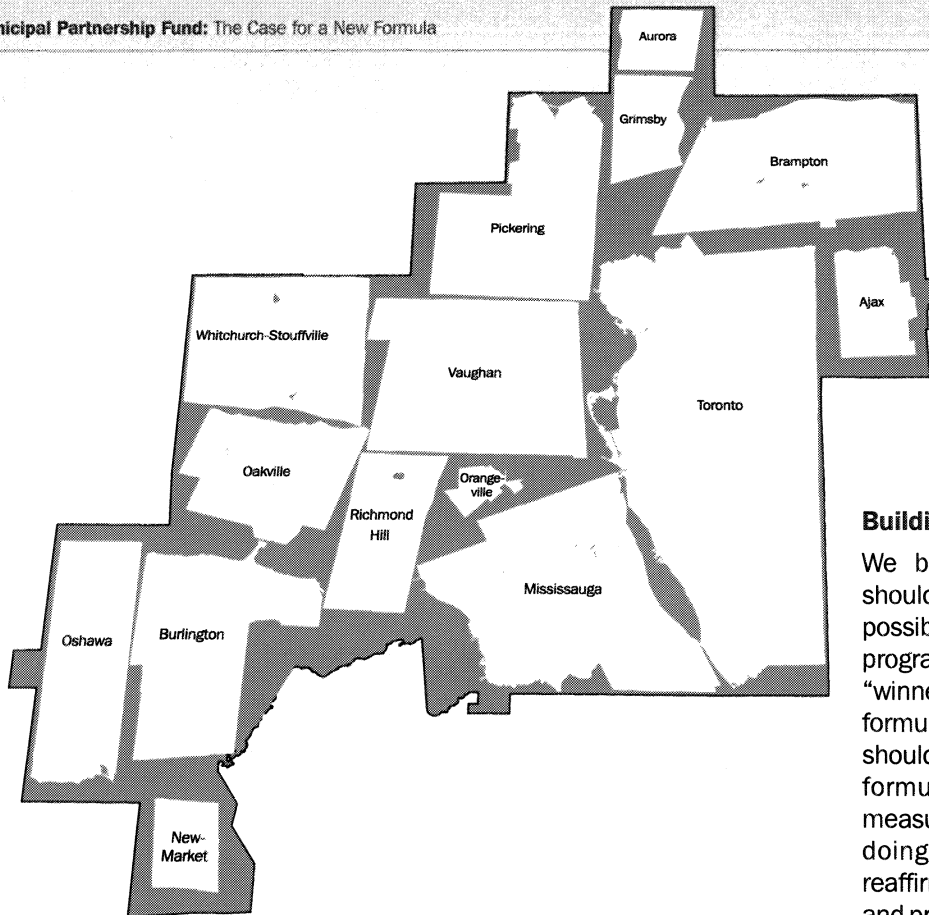
- Despite the challenges of serving small pockets of population over a vast area, the City of Greater Sudbury does not qualify under the current formula used to calculate the Rural Communities Grant Component.

Other community pressures are also evident:

- Losses in Greater Sudbury's mining and industrial tax base have shifted the tax burden to the residential sector. This shift has added an estimated \$6 million in annual taxes to the residential tax class since 2001.
- Greater Sudbury's average household income of \$63,700 in 2008 shows a low ranking compared to the \$81,240 provincial average reported in the most recent BMA Study.
- Greater Sudbury ranked in the 8th decile in the overall fiscal health indicator reported in the Provincial Municipal Fiscal and Service Delivery Review.
- Greater Sudbury's unemployment rate has risen from 5.7 per cent as of November 2008 to 9.4 per cent in 2009 – a net loss of 3,000 jobs.
- The average case load for Ontario Works has increased 8.6 per cent from 2008.

Greater Sudbury

Data Source: ESRI, Statistics Canada 2006 Census



The Ontario Municipal Partnership Fund

The Ontario Municipal Partnership Fund (OMPF) is one way that the Province has been able to provide and protect key public services. While the provincial government is to be commended for their foresight in bringing forward a grant program that recognizes the challenges faced by municipalities, the formula used to calculate the Assessment Equalization portion of the OMPF places our city at an enormous disadvantage.

Greater Sudbury experienced a boom in property values in tandem with a boom in the international nickel mining industry in 2007 and 2008. Since the global economic upset earlier this year, our community has been faced with economic uncertainty.

Assessment values are not a principal indicator of financial health. There are many other measures of economic stability, all of which must be taken into account to ensure that grants are fair, balanced, and consistent across the province. It is unfair to presume that our city's ratepayers have a greater ability to pay increased property taxes as a result of external market forces.

The Need for a New Formula

All the above highlights the need for the existing OMPF formula to be revised, and a new formula to be considered. Although no formula can capture every aspect of municipal service and every challenge faced by municipalities, it can capture some that are currently lacking.

Greater Sudbury's geographic complexity, our low population density, our below provincial average household income, our social and economic context, our residents' tax burden – combined with an ageing infrastructure that is part of every city's heritage – creates significant financial hardship for our municipality and our residents.

Building a Strong Partnership

We believe that the OMPF formula should be reviewed to be as inclusive as possible. We believe that a grant program should not create a culture of "winners" and "losers" using the same formula. We believe that the Province should commit to a review of the OMPF formula to ensure an equitable measure of fiscal health is applied. In doing so, the Province will be reaffirming "its commitment to provide and protect key public services."

Greater Sudbury's community leaders are recommending that the provincial government maintain its one-time mitigation funding in 2010 and that a phasing-in strategy to introduce significant changes to the OMPF formula be introduced in 2011. This would ensure that municipalities have the capacity to absorb significant reductions in funding.

Should mitigation funding not be available for the budget year 2010, Greater Sudbury faces a shortfall that, according to our calculations, could exceed \$6 million. This will force the municipality to raise property taxes by 3 per cent – on top of the 2.5 per cent already tentatively approved by Council -- at a time when many residents can least afford it. The only alternative is to reduce infrastructure investments which have already been cut by \$5 million in 2010 budget deliberations and/or service level reductions.

Should a phasing-in strategy be built into the OMPF program, a municipality's capacity to adapt to changes in revenue levels would be increased, leading to better community fiscal health – and an even stronger provincial/municipal partnership.