

2014 Budget at a Glance

Strategic Goals and Strategies

The City of Greater Sudbury provides municipal services to approximately **160,000 citizens** within its vast geographic boundaries.

Greater Sudbury City Council has established **strategic goals** in order to create positive outcomes for citizens and the community as a whole. The **key priorities**, as outlined in the City of **Greater Sudbury Strategic Plan 2012-2014**, are **Infrastructure, Growth and Jobs, Image, Tourism and Healthy Community**. Each priority is supported by projects and actions.

These priorities help the City of Greater Sudbury in managing an annual **operating budget of \$502 million**.

The annual budget process is guided by City Council. Each department is responsible for overseeing **numerous programs and services that keep the City running every day, and provide a great northern lifestyle to residents**.

The **operating budget** is dedicated to **day-to-day operations**, including programs and services in more than 30 diverse sectors such as policing, public health, recycling, leisure programs and water and wastewater services.

2013 Operating Budget: **\$500 million** ➔ 2014 Operating Budget: **\$502 million**

The **capital budget** is dedicated to **one-time expenditures and projects** such as road construction, recreation facilities, building upgrades and retrofits, equipment renewal and replacements. Of the \$95 million, almost \$38 million is dedicated to road capital investments.

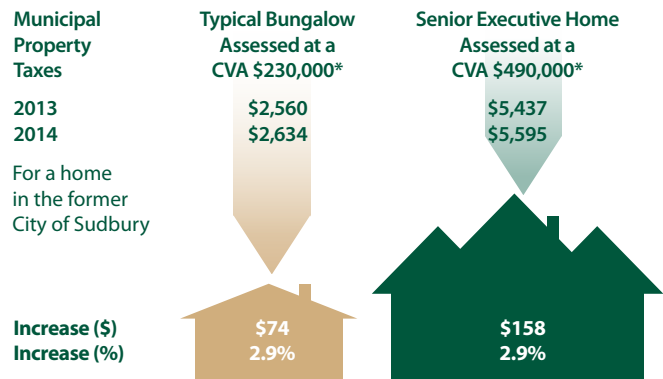
2013 Capital Budget: **\$109 million** ➔ 2014 Capital Budget: **\$95 million**

2014 Operating Budget at a Glance

This operating budget delivers on Council's request to maintain low property taxes. The operating budget, provides a municipal levy of \$230 million representing an increase of 2.9%, net of assessment growth.

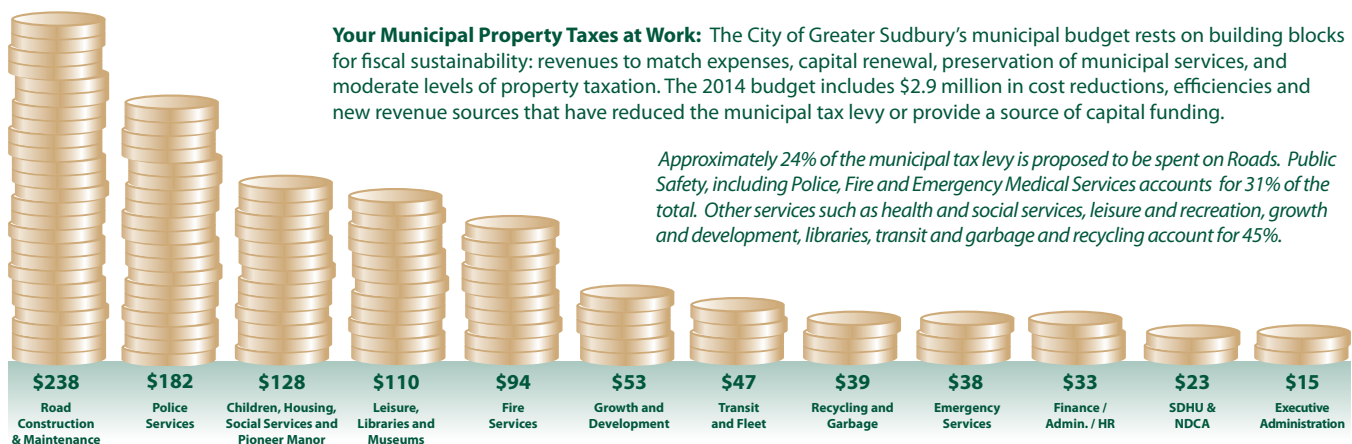
The following is a breakdown of the tax increase.	Levy increase (millions)	Municipal Tax Increase
Provincially Mandated (Incl. decline in OMPP)	\$3.2	1.4%
Maintaining Services	\$2.8	1.3%
Additional Capital Investments	\$0.7	0.3%
Outside Boards (Police, NDCA & SDHU)	\$1.4	0.6%
Total Municipal Levy Increase	\$8.1 M	3.6%
Less Assessment Growth		(0.7%)
Total Municipal Levy Increase	\$8.1 M	2.9%

Impact of 2014 Municipal Tax Increase on Typical Households



* 2014 phased in values of \$208,000 and \$443,000. CVA = Current Value Assessment

Municipal Services per \$1,000 in property taxes



2014 Budget Timeline



Message From the Mayor



In Greater Sudbury, we have built a city that prides itself on sound financial performance, economic prosperity and outstanding municipal services – all supported by a quality of life that is second to none in Canada.

Working together, staff and Council were again able to bring in a reasonable tax increase and maintain an excellent level of services in 2014. I am particularly proud that two city projects – Greater Sudbury’s Brownfield Strategy and Community Improvement Plan, and the Biosolids Management Facility – were recognized nationally in 2013 for their innovative approach to solving local problems.

This is an unprecedented time of opportunity for our city and I am proud of the successes we have delivered and the foundations for the future we have laid.

Marianne Matichuk, Mayor,
City of Greater Sudbury

Message From the CAO/CFO



On behalf of the Greater Sudbury City Council, it is our pleasure to provide you with the 2014 Municipal Budget. The 2014 approved budget is a direct

reflection of our Vision, Mission and Values along with Council’s desire to minimize increases to property taxes.

The City of Greater Sudbury is led by our Strategic Plan (2012-2014), which guides us towards key priorities surrounding Infrastructure, Growth and Jobs, Image, Tourism and Healthy Community. The strategic plan contributes to positive outcomes for citizens and the community as a whole.

These priorities guide the City of Greater Sudbury in developing the 2014 operating budget of \$502 million, which is dedicated to day-to-day operations, including programs and services in more than 30 diverse sectors. The approved operating budget includes a municipal levy of \$230 million representing an increase of 2.9%, net of assessment growth. Included in that amount, the City has also approved a capital budget of \$95 million, dedicated to one-time expenditures and projects such as road construction, recreation facilities, building upgrades, equipment renewal and replacements.

The \$502 million budget includes \$65.6 million for Water and Wastewater services which are supported by user fees. Council has approved a 4.6% increase in water and wastewater user fees to support increased capital investments and the phase in of the costs of the new biosolids management facility.

During the budget process, we faced a number of challenges including a decline in funding from senior levels of government as well as the need to address an aging infrastructure. A strong collaboration between Council and staff was the key to achieving success in balancing community expectations and the desire to ensure fiscal sustainability.

We look forward to another exciting year, as we continue to achieve goals and build on our Strategic Plan. We are committed to planning for the future to ensure our community continues to be a great place to grow, live, work and play.

Doug Nadorozny
Chief Administrative Officer

Chief Financial Officer / Treasurer
Lorella Hayes

Greater Sudbury at a Glance



MUNICIPAL STATISTICS

Population
160,274

Households
74,405

EMPLOYEES

Full time employees
2,011

SERVICE INFORMATION

Building Permit Values (in 1000's)
247,525

Average monthly social assistance case load
3,407

Kilometers of roads
3,613

Annual volume of treated waste water
(megalitres)
27,727

Annual volume of treated drinking water
(megalitres)
19,791

Annual disposal of solid waste (tonnes)
100,753

Annual diversion of solid waste (tonnes)
34,482

Regular service passenger Transit trips
4,444,719

TAXABLE ASSESSMENT (\$ millions)

Residential, multi-residential, and
miscellaneous assessment
\$12,009

Commercial assessment
\$1,633

Industrial and large industrial assessment
\$446

BENCHMARK INFORMATION

% of paved lane km where condition
is rated good to very good
51.0%

of conventional transit passenger
trips per person in service area per year
32.2

of waste water main backups per 100 km
of waste water main per year
6.0

% of waste water estimated to have
bypassed treatment
0.5%

of water main breaks per 100 km
of water distribution pipe per year
8.4

% of residential solid waste
diverted for recycling
40.7%

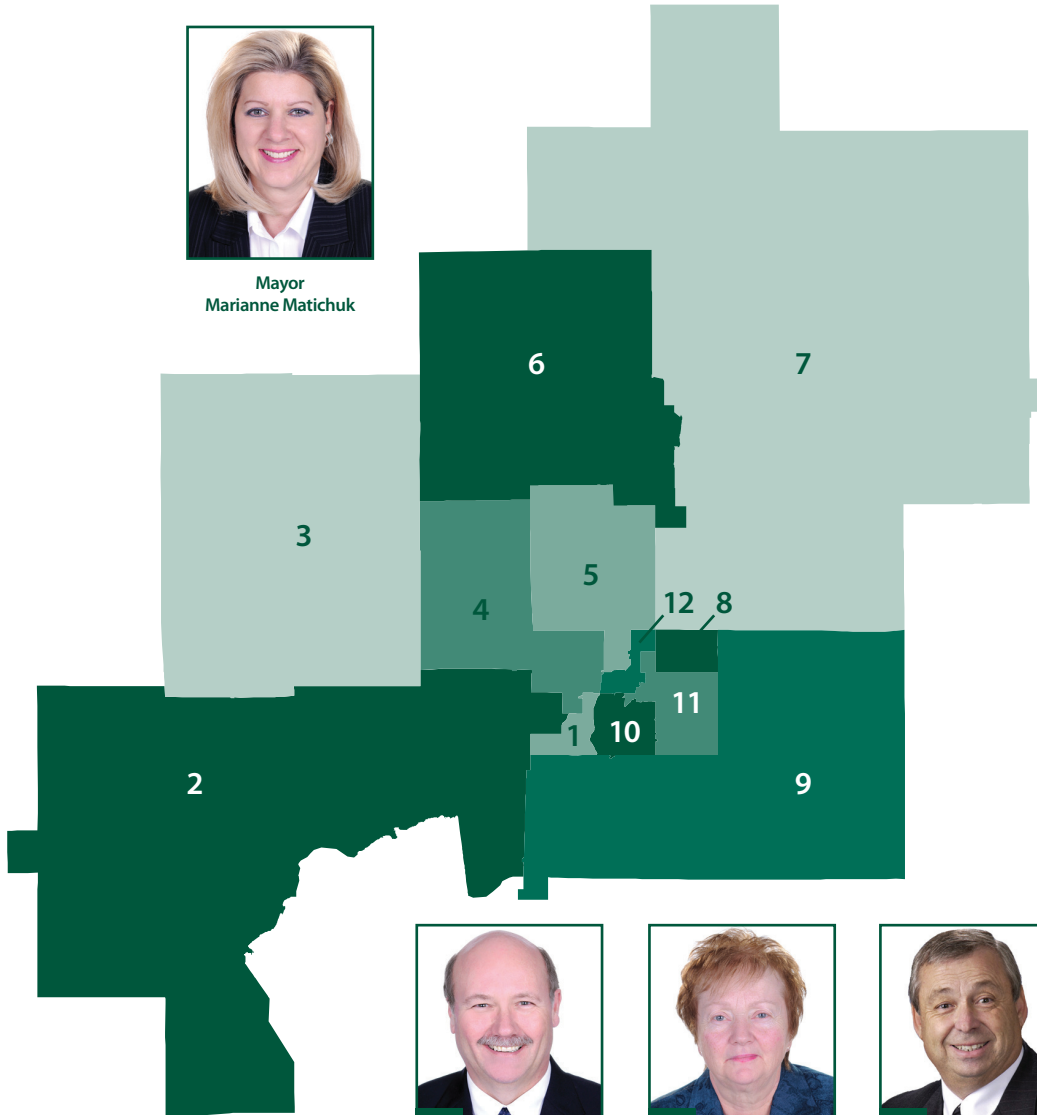
City Council

The Council of the City of Greater Sudbury is composed of a Mayor, who represents the City as a whole and twelve Councillors, each of who represents a specific ward, or geographic area, of the community.

Council is elected for a four year term, with the current term of office being to November 30, 2014. The decisions of Council impact on how municipal services are provided to you our citizens. Council is also the decision making body for the City of Greater Sudbury as an organization.



Mayor
Marianne Matichuk



Joe Cimino
Ward 1



Jacques Barbeau
Ward 2



Claude Berthiaume
Ward 3



Evelyn Dutrisac
Ward 4



Ron Dupuis
Ward 5



André Rivest
Ward 6



Dave Kilgour
Ward 7



Fabio Belli
Ward 8



Doug Craig
Ward 9



Frances Caldarelli
Ward 10



Terry Kett
Ward 11



Joscelyne
Landry-Altmann
Ward 12

Executive Team

Greater Sudbury's operations are overseen by the Office of the CAO and managed through the following departments: Community Development, Infrastructure Services, Growth and Development, Emergency Services, Human Resources and Organizational Development,

Administrative Services and Financial Services. These departments work together to ensure all of our customers' needs are met in a professional, timely manner – to achieve the goals of Council and provide excellent service and delivery of programs and services to our community.



**Chief Administrative Officer
Doug Nadorozny**

- Corporate Communications and French Language Services
- Strategic Initiatives



**Administrative Services
Executive Director/City Clerk
Caroline Hallsworth**

- Court Services (POA)
- Legal Services
- Clerk's Services
- Information Technology
- Corporate Security



**Human Resources and
Organizational Development
Director
Kevin Fowke**

- Organizational Development, Safety and Wellness
- Compensation
- Payroll, Benefits & Rehabilitation



**Financial Services
Chief Financial Officer / Treasurer
Lorella Hayes**

- Accounting
- Financial Planning and Budgeting
- Purchasing
- Taxation
- Financial Support



**Community Development
General Manager
Catherine Matheson**

- Housing Services
- Pioneer Manor
- Citizen Services
- Social Services
- Leisure Services



**Growth and Development
Acting General Manager
Paul Baskcomb**

- Assets
- Environmental Services
- Economic Development
- Building Services
- Planning Services



**Emergency Services
Chief
Tim Beadman**

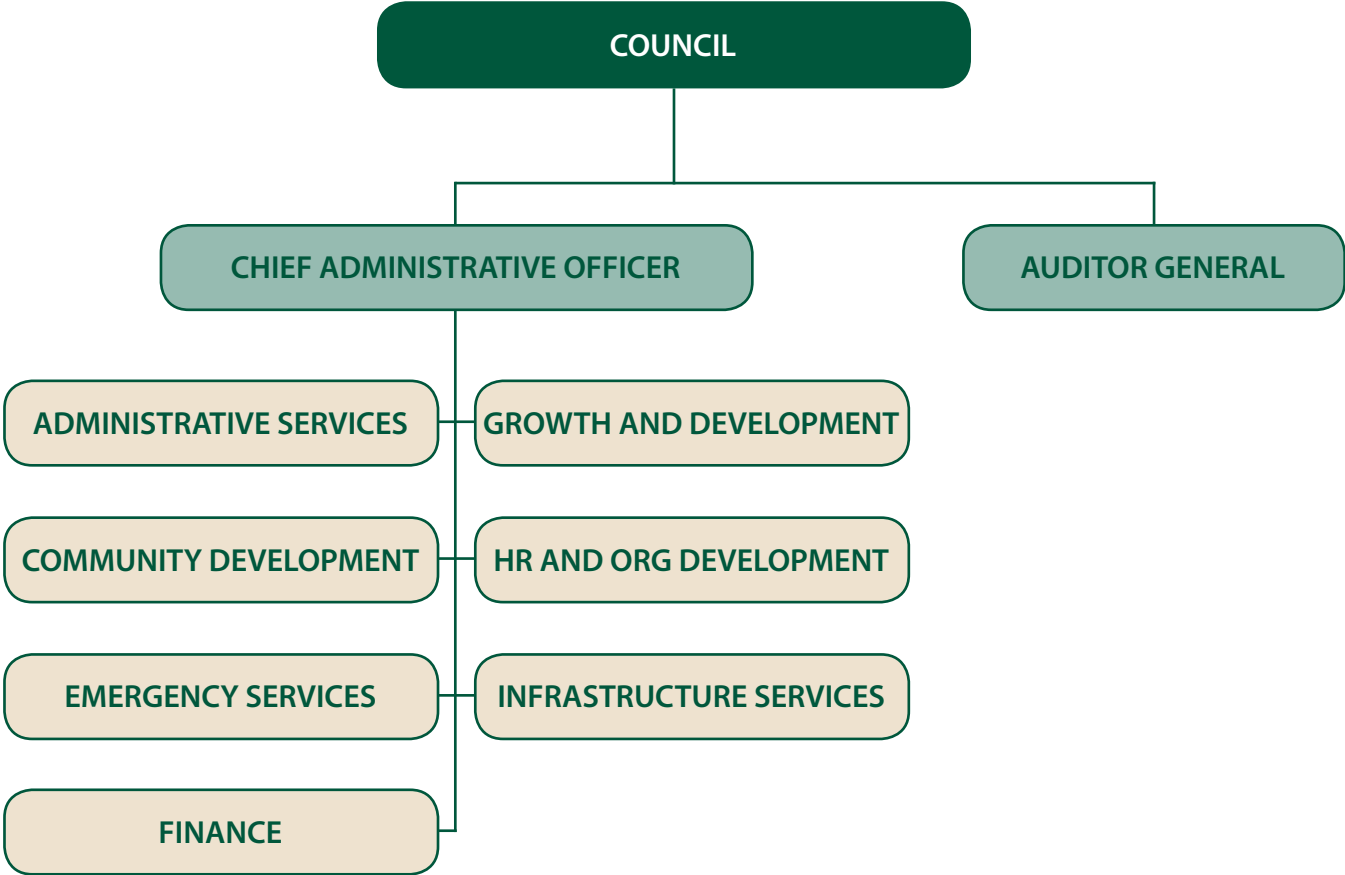
- Emergency Medical Services
- Emergency Management
- Fire Services



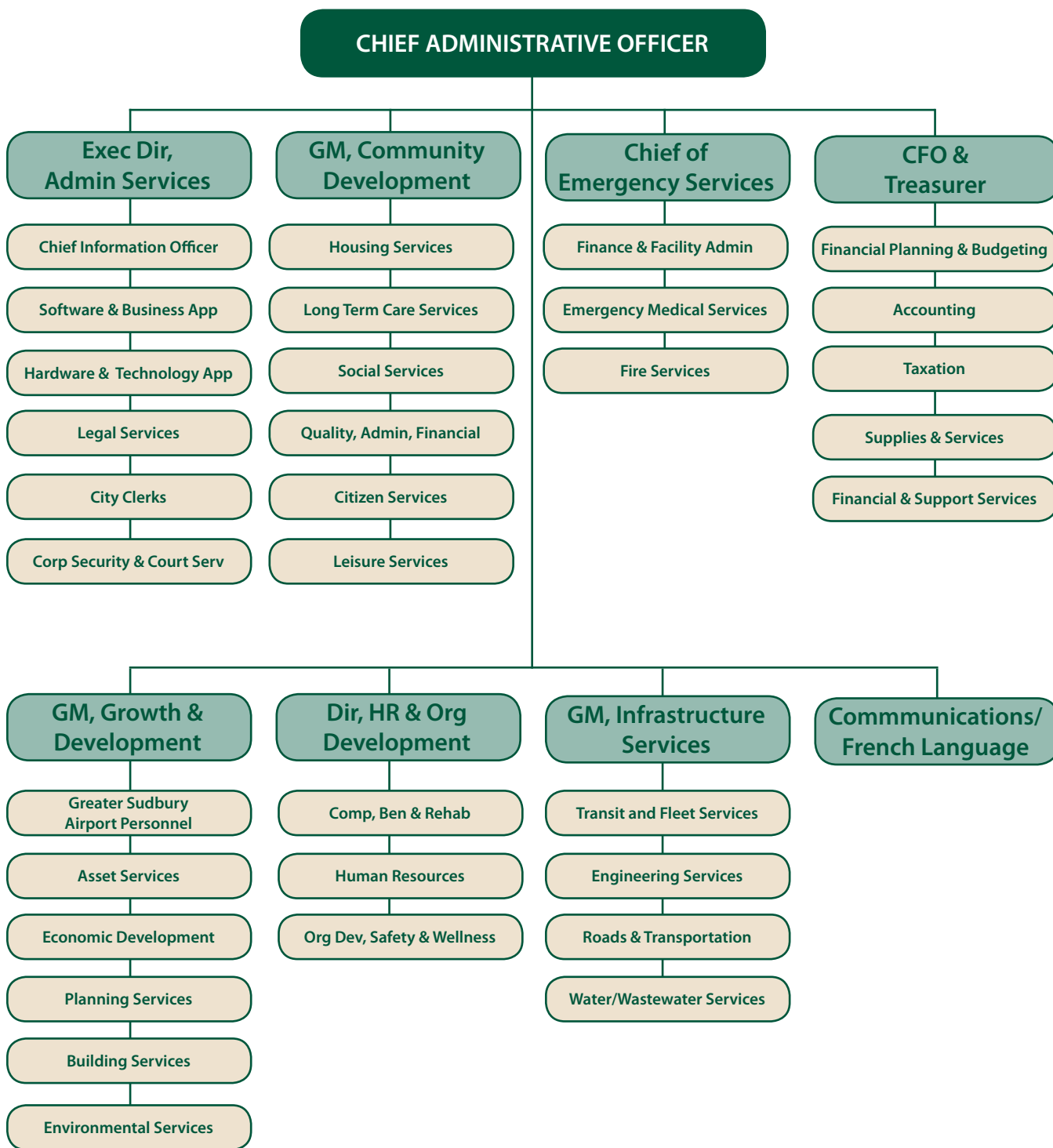
**Infrastructure Services
General Manager
Tony Cecutti**

- Roads, Transportation and Drainage
- Water and Wastewater
- Transit & Fleet
- Engineering & Construction Services

Organization Chart - Leadership



Organization Chart - Leadership





Vision, Mission, Values

Vision

The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.

Mission

We provide excellent access to quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

Values

In fulfilling our roles we commit ourselves to:

- providing high quality service with a citizen focus
- managing the resources in our trust efficiently, responsibly and effectively
- encouraging innovation and accepting risks
- maintaining honest and open communication
- creating a climate of trust and a collegial working environment
- acting today in the interests of tomorrow.



Strategic Goals and Strategies

The strategic plan 2012-2014 reflects the vision, mission and values of the City of Greater Sudbury. Taking advantage of emerging opportunities will ensure great things happen in Greater Sudbury. The focus and intention of Council and the City toward key priorities will contribute to great outcomes for citizens and the community as a whole.

The 2012-2014 Priorities of City of Greater Sudbury Council are:

1. Infrastructure
2. Growth and Jobs
3. Image
4. Tourism
5. Healthy Community

These broad strategic goals and four key planning documents including the Health Community Strategic Plan, the Official Plan, the Long-Term Financial Plan, and Coming of Age (Digging Deeper), guide the City of Greater Sudbury in managing an annual operating budget of in excess of \$502 million.

2014 Budget Process Overview

The annual budget process is guided by City Council, through the Finance and Administration Committee. Seven departments are responsible for overseeing numerous programs and services that keep the City running every day, and provide a great northern lifestyle to residents.

The City of Greater Sudbury's municipal budget rests on building blocks for fiscal sustainability: revenues to match expenses, capital renewal, preservation of municipal services, and moderate levels of property taxation.

BUDGET PROCESS

Council annually approves two budgets: an operating budget and a capital budget. The operating budget is prepared using the modified cash basis and provides for operational expenses such as salaries and benefits, materials, grants, and contracted services. The capital budget is a five year plan for the acquisition and rehabilitation of tangible capital assets. The modified cash basis of budgeting differs from the full accrual basis of financial statement preparation and therefore the City prepares an Ontario Regulation 284/09 report, prior to the approval of the budget to provide Council with the impact of the budget on the accumulated surplus. A copy of the 2014 Ontario Regulation 284/09 Report is included in the Supplementary Information tab.

The first stage of the budget process commences in May of each year, and includes the preparation of a Preliminary Forecast of the upcoming budget and/or Three Year Forecast. This forecast was presented to Finance and Administration Committee and reflected an estimated tax increase (net of assessment growth of 0.8%) of 3.4% in 2014, 3.1% in 2015 and 3.3% in 2016. A copy of the 3 year forecast report is included in the supplementary information tab. A public input session was held which allowed citizens the opportunity to provide input on budget and service enhancements and reductions.

The second stage of the budget process is prepared in accordance with the Base Budget Preparation Policy. An analysis is prepared of inflationary pressures such as wage adjustments in accordance with collective bargaining agreements, contract and material price increases. Operating departments and Finance staff review projected year end actuals against budgets to identify variances such as overruns, areas that need more resources to maintain service levels or items that can be cut or reduced while still maintaining service levels. Also, a review of historical trend analysis is performed to verify the accuracy of the budget. The budget also reflects any known funding approvals from senior levels of government or partnerships. Any requests for additional permanent staff must be approved by Council. The program support allocations and internal recoveries are in accordance with OMBI methodology.



A review is also conducted of mandatory pressures, such as, provincially mandated programs and service contracts, costs to service growth, as well as prior year Council decisions and commitments.

Assessment growth is applied to reduce the impact on tax levy requirements. The 2014 proposed budget tax levy increase of 2.8% (net of estimated assessment growth of 0.5%) was presented to Finance and Administration Committee in November and maintained existing service levels and standards, and included \$2.2 Million of Fiscal Sustainability initiatives.

The final stage of the budget includes a review of department budgets and addresses enhancement requests. All enhancement requests, approved by the CAO, are presented to a Standing Committee for review and referred to the Finance and Administration Committee for approval. Council provides the final approval of the operating and capital budgets.

After the Ontario Municipal Partnership Fund Allocation announcement, which in 2014 resulted in a reduction of an additional \$1.168 million of revenue from forecast and the review and approval of budget enhancement and reduction options, the 2014 Municipal Tax Levy increase was approved at 2.9% (net of assessment growth of 0.7%) and the Water and Wastewater user fee increase at 4.6%.

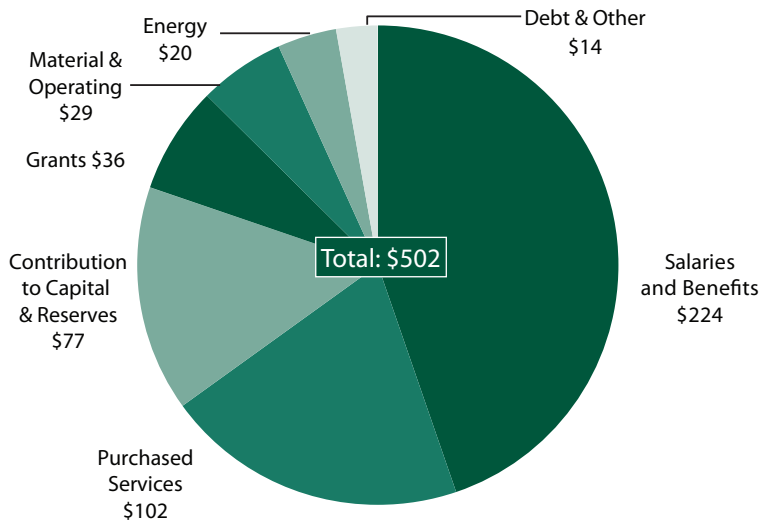
Monitoring and or amendments to the Council Approved Budgets are only made in accordance with Operating Budget Policy or the Capital Budget Policy. These policies provide fiscal control and accountability related to the approved budgets and provides monitoring of the budgets. On a quarterly basis the Finance and Administration Committee review variance reports; this includes a year-end projection of revenues and expenditures. The variance report provides Council with an overview of potential year-end variances by division or section. On a quarterly basis, the Finance and Administration Committee review a Capital Variance Report for completed projects.

2014 Approved Budget

Expenses = Municipal Property Taxes + Other Revenues
 (\$502 M) (\$230 M) (\$272 M)

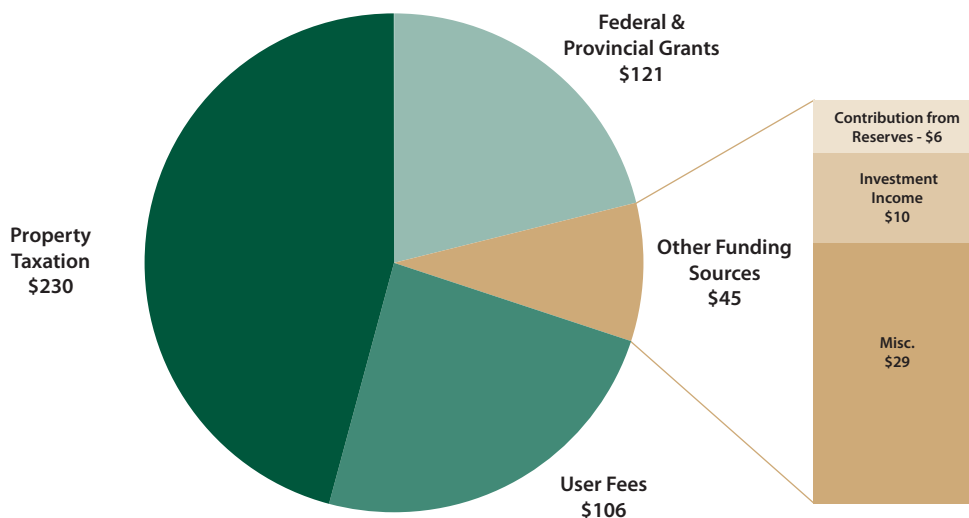
The difference between total expenses and revenues, is the municipal tax levy. This is the amount required to be raised by property taxes to ensure a balanced budget. The total gross budgeted expenses for the City are \$502 million and are funded with property taxation of \$230 million and other revenues of \$272 million.

Composition of the 2014 Budget (in millions):



Overall, the City's budget expenses increase from 0.5% from the approved 2013 budget.

Other Revenues (in millions):



Financial Management and Policies

The City of Greater Sudbury maintains appropriate systems of internal controls to ensure effective financial management, reliable and relevant financial information, and that assets are safeguarded. Management systems, policies and by-laws are in place for financial management, accounting, budgeting and other policies as required to ensure that transactions are appropriately authorized and recorded, and the integrity and completeness of financial records are assured. Key policies and by-laws include but not limited to the City's Delegation By-Law, Purchasing By-Law, Operating Budget Policy, Capital Budget Policy, Purchasing Authority Policy, Reserve and Reserve Fund By-law, Investment Policy, and Debt Management Policy.

LONG TERM FINANCIAL PLAN

In 2002, Council adopted the Long Term Financial Plan (LTFP) and related policies and principles. These policies and principles are used in managing the financial affairs of the City. The nine principles are:

1. Ensure Long Term Financial Sustainability
2. Deliver services in a cost-effective and efficient manner
3. Ensure operating revenues are sustainable and consider community-wide and Individual benefits (Taxes versus user fees)
4. Meet social equity objectives through specific programs
5. Manage the City's capital assets to maximize long term community benefit
6. Recognize that funding from senior levels of government is a crucial element of fiscal sustainability
7. Use debt financing where appropriate
8. Maintain Reserve and Reserve Funds at appropriate levels
9. Identify and quantify long term liabilities.

The LTFP principles are designed to be flexible and adaptable. This key planning document guides the strategic thinking of the City and promotes a healthy and sustainable service delivery model for our community.

With the LTFP, the City recognized the need to adopt a new budgeting process with a new approach to financial management, one that shifts the emphasis from bottom line financial concerns to service delivery within a longer term financial planning horizon.

The City of Greater Sudbury, like other municipalities, must continually realign budgets, refocus activities, and streamline operational priorities and procedures, to ensure value for property taxes are maximized.

The LTFP principles formed the foundation for the 'Toward Fiscal Sustainability Plan' which was developed in 2010.

TOWARD FISCAL SUSTAINABILITY PLAN

The Toward Fiscal Sustainability Plan was designed to ensure that the City is fiscally sustainable and has sufficient resources to provide the services that the community expects over the long term. The Plan laid out priorities and action items to manage fiscal challenges and opportunities facing our City. The goal is to build a self sustaining community, with sound infrastructure, and an excellent quality of life.

The LTFP financial principles and policies and the Toward Fiscal Sustainability Plan have been designed to ensure the City attains financial sustainability and has sufficient resources to provide the services that the community expects.

LONG TERM DEBT

One of the principles in the Long term financial plan, states that debt financing should be used, where appropriate. More specifically, debt financing should only be considered for new, non-recurring infrastructure requirements, programs and facilities which are self-supporting and projects where the cost of deferring expenses exceeds debt servicing costs.

DEBT MANAGEMENT POLICY

In August 2013, City Council approved a Debt Management Policy demonstrating its commitment to long-term capital and financial planning. This policy will allow the City to debt finance major projects previously approved by Council. As well it will provide Council the ability to undertake additional capital projects through debt financing in an effort to close the City's current infrastructure gap. Council set a limit for annual debt repayment at 5 percent of the City's own source revenue (as defined by the Province), which is considerably lower than the 25% maximum allowed by the Province. Currently, the City's annual debt repayment charges are \$4.3 Million or approximately 1 percent of the City's own purpose revenues.

Financial Management

FINANCIAL ACCOUNTABILITY/BENCHMARKING

The City participates in two comprehensive benchmarking initiatives. Both the Municipal Performance Measurement Program (MPMP) and Ontario Municipal CAOs Benchmarking Initiative (OMBI) are based upon well-developed methodologies.

The City of Greater Sudbury focuses its corporate performance measurement efforts on these two programs which are mostly focused on Ontario municipalities. In addition, the City belongs to several industry-specific organizations, which collaboratively compile and analyze benchmarking data to determine where service improvements can be made.

Additional information relating to Performance Measurement can be found on the City's website and throughout this budget binder.

DEVELOPMENT CHARGES

Development charges are collected by municipalities to recover a portion of the growth-related costs associated with the capital infrastructure needed to service new development. Each year, Finance, in consultation with Project Managers review the Capital Budget to determine if there are any growth related projects that are eligible for recovery from development charges. Generally, the City finances the growth related portion of capital projects. At the end of each year, the capital projects are reviewed, and the growth related portion of the capital costs are identified. The actual development charges revenues collected during the year are then applied to fund any growth related portion of the project as identified in the current Development Charges Background Study. During 2014, the City will be updating the Development Charges background study and By-law.



RESERVES AND RESERVE FUNDS

The City maintains reserve and reserve funds in accordance with the Reserves and Reserve Fund By-law. They are a critical component of a municipality's long-term financing plan. The purpose of maintaining reserves is to:

- Provide stability of tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- Provide financing for one-time or short term requirements without permanently impacting tax and utility rates
- Make provisions for replacements/acquisitions of assets/infrastructure that are currently being consumed and depreciated
- Avoid spikes in funding requirements of the capital budget by reducing their reliance on long-term debt borrowings
- Provide a source of internal financing
- Ensure adequate cash flows
- Provide flexibility to manage debt levels and protect the municipality's financial position
- Provide for future liabilities incurred in the current year but paid for in the future.

Reserves offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally.

2009 - 2014 Reserves and Reserve Funds

The level of reserves and reserve funds is a key measure of the financial health of a municipality.

Reserves and reserve funds are forecasted to be \$130 million as of December 31, 2014. A significant portion of the funds are set aside for capital purchases either previously committed by City Council or available for future capital projects. A copy of the full report is included in the Supplementary Information tab.

