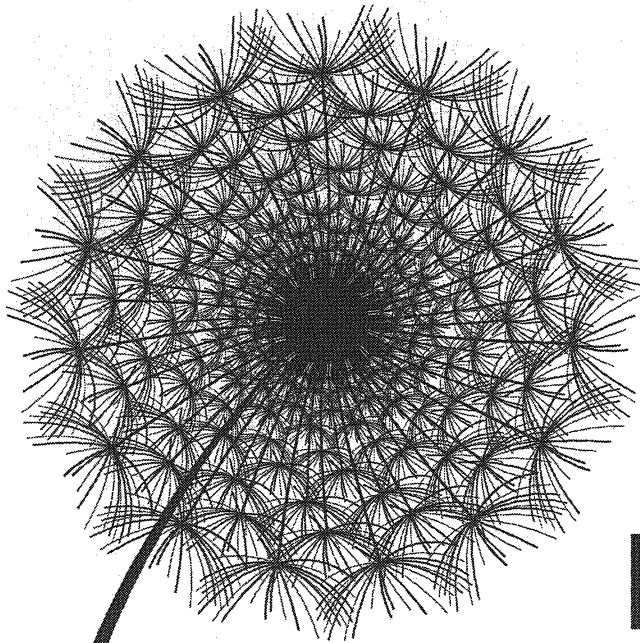
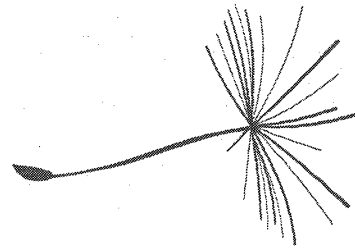
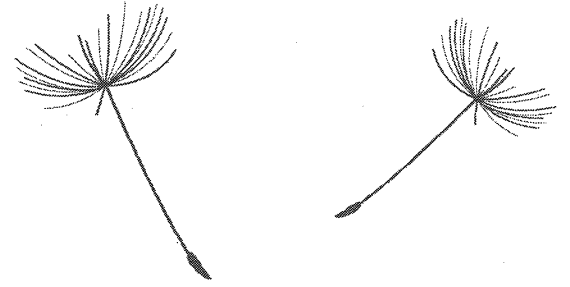


Over the next few years, the City will face a number of challenges that will require us to rethink some of the ways we work. As an organization, this is a call to action to ensure that we continue to deliver the excellent services we provide. It is an opportunity for us to rethink, refocus and rebalance what we do, why we do it, and how we do it.



Rethink Refocus Rebalance

Toward Fiscal Sustainability



Fiscal Sustainability

- Generate reliable and predictable revenues sufficient to meet current and future expenses
- Build and replace capital assets to support City's infrastructure requirements
- Provide expected level of municipal services efficiently and effectively
- Achieve stability in property taxes increases and intergenerational equity
- Ensure sound financial management and health

The Challenges

- Need for additional capital funding;
- Ontario Municipal Partnership Fund Grant at risk;
- Desire to maintain low property taxes;
- Program expansion and growth-related expenditures;
- Council priority projects;

Strategic Documents

- Healthy Community Strategy
- Official Plan
- Digging Deeper: Economic Strategic Plan
- Long-Term Financial Plan

There is no doubt the challenges are significant, but fiscal sustainability is achievable by looking to the City's Long-Term Financial Plan (LTFP), which was approved by Council in 2002 and is a foundational document of the City of Greater Sudbury.

The LTFP is designed to be flexible and adaptable; it fits within the framework of established strategic plans, and it works to promote a healthy and sustainable service delivery model for our community.

Much of the groundwork has already been completed to determine a way forward for our corporation. The LTFP identifies nine key principles that promote a strategic review of corporate practices. Progress has already been made in many areas but there is more to be done to realign budget expectations, refocus activities and streamline operational priorities and procedures.

The next step is to integrate identified priorities and action items within a corporate-wide business strategy that will target the following areas:

- cost efficiencies and service delivery
- revenue streams,
- capital assets,
- social equity objectives,
- government partnerships,
- debt financing,
- reserves and quantification of long-term liabilities.

Your municipality is prepared to manage fiscal challenges. Action items have been identified for short, medium and long-term implementation and delivery. A regular business cycle will invite ongoing review, management and creative solutions. (figure 1) Regular updates to Council and citizens have been built into the cycle to ensure transparency and accountability.

While the following action items are directed to corporate practices, long-term sustainability of our City as a whole rests with each of us. Collectively, we must adopt a new perspective that requires us to rethink, refocus and rebalance our fiscal outlook.

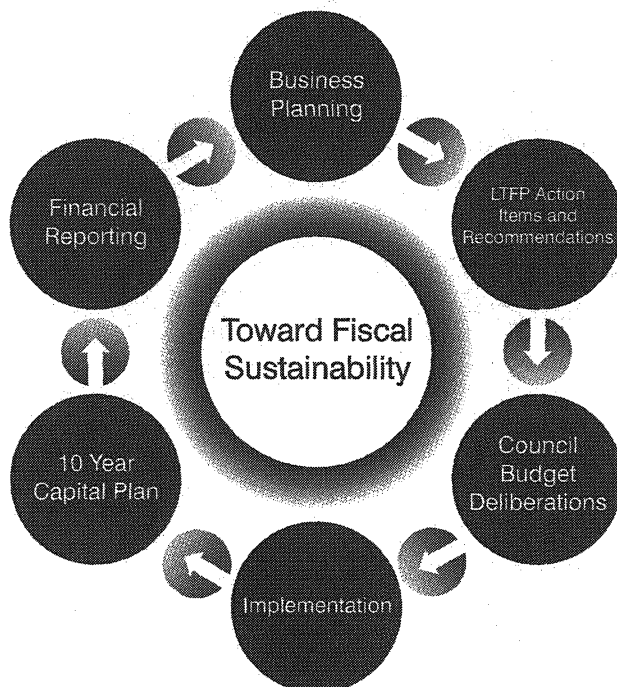


Figure 1

Key Principles and Action Items

1. Ensure long-term financial sustainability

- Regular review of the City's finances
- Prepare regular budget variance reports
- Update Long-Term Financial Plan and multi-year forecasts
- Implement Dividend Policy with Greater Sudbury Utilities Inc.
- Update financial policies and processes, including:
 - operating budget policy
 - capital budget policy
 - procure to pay process reviews

2. Deliver services in a cost-effective and efficient manner

- Review shared or common services to find synergies
- Review benchmarking indicators to identify areas where improvements can be made
- Identify efficiencies in cost and service delivery in each department and develop proposals
- Review operating contracts to identify savings
- Ensure city is maximizing value of human resources
- Implement Green IT strategy
- Investigate options for energy management
- Revisit corporate program support costs, including fleet rental rates
- Review results of Auditor General reports and implement recommendations

3. Ensure operating revenues are sustainable and consider community-wide and individual benefits

- Identify opportunities to increase revenue streams
- Explore service provision to other municipalities to increase revenues
- Enhance tax collection efforts for failed tax sales

4. Meet social equity objectives through specific programs

- Identify grants to community groups across the organization and standardize process for approval, streamlining and monitoring
- Identify activities that can and should be aligned with existing corporate strategies such as the healthy community strategy to promote social and environmental well-being
- Integrate the Healthy Communities Strategy in financial decision making processes

5. Manage the City's capital assets to maximize long-term community benefit

- Implement recommendations from the Green Space Advisory Panel and dispose of surplus parkland
- Identify and dispose of underutilized land
- Review fleet to identify and implement efficiencies
- Identify and dispose of surplus equipment and assets
- Identify municipal facilities for potential consolidation or disposal
- Update Long-Term Capital Financing Plan and recommend options to achieve sustainability

6. Recognize that funding from senior governments is a crucial element of financial sustainability

- Develop business case to support maintaining or increasing the Ontario Municipal Partnership Fund grant
- Allocate the Federal Gas Tax grant to eligible funding envelopes (2011 – 2014)
- Continue to lobby provincial and federal partners for grants

7. Use debt financing where appropriate

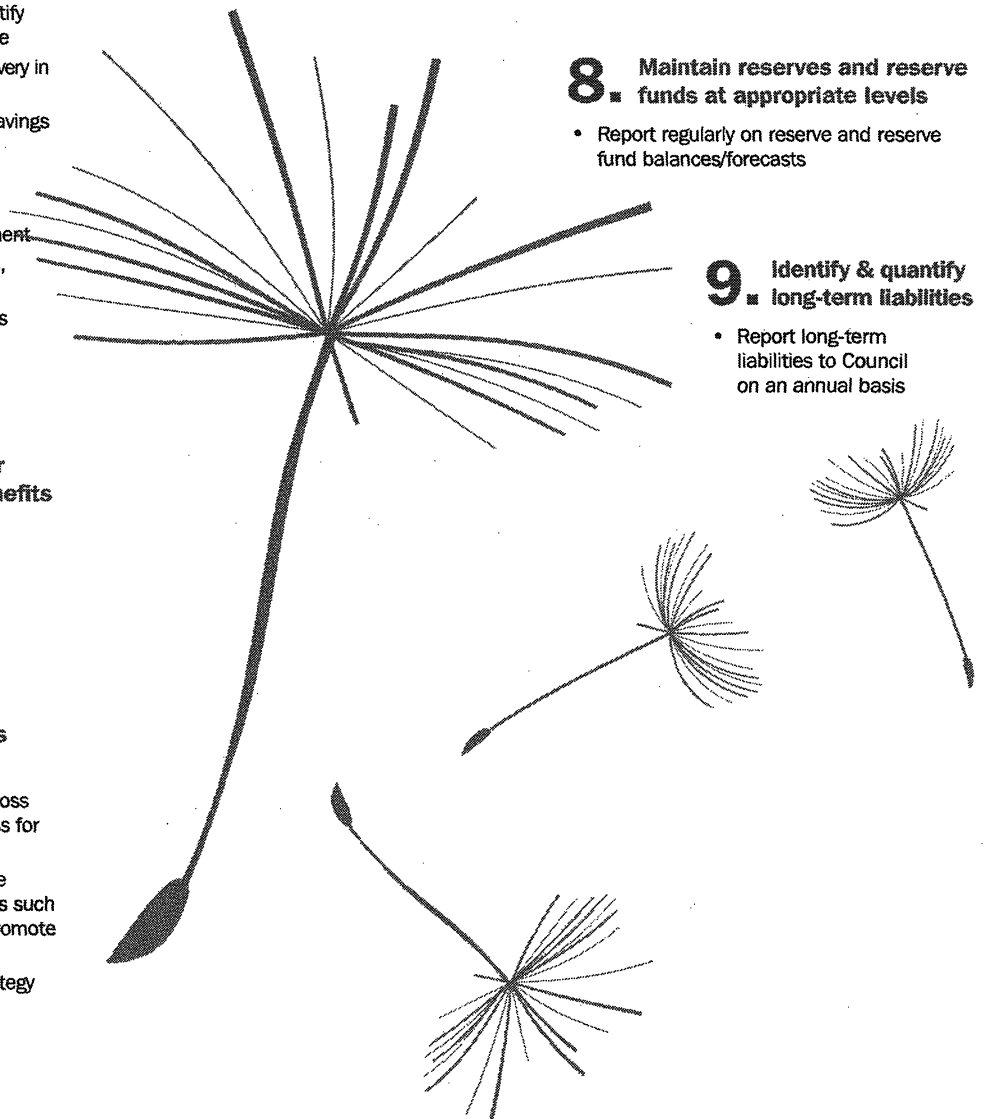
- Investigate use of debt financing in financial plans for specific projects

8. Maintain reserves and reserve funds at appropriate levels

- Report regularly on reserve and reserve fund balances/forecasts

9. Identify & quantify long-term liabilities

- Report long-term liabilities to Council on an annual basis



FISCAL SUSTAINABILITY:

Efficiencies, Cost reductions or Cost avoidances for 2013	Included in 2013 Budget
Snowplowing of municipal facilities by parks staff	\$ 42,370
Eliminate seniors information line grant	\$ 50,000
Savings absorbed by not applying general inflation to all material, equipment and contracts per forecast	\$ 1,300,000
Pioneer Manor reduction in materials and contracts as a result of tendering process	\$ 175,000
Reductions in 2013 energy budget as a result of hydro efficiencies	\$ 130,000
Reductions in 2013 winter maintenance budget for snow based on 5 year average	\$ 167,850
Reduction in contract price for Employee Assistance Program as a result of tendering process	\$ 20,000
IT and Water/Wastewater sharing on call technical support eliminating contracted service for Water	\$ 27,000
Move POA to 199 Larch Street - lease and energy cost savings	\$ 11,000
Reduction of marketing costs for MySudbury	\$ 42,500
Decrease in Earthcare purchased contracts	\$ 10,000
Reduction in Parking Revenue from transfer of ticketing responsibilities to Compliance and Enforcement	\$ (35,000)
Decrease in Tax Levy Cost for Land Reclamation (efficient utilization of reserve balance)	\$ 50,000
Reduction in City wide fuel costs based on consumption and new diesel fuel	\$ 50,000
Reduction in vehicle lease costs - throughout City depts	\$ 11,000
Subtotal Cost Reductions	\$ 2,051,720
Increases to Revenue	
Implement Burial Permit Fees	\$ 43,200
Increase in Airport recoveries for Legal, IT, HR and Accounting	\$ 85,000
Increase in Development Services Fees	\$ 30,000
Increase recoveries from Building Services	\$ 57,000
Subtotal Revenue increases	\$ 215,200
Attrition Savings (Full and Part time)	
Children Services	\$ 95,000
Leisure Services	\$ 92,500
Human Resources	\$ 91,500
Citizen Services	\$ 10,000
Parking (reduce part time hours for ticketing)	\$ 35,000
Admin Services(eliminate mail delivery position and vehicle, transfer position to IT and reduce costs)	\$ 70,000
Roads	\$ 137,000
Total Attrition Reductions in Salaries and Benefits	\$ 531,000

Total 2013 Fiscal Sustainability Reductions **\$ 2,797,920**

Consists of:

Tax Levy Savings:	\$ 2,770,920
Water User Fees Savings	\$ 27,000
	\$ <u>2,797,920</u>