

Request for Decision City Council




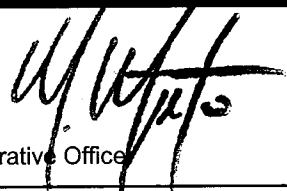
| Type of Decision | | | | | | | | | |
|--------------------|-------------------|-----|-------------------------------------|----|-----------------|-------------------------------------|------|--|--------|
| Meeting Date | February 28, 2007 | | | | Report Date | February 21, 2007 | | | |
| Decision Requested | | Yes | <input checked="" type="checkbox"/> | No | Priority | <input checked="" type="checkbox"/> | High | | Low |
| | Direction Only | | | | Type of Meeting | <input checked="" type="checkbox"/> | Open | | Closed |

| Report Title |
|---------------------------------|
| 2007 Rates - Capital Lot Levies |

| Policy Implication + Budget Impact | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified. |
| | |
| <input checked="" type="checkbox"/> | Background Attached |

| Recommendation |
|--------------------------|
| FOR INFORMATION ONLY |
| Recommendation Continued |

| Recommended by the General Manager |
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|  L. Hayes Chief Financial Officer / Treasurer |

| Recommended by the C.A.O. |
|--|
|  M. Mieto Chief Administrative Officer |

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Date: February 21, 2007

Report Prepared ByC. Mahaffy
Deputy Treasurer**Division Review****EXECUTIVE SUMMARY**

This report updates the charges for Capital Lot Levies for 2006, in accordance with policy. Lot levies are applicable only on lots created by consent or plans of subdivision/condominium approved under By-laws 79-111 and 89-111. No new lots or plans are affected. There are still some agreements in place where lot levies would apply. The policy is to increase the lot levy amounts annually in direct proportion to the Canadata Construction Index, Ontario Series, as at November 15th over the previous year. Lot levy proceeds go to reserve, and can be used only for water and wastewater capital projects, with council authorization.

BACKGROUND

Some by-laws of the former Regional Municipality of Sudbury remain in effect under the new City of Greater Sudbury, including By-laws 79-111 and 89-111 relating to the collection of capital lot levies.

Lot levies are increased annually by inflation, and are applicable only on lots created by consent or plans of subdivision/condominium approved under By-laws 79-111 or 89-111. No new lots or plans would be affected by these by-laws, including any falling within the annexed areas.

Although, effective November, 1991, Capital Lot Levies were replaced by Development Charges, there are still agreements in effect where Capital Lot Levies apply.

By-law 89-111 applies to residential lots created by consent from the Committee of Adjustment and Plans of Subdivision and Plans of Condominium approved under the Planning Act. In some instances, the terms and conditions under these Consents and Plans are still outstanding, and By-law 89-111 would still apply.

Under this By-law, the capital levy rates are to be adjusted annually to reflect changes in the Composite Component of the Canadata Construction Index, Ontario Series, as at November 15th of each year, using November 15th of the previous year as the base level. The increase for 2006 over 2005 is 3.3 percent.

The following are therefore the 2007 Capital Levies:

| | 2006 | 2007 |
|--------------------------------|---------|---------|
| Upgrading of the Sewage System | \$1,500 | \$1,550 |
| Upgrading of the Water System | \$2,245 | \$2,320 |



Date: February 21, 2007

By-law 79-111 applies to Plans of Subdivision approved under the Planning Act and preceded By-law 89-111. There are still a few such Plans in effect. Once all the conditions of the subdivision agreements are met, these levies would be discontinued.

The capital levy rates for subdivision agreements entered into prior to the passage of By-law 89-111 are to be adjusted annually in direct relation to the Composite Component of the Canadata Construction Index, Ontario Series, as at November 15th of each year, over the previous year. The increase for 2006 over 2005 is 3.3 percent and the rates for 2007 are therefore:

| | 2006 | 2007 |
|--------------------------------|---------|---------|
| Upgrading of the Sewage System | \$1,500 | \$1,500 |
| Upgrading of the Water System | \$ 760 | \$ 790 |



Request for Decision City Council




| Type of Decision | | | | | | | | | |
|--------------------|-------------------|-----|-------------------------------------|----|-----------------|-------------------------------------|------|--|--------|
| Meeting Date | February 28, 2007 | | | | Report Date | February 21, 2007 | | | |
| Decision Requested | | Yes | <input checked="" type="checkbox"/> | No | Priority | <input checked="" type="checkbox"/> | High | | Low |
| | Direction Only | | | | Type of Meeting | <input checked="" type="checkbox"/> | Open | | Closed |

| Report Title |
|--|
| <p align="center">By-laws 87-340 and 87-341 Requiring Owners to Connect to Water and Wastewater Works 2007 Exemption Amount</p> |

| Policy Implication + Budget Impact | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified. |
| | |
| <input checked="" type="checkbox"/> | Background Attached |

| Recommendation |
|--------------------------|
| FOR INFORMATION ONLY |
| Recommendation Continued |

| Recommended by the General Manager |
|--|
|  L. Hayes Chief Financial Officer / Treasurer |

| Recommended by the C.A.O. |
|---|
|  M. Mieto Chief Administrative Officer |

Requiring Owners to Connect to Water and Wastewater Works - 2007 Exemption Amount

Date: February 21, 2007

Report Prepared By

C. Mahaffy
Deputy Treasurer

Division Review

EXECUTIVE SUMMARY

This report updates the expenditure level that would qualify for an exemption from mandatory connections to water and wastewater systems in accordance with policy. Owners are exempt from mandatory connections to water/wastewater services, if together with other conditions, the costs to establish the private portion of each connection exceeds a specified limit. The limit is increased annually in direct proportion to increases in the composite component of the Canada Construction Index for Ontario, using November 15th of each year over the previous year. The 2007 limit is \$9,030 which is a 3.3% increase over (2006 over 2005).

BACKGROUND

Some by-laws of the former Regional Municipality of Sudbury remain in effect under the new City of Greater Sudbury, including By-laws 87-340 and 87-341 requiring owners to connect to sewer and water works.

These by-laws make provision for exemptions from mandatory connections to sewer and water services based on a number of conditions. One of the conditions is cost of connections, which is increased annually.

These by-laws will not affect any properties in the annexed areas, as no sewer or water services are available.

Owners are exempt from mandatory connections to water/wastewater services, if together with other conditions, the costs to establish the private portion of **each** connection exceeds a specified limit. The limit is increased annually in direct proportion to increases in the Composite Component of the Canada Construction Index, Ontario series, using November 15th of each year, over the previous year.

The increase for 2006 over 2005 is 3.3 percent.

Therefore, for 2007, exemptions from mandatory connections are available if, together with other conditions, the costs to establish the private portion of each connection exceeds \$9,030.



Request for Decision City Council



| Type of Decision | | | | | | | | | |
|--------------------|-------------------|-----|---|----|-----------------|-------------------|------|---|--------|
| Meeting Date | February 28, 2007 | | | | Report Date | February 21, 2007 | | | |
| Decision Requested | | Yes | X | No | Priority | | High | X | Low |
| | Direction Only | | | | Type of Meeting | X | Open | | Closed |

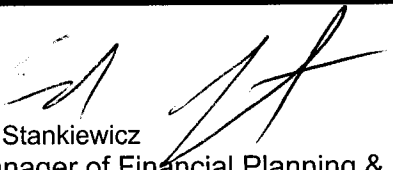
| Report Title |
|-----------------------------|
| 2007 Annual Repayment Limit |

| Budget Impact / Policy Implication | | Recommendation | |
|------------------------------------|---|--------------------------|--|
| x | This report has been reviewed by the Finance Division and the funding source has been identified. | FOR INFORMATION ONLY | |
| | | | |
| x | Background Attached | Recommendation Continued | |

| Recommended by the Department |
|--|
| Lorella Hayes Chief Financial Officer / Treasurer |

| Recommended by the C.A.O. |
|--|
| Mark Mieto Chief Administrative Officer |

Date: February 21, 2007

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

BACKGROUND

Each year, the Province calculates an Annual Repayment Limit (ARL) for every municipality in the Province. The 2007 Annual Repayment Limit for the City of Greater Sudbury has just been received and is attached to this report. It is based on information extracted from the 2005 Financial Information Return (FIR). The 2006 FIR, which will be filed in May, will form the basis for the calculation of the 2008 annual repayment limit.

Under Provincial guidelines, no municipality should spend more than 25% of its net revenues on debt repayment. Based on this percentage, the ARL indicates the maximum debt repayment a municipality could support. Under the Provincial formula, the City of Greater Sudbury has the capacity to increase debt repayments by \$60.8 million.

Under the Municipal Act, before recommending to Council any further debt or capital leases, the Treasurer must update the Annual Repayment Limit and certify that any proposed commitment is within the recalculated limit. No further debt has been issued.

For illustrative purposes, the Province indicates that, based upon the stated \$60.8 million annual repayment limit and a 7% interest rate over an amortization period of 20 years, the City could undertake a further \$644 million in long-term borrowing. A more conservative illustration would be to use the repayment limit at a more realistic 5.25% interest rate over an amortization period of 15 years - the normal time-frame for roads borrowing. Under these assumptions, the City would be able to borrow up to \$620 million. Of course, if this were done, the operating budget would have to increase by the \$61 million necessary for the debt repayments.

At 2006 year-end, the total long-term debt of the City of Greater Sudbury was \$26.9 million with annual debt repayments totalling \$4.5 million. The City of Greater Sudbury's debt as a percentage of total expenditures was 1% at December 31, 2005, well below the northern municipal average of 2.6% and the BMA survey average of 3.7%. Also, the City of Greater Sudbury's debt to reserve ratio at December 31, 2005 was 0.6, which is below the northern municipal average of 1.0 and the BMA survey average of 0.8.

Ministry of Municipal Affairs and Housing
777 Bay Street,
Toronto, Ontario.
MSG 2E5

Ministère des affaires municipales et du logement
777 rue Bay
Toronto (Ontario)
MSG 2E5

ANNUAL REPAYMENT LIMIT

(UNDER ONTARIO REGULATION 403/02)

| | |
|-------------------------|--------------------------|
| MMA CODE: | 23103 |
| MUNID: | 53005 |
| MUNICIPALITY: | Greater Sudbury C |
| UPPER TIER: | n.a. |
| REPAYMENT LIMIT: | C \$60,788,049 |

The repayment limit has been calculated based on data contained in the 2005 Financial Information Return, as submitted to the Ministry. This limit represents the maximum amount which the municipality had available as of December 31, 2005 to commit to payments relating to debt and financial obligations. Prior to the authorization by Council of a long term debt or financial obligation, this limit must be adjusted by the Treasurer in the prescribed manner. The limit is effective January 01, 2007.

FOR ILLUSTRATION PURPOSES ONLY,

the additional long-term borrowing which a municipality could undertake over a 5 - year, a 10 - year, a 15 - year and a 20 - year period is shown.

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT

MUNICIPALITY: Greater Sudbury C

MMAH CODE: 23103

| | | | |
|-----|--|---------------------------------|------------------|
| 1.0 | GROSS DEBT CHARGES | | |
| 1.1 | Principal | SLC 74 3099 01 | 2,738,527 |
| 1.2 | Interest | SLC 74 3099 02 | 1,758,588 |
| 1.3 | SUBTOTAL | Add Lines 1.1, 1.2 | 4,497,115 |
| 2.0 | DEBT CHARGES ON O.C.W.A. PROVINCIAL PROJECT | | |
| 2.1 | Water Projects -- this municipality only | SLC 74 2810 03 | 0 |
| 2.2 | Water Projects -- share of integrated project(s) | SLC 74 2820 03 | 0 |
| 2.3 | Sewer Projects -- this municipality only | SLC 74 2830 03 | 0 |
| 2.4 | Sewer Projects -- share of integrated project(s) | SLC 74 2840 03 | 0 |
| 2.5 | SUBTOTAL | Add Lines 2.1 thru 2.4 | 0 |
| 3.0 | PAYMENT IN RESPECT OF LONG TERM COMMITMENTS AND LIABILITIES | SLC 42 6010 01 | 0 |
| 4.0 | SUBTOTAL - DEBT CHARGES | Add Lines 1.3,2.5,3.0 | 4,497,115 |
| 5.0 | AMOUNTS RECOVERED FROM UNCONSOLIDATED ENTITIES | | |
| 5.1 | Electricity (Principal) | SLC 74 3030 01 | 0 |
| 5.2 | Electricity (Interest) | SLC 74 3030 02 | 0 |
| 5.3 | Gas and Telephone (Principal) | SLC 74 3040 01 + SLC 74 3050 01 | 0 |
| 5.4 | Gas and Telephone (Interest) | SLC 74 3040 02 + SLC 74 3050 02 | 0 |
| 5.5 | SUBTOTAL | Add Lines 5.1 thru 5.4 | 0 |
| 6.0 | PAYMENTS TO PROVINCE FOR DOWNTOWN REVITALIZATION PROGRAM LOANS | SLC 42 5410 01 | 0 |
| 7.0 | DEBT CHARGES FOR TILE DRAINAGE AND SHORELINE ASSISTANCE | SLC 40 1850 02 + SLC 40 1850 08 | 0 |
| 8.0 | SUBTOTAL - DEBT CHARGES TO BE EXCLUDED | Add Lines 5.5,6.0,7.0 | 0 |
| 9.0 | NET DEBT CHARGES | | 4,497,115 |

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT

MUNICIPALITY: Greater Sudbury C

MMAH CODE: 23103

| | | | |
|------|---|-----------------------------------|-------------|
| 10.0 | TOTAL REVENUE FUND REVENUES | SLC 10 9910 01 | 456,101,855 |
| 11.0 | FEES FOR REPAYING THE PROVINCE FOR DOWNTOWN REVITALIZATION LOANS | SLC 42 5410 01 | 0 |
| 12.0 | FEES FOR TILE DRAINAGE AND SHORELINE ASSISTANCE | SLC 12 1850 04 | 0 |
| 13.0 | GRANTS FROM GOVERNMENT OF ONTARIO, GOVERNMENT OF CANADA AND OTHER MUNICIPALITIES | | |
| 13.1 | Ontario Grants | SLC 10 0699 01 + SLC 10 0810 01 | 190,933,234 |
| 13.2 | Canada Grants | SLC 10 0820 01 | 3,128,794 |
| 13.3 | Other Municipalities | SLC 10 1099 01 | 899,170 |
| 13.4 | SUBTOTAL | Add Lines 13.1 thru 13.3 | 194,961,198 |
| 14.0 | FEES AND REVENUES FOR JOINT LOCAL BOARDS FOR HOMES FOR THE AGED | | 0 |
| 15.0 | NET REVENUE FUND REVENUES | Lines 10 less Lines 11,12,13.4,14 | 261,140,657 |
| 16.0 | 25% OF NET REVENUE FUND REVENUE | | 65,285,164 |
| 17.0 | ANNUAL REPAYMENT LIMIT 25% of Net Revenue Fund Revenues less Net Debt Charges | | 60,788,049 |

SLC denotes Schedule, Line, Column

FOR ILLUSTRATION PURPOSES ONLY

If the municipality could borrow at 7.0% or 9.0% annually, the annual repayment limit shown in 17 above would allow it to undertake additional long-term borrowing as follows:

| <u>7.0% Interest Rate:</u> | |
|----------------------------|-------------|
| (a) 20 years @ 7.0% p.a. | 643,989,460 |
| (b) 15 years @ 7.0% p.a. | 553,652,325 |
| (c) 10 years @ 7.0% p.a. | 426,949,821 |
| (d) 05 years @ 7.0% p.a. | 249,243,004 |
| <u>9.0% Interest Rate:</u> | |
| (a) 20 years @ 9.0% p.a. | 554,906,484 |
| (b) 15 years @ 9.0% p.a. | 489,993,525 |
| (c) 10 years @ 9.0% p.a. | 390,116,892 |
| (d) 05 years @ 9.0% p.a. | 236,444,313 |