

AGENDA

BUDGET MEETING OF CITY COUNCIL

2007 04 10

3:30 P.M.

COUNCIL CHAMBERS

1. **Yearend Reserve Transfers**

A report of the Commissioner of Finance and Treasurer is attached for the consideration of Council.

Mover - Councillor L. Tridico

Seconder - Councillor B. Hayes

Resolved that the report of the Commissioner of Finance and Treasurer dated 2007 04 10 concerning Yearend Transfers to Reserves be accepted and the recommendations contained therein be approved.

2. **2007 Tax Capping Options**

A report of the City Tax Collector is attached for the consideration of Council. The relevant By-laws 2007-57 and 2007-58 are listed under Item 10 of the Agenda and will be read with all other by-laws listed under that item.

3. **Accounting for Major Tax Appeals in 2006**

A report of the Commissioner of Finance and Treasurer is attached for the consideration of Council.

Mover - Councillor L. Turco

Seconder - Councillor B. Hayes

Resolved that the report of the Commissioner of Finance and Treasurer dated 2007 04 10 concerning Major Tax Appeals be accepted as information.

4. **2007 Budget**

The reports of the Chief Administrative Officer, the Commissioner of Finance and Treasurer and the Manager of Budgets and Revenue are attached for the consideration of Council.

5. Mover - Councillor L. Turco

Seconder - Councillor P. Mick

Resolved that City Council now proceed into the Committee of the Whole to consider the following matter referred to it for consideration – 2007 Budget Deliberations.

6. Mover - Councillor L. Tridico
Seconded - Councillor B. Hayes
Resolved that the Committee of the Whole Council now rise and report on the matter referred to it by City Council – 2007 Budget Deliberations.

7. **Consideration and Passing of By-laws**
By-laws before Council for THREE readings which do not require more than a simple majority.

TAXES

- (a) 2007-57 A by-law to adopt optional tools for the purposes of administering limits for eligible properties within the meaning of Section 331 (New Construction) for the commercial, industrial and multi-residential property classes.
- (b) 2007-58 A by-law to adopt optional tools for the purposes of administering limits for the commercial, industrial and multi-residential property classes.

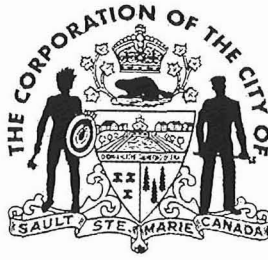
A report from the City Tax Collector is on the agenda.

8. Mover - Councillor L. Tridico
Seconded - Councillor P. Mick
Resolved that this Council shall now adjourn.

MAYOR

DEPUTY CITY CLERK

William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

2007 04 10

Mayor John Rowsell and
Members of City Council

Re: Yearend Reserve Transfers

Attached is a list of recommended 2006 yearend transfers to reserves as prepared by Shelley Schell, CA, Manager of Finance and Audits.

Included on the list is the 2006 yearend reserve balance after the transfer.

RECOMMENDATION

Council approve the 2006 yearend transfers to reserve as presented.

Respectfully submitted,

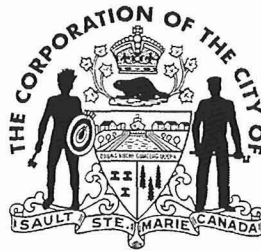
W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl

attachment

CORPORATION OF THE CITY OF SAULT STE. MARIE
RESERVE TRANSFERS TO BE APPROVED BY COUNCIL
DECEMBER 31, 2006

<u>Details</u>	<u>From Reserve</u> \$	<u>To Reserve</u> \$	<u>Balance after transfer</u>
Serviced Industrial Land (456-010-020-0) Excess costs re: Industrial Land Servicing	3,300.10		492,908.15
Parking Working Fund (456-010-035-8) Costs for New Terminal lot in excess of approval June 27, 2005	10,109.63		215,373.34
Engineering Equipment (456-010-041-6) 1) Replacement of survey equipment lost in 2005 accident Costs in a/c 635-103-852-3)	28,546.06		
2) Excess Engineering vehicle rental costs to reserve for equipment replacement		48,596.76 (on going)	54,189.35
Civic Centre Equipment Reserve (456-010-047-3) Xerox service charge adjustment for 2003-2006	35,206.99		45,883.74
Police Capital (456-010-058-0) 2006 project (police booking/interview room) completed in 2007		24,120.00	380,601.26
Fire Equipment Reserve (456-010-077-0) Backordered office equipment for 2006		568.86	112,033.29
Casino - City Share (456-010-099-4) 2006 excess casino revenue (trsf to Dr. Recruitment reserve approved by Council March 26, 2007)		100,898.82	100,898.82
2002 EDF(456-010-114-1) Trsf remaining 2002 EDF to 2006 EDF reserve	16,275.37	16,275.37	-
Facilities Maintenance (456-010-116-6) Excess costs re: James Elliot Park Bldg	11,793.56		1,282.24
Barrier Removal Reserve (456-010-129-9) 2006 Unspent funds		57,369.32 (ongoing)	84,031.43
Steelton Senior Citizens Bldg Roof (456-010-132-3) 2006 Capital from Current not spent		20,000.00	20,000.00
SeA Contributions (456-010-133-1) Trsf Invasive Species Contributions to reserve Costs to be incurred in 2007		19,660.00	19,660.00
Humane Society Bldg Security (456-010-134-9) 2006 Capital from Current-project completion in 2007		8,200.00	8,200.00
Connecting Link (456-010-135-6) Payout of connecting link roads. To be used for future road construction		9,000,000.00	9,000,000.00
Museum HVAC (456-010-136-4) 2006 approval from Unforeseen-project completion in 2007		25,000.00	25,000.00
Best Start Program (456-010-137-2) 2006 project completed in 2007		8,622.31	8,622.31
Steelback Capital Surcharge (456-010-138-0) Ticket surcharge for 2006		7,923.31 (ongoing)	7,923.31
PUC Study (456-010-139-8) 2006 project completed in 2007		40,000.00	40,000.00
Bridge & Sewer Inspections (456-010-140-6) 2006 project completed in 2007		75,000.00	75,000.00
Total	<u>105,231.71</u>	<u>9,452,234.75</u>	
net		<u><u>9,347,003.04</u></u>	



2007 04 10

Mayor John Rowswell
And Members of City Council

RE: 2007 Tax Capping Options

Pursuant to Section 329.1(1) of the Municipal Act, 2001 a municipality may pass a bylaw by April 30th in the current tax year for the purpose of implementing tax capping options over and above 5 per cent.

The intent of the legislation is to allow all Commercial, Industrial and Multi-Residential properties to achieve Current Value Assessment (CVA) taxation sooner.

In 2005 By-law 2005-90 was passed to allow for the implementation of a 10 per cent cap with a capping threshold of plus or minus \$250.00

The following summary identifies the impact of tax capping at 5 per cent and 10 per cent +/- \$250 and shows the direction city council should take in achieving CVA taxation in a more fair and equitable manner in 2007.

Staff recommends that 10%, +/- \$250 threshold be approved as it was for the 2006 tax year.

This will allow for more properties to reach their CVA tax in 2007, especially the decreasing properties (claw back) that would see a reprieve from tax capping.

Commercial Tax Class

	Number of Properties Protected	Number of Properties Clawed Back	Number of Properties At CVA Tax
Tax Limit of 5%	103	472	672
RECOMMENDED Tax Limit of 10% CVA Tax Threshold of +/- \$250	64	372	811

Industrial Tax Class

	Number of Properties Protected	Number of Properties Clawed Back	Number of Properties At CVA Tax
Tax Limit of 5%	11	2	128
RECOMMENDED Tax Limit of 10% CVA Tax Threshold of +/- \$250	6	2	133

Multi-residential Tax Class

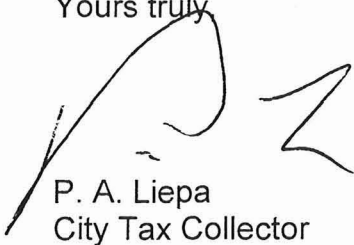
	Number of Properties Protected	Number of Properties Clawed Back	Number of Properties At CVA Tax
Tax Limit of 5%	5	17	189
<u>RECOMMENDED</u> Tax Limit of 10% CVA Tax Threshold of +/- \$250	2	4	205

In addition to the tax capping options, Section 331 of the Municipal Act, 2001 allows for Commercial, Industrial and Multi-residential properties that are newly constructed or that have been considered as new to the class to be taxed at an average level of taxation no higher than that of up to six comparable properties.

It is recommended that any properties considered being new construction or new to the class for the 2007 tax year be at a rate of 90% of CVA taxes.

A by-law appears elsewhere in the agenda for the approval of council.

Yours truly,



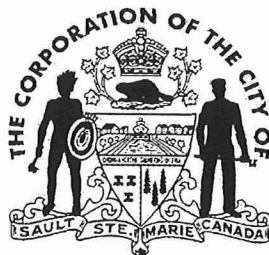
P. A. Liepa
City Tax Collector

Recommended for Approval,



W. Freiburger
Commissioner of Finance & Treasurer

William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

2007 04 10

Mayor John Rowswell and
Members of City Council

Re: Accounting for Major Tax Appeals in 2006

On August 28, 2006, City Council approved the Minutes of Settlement for Algoma Steel Inc. that resulted in a net municipal refund of \$2,472,412 for the taxation years of 2003 through 2006.

The City had requested a deferred payment and Algoma Steel Inc. agreed to the following schedule.

	<u>Amount</u>	<u>Due Date</u>
Education Share	\$ 1,633,392	November 30, 2006
City Share		
Payment #1	\$ 625,000	December 31, 2006
Payment #2	\$ 625,000	June 15, 2007
Payment #3	\$ 625,000	January 15, 2008
Payment #4	<u>\$ 597,412</u>	June 15, 2008
Total City Share	<u>\$ 2,472,412</u>	
Total Amount Due	<u>\$ 4,105,804</u>	

The education share of \$1,633,392 and Payment #1 of \$625,000 were paid in 2006.

The remaining payments #2, #3 and #4 total \$1,847,412 and are a liability of the City at December 31, 2006.

The total City share of \$2,472,412 was expensed in 2006 to the Tax Writeoff Account even though \$1,847,412 of the total will be paid in future years.

In consultation with our Auditors, KPMG LLP, the total City cost of \$2,472,412 must be considered an expense in 2006 since it constitutes a liability.

- More -

Municipal Act

Section 294.1 of the Municipal Act

A municipality shall, for each fiscal year, prepare annual financial statements for the municipality in accordance with generally accepted accounting principles for local governments as recommended, from time to time, by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Municipalities are required to follow the PSAB guidelines set by the CICA in the preparation of financial statements. Staff followed the PSAB guidelines for the recognition of liabilities relating to tax appeal settlements.

CICA Public Sector Accounting Handbook

The definition of a Liability is listed in Section PS 3200.05 and PS 3200.06 of the above Handbook.

.05 **Liabilities** are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. Liabilities have three essential characteristics:

- (a) they embody a duty or responsibility to others, leaving a government little or not discretion to avoid settlement of the obligation;
- (b) the duty or responsibility to others entails settlement by future transfer or use of assets, provision of goods or services, or other form of economic settlement at a specified or determinable date, on occurrence of a specified event, or on demand; and
- (c) the transactions or events obligating the government have already occurred.

.06 Obligations are not liabilities unless they meet the three characteristics of liabilities.

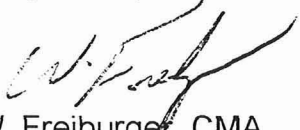
Also included in the 2006 Tax Writeoff expenditure was the cost of \$247,430 for Boniferro Millworks Inc. Minutes of Settlement that were approved by Council on January 15, 2007. Since the audit had not been concluded by that date and the cost related to 2003 through 2006, the costs are required to be recorded in 2006. The Minutes of Settlement are considered a subsequent event that confirms a liability that occurred in 2006.

To finance the Algoma Steel Inc. appeal, Council approved the use of the Assessment Appeal Reserve which totalled \$1,750,000. At the end of 2006, no funds remain in the Assessment Appeal Reserve.

The City is required to report the above expenditures in 2006 as per the CICA Handbook.

This report is provided for the information of Council.

Respectfully submitted,



W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl

4.

Joseph M. Fratesi, B.A. LL.B.
Chief Administrative Officer



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2007 04 10

Mayor John Rowswell
and Members of City Council,
Civic Centre,
Sault Ste. Marie, Ontario.

RE: 2007 BUDGET

Dear Council:

We are pleased to submit to you the 2007 Budget which has been prepared by Bill Freiburger, Commissioner of Finance and Treasurer and Scott McLellan, Manager of Budgets and Revenue. The budget will have been reviewed by the Finance Committee earlier and the Committee may make several suggestions to the presentation package.

All City department budgets were to be prepared based on a global allocation approach that has been in use now for several years. Instructions were given to each department that there would be no increases over the 2006 allocations, save and except for wage increases negotiated in previous years and benefit cost increases. All of staff has been very mindful of some fairly significant budget factors which would be applied automatically going into this year.

While it appears that real estate value in Sault Ste. Marie has increased over the last several years, assessments continue to be frozen in 2007 and 2008. It will be at least two more years before we are in a position to take advantage of the increased assessment in the residential component created as a result of the improved market. This is compounded by the loss of industrial assessment which results in reduced tax revenue in excess of \$400,000 for this current year.

One other factor that seriously affects our starting point is that in 2006 Council chose to use over \$432,000 of the 2005 surplus to reduce the 2006 levy. This amount as well will need to be covered as part of the 2007 budget.

It is expected in 2007, that there will be a need to increase the general wage and benefit allocation beyond the 3% which has traditionally been carried in the

budget, resulting from negotiations/arbitrations as well as wage reviews which are outstanding. We are currently awaiting the outcome of several arbitrations for 2006 wage/benefits and are preparing for further negotiations of 2007 contracts for the same groups of employees. **Please note that no amounts beyond the general 3% were budgeted in 2006** and staff is of the opinion that it would be prudent to provide an additional contingency amount which would generally be available, should the negotiations/arbitrations and wage reviews result in increases beyond the base 3% which is carried in the budget.

On the flip side, we are pleased to confirm that as a result of discussions with the Algoma Public Health we are able to reduce the amount which is carried in our budget for them by approximately \$500,000 from the 2006 allocation. This is as a result of the change in formula by the Province with respect to the Provincial contribution and agreement by the Algoma Public Health that the capital requirement currently carried in the budget can be reduced given that they are not at this time able to proceed with their new building.

Another factor which is of considerable assistance is a reduction in the DSSAB levy of just under \$500,000 over the 2006 amount. This reflects the significant reduction in the caseload in Ontario Works, notwithstanding the fact that there appears to be a significant increase in the Social Housing Division.

As reported earlier to Council, the OMPF grant from the Province for 2007 increases by \$463,000. In 2008 and 2009, it is expected that the amount from the Province will increase significantly, unless of course the formula is changed. The Treasurer makes reference in his report to the "phased-in adjustment" and the potentially significant increase in revenue that will result in the future for our municipality. This will provide some relief from current budget pressures that are being felt, at least in part, as a result of increases in the cost of services which have been downloaded onto the municipality by the Province, without concurrent grant increases. It is hoped that these matters will be addressed by the Province in the future as part of the Provincial-Municipal Fiscal Service Delivery Review of which I have been invited by AMO to sit as a member on the Infrastructure Round Table.

As we present this budget to City Council, we have remained comparable to other communities, especially other cities in Northern Ontario, which face similar budgetary factors in 2007 (Timmins with a 3.98% increase, Thunder Bay a 2.35% increase, Sudbury a 3.6% increase, North Bay between 3.6% and 6.1% increase). **We continue to be very confident that the property taxes paid in Sault Ste. Marie by the average homeowner for municipal services remain amongst the lowest in the Province for cities our size. We are equally confident that the level of services provided here are amongst the highest.**

The global allocation approach to budgeting continues to serve us well in Sault Ste. Marie. In essence, this approach has driven our organization to the application of best practices and efficiency efforts in providing high levels of service within a fairly static level of budgetary resources. Aside from new services downloaded to the City,

staffing has decreased in most departments, while still providing the same level of service.

City departments have again done an excellent job this year in adhering to this approach to the budget and each are thanked for their hard work, cooperation and diligence that has gone into the preparation of this budget. This current budget process (i.e. global allocation) makes for a more realistic and manageable budget being presented to Council at the outset. There should be no real surprises for City Council in terms of requests being made as City staff and outside agencies are encouraged to bring forward during the year, any proposals or items that could impact in future years on the budget. Our budget process in fact is ongoing and is something that Council really is involved in throughout the whole of the year by way of decisions, which will have budgetary implications. The addition of a Finance Committee and new reporting systems should continue to assist in this regard. As well, this year the budget process was started much earlier so that Council has been aware of and discussing those issues that will impact the levy.

The budget, which has been prepared and presented, does contain some components which are indeed beyond Council's control and which significantly impact the end result. These are highlighted in both the message from the Treasurer, as well as the overview prepared by the Manager of Budgets and Revenue.

The 2007 budget, as presented, results in a municipal tax increase in the urban residential category of 2.94%, when it is combined with the education tax component. As a result, a residential property assessed at \$100,000 (which represents the assessed value of an average home in Sault Ste. Marie), will experience a tax increase of approximately \$61.27 with the total tax burden increasing from \$2,083.25 to \$2,144.52.

Much work continues to be done as we improve and maintain the City's infrastructure. The City takes significant pride in having completed the new Steelback Centre, a project which is now being enjoyed by all in the community and which was delivered on time and on budget. We are also moving towards finalization of the East End Sewage Treatment Plant, and although we continue to deal with some necessary adjustments with our contractor, we believe that this project will in fact be completed in the near future and on budget. We are also hopeful of completing the City's Waterfront Walkway extension through Clergue Park and extending to Bay Street.

As in recent years, we will continue a very aggressive road re-construction program in our City, continuing with Trunk Road improvements, McNabb/South Market extension, Shannon Road reconstruction, Bruce Street (Bay to Queen) re-construction and McDonald Avenue (Pine to Lake) re-construction, improvements to Great Northern Road near the City's northerly boundary, Lyons Avenue, Wellington St. East (Trunk to East) as well as other roadwork. We continue annually to increase the amount of roadwork that we are able to do.

Council will recognize that many demands have been made on the "Capital from Current" portion of the budget. This amount has remained at \$500,000 for many years. In accordance with a recommendation by staff, Council has agreed that this amount by \$100,000 per year for the next five years until it grows to \$1 million per year to satisfy these demands. As well, staff continues to plan on the basis of the 5-year expenditure projections that were presented in 2006.

Included in this year's allocation of \$600,000 are the communications devices for Members of Council, replacement of one elevator in the Civic Centre, HVAC cleaning in the Civic Centre, the first year of a four year commitment for funding of the new financial system software, roof replacement at No. 3 Fire Hall, a portion of elevator replacement costs at Main Library and the second of three instalment payments towards the used bus purchase in 2006.

Council will note that in 2006, \$120,000 was applied from reserves to assist in lowering the budget. This year no reserve funds are required. This is in keeping with a financial plan originally presented in the year 2000. In earlier years, it had been necessary to use as much as \$2.4 million from reserves to settle the budget and allow for an acceptable tax rate increase. This action continues to draw positive comments from the City's bond raters in our annual rating reports.

Turning to the surplus from the 2006 budget, the adjusted year-end surplus stands at \$ 822,986. For the last ten years, the Treasurer has been recommending that we move towards weaning ourselves of off reliance on the previous year's surplus as revenue in the current year's budget. In previous budgets, we had recommended that these surplus funds be allocated for 'one-time' only expenditures or be dedicated to a reserve account for future Council approved projects (this could include extra roadwork, new facilities or other one-time items that might be identified on the "Supplementary" list). Given the difficult budget factors that we face in 2007, as well as our expectation that there will be a significant increase in the OMPF grant in 2008 and 2009, our recommendation for this year, is that Council use the same amount of surplus in the 2007 budget (\$430,000) to reduce the tax levy, with the remaining balance of \$392,986 to be allocated to the Assessment Appeals Reserve.

Given that there are several large industrial assessments at various stages of appeal, it would be prudent to increase this reserve as a contingency for payment. An alternative use for this \$392,986 would be for Council to consider some of the items from the Supplementary List, provided of course, that it is on the basis of "one-time" allocation.

With respect to the Economic Diversification Fund, Council is be aware that the current levy allows for \$500,000 in 2007. This amount is available for Council's use in the upcoming year along with any unused portions of last year's allocations for this important purpose.

SUMMARY AND RECOMMENDATIONS

The Senior Management Team believes that the 2007 Budget as presented continues to provide a very good level of service to the citizens of our community in an effective and efficient manner. As mentioned earlier in my report, this budget and the resultant tax increase compares very favourably with other cities in Northern Ontario. The taxes paid by the average homeowner are quite low by comparison. This is as a result, at least in part, of the approach to budgeting that the City of Sault Ste. Marie has been involved in for several years, and to the dedication of all of the City's staff in providing the best possible services at the lowest possible cost.

The budget continues to fund a reserve for the City's contribution to our badly needed new hospital which should see construction started this year. It continues to fund a higher level of road improvements on a "pay as you go basis". It continues to fund snow removal at a high level. It moves us towards being completely independent of reserves and previous years' surpluses as revenue. It continues to fund the City's portion of the \$74 million major sewage infrastructure improvements over a reasonable period of time. It covers the debt re-payment for the new Steelback Centre, as well as the new Carmen's Way. It allows for the renewal and enhancement of our public Transit system.

In addition to our own budget, recent Provincial/Federal government programs have provided further significant opportunities for infrastructure improvement under such programs as the Federal Gas Program, the Provincial Gas Tax Program, and improved roadwork grants.

The budget as presented results in a 2.94% increase for the urban residential tax class. If approved by Council, this would leave the sum of \$392,986 for Council to either put into a reserve against future assessment losses or alternatively, to fund some of the "one-time" requests contained on the Supplementary List.

Council and the residents of this community can continue to be proud of the infrastructure improvements that have been made over the last several years, including in areas of road improvement, policing, fire protection, drinking water safety, sewage treatment and recreational facilities. Notwithstanding the fact that the City has faced significant past challenges, it has nonetheless continued to move forward to maintain and improve our major infrastructure, as well as to provide a very good level of service to our ratepayers. Our debt is manageable and re-payment has already been built into the existing levy. We continue to enjoy the confidence of our lenders and a good credit rating from our bond raters.

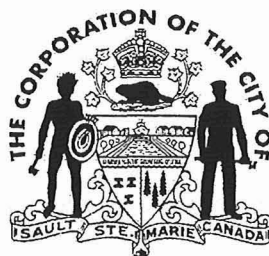
Our 2007 budget as presented to you continues in that direction, in what staff believes to be a very responsible manner. This budget is therefore wholeheartedly recommended to City Council for its consideration and approval.

Respectfully submitted,

Joe Fratesi, 
CHIEF ADMINISTRATIVE OFFICER

JMF:bb
Attach.

William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

2007 04 10

Mayor John Rowsell
and Members of City Council

Re: 2007 Budget

This report will highlight a number of important budget issues for 2007.

Sault Ste. Marie District Social Services Administration Board

The Sault Ste. Marie District Social Services Administration Board (DSSAB) was created in 1999 to administer Social Services, Child Care and Housing. The cost of Land Ambulance was added in 2001. The geographic area for the DSSAB consists of the City of Sault Ste. Marie, the Township of Prince and the area included in the Sault North Planning Board.

The City of Sault Ste. Marie pays **88.5%** of the total DSSAB levy based on property assessment. To reduce the City share of the DSSAB levy, the Province should extend Current Value Assessment to all properties in the Sault North area. The City provides administrative services to the DSSAB on a contract basis.

2007 DSSAB Levy - estimated	\$ 22,453,176
2006 DSSAB Levy	<u>22,947,005</u>
2007 DSSAB decrease from 2006	\$ <u>493,829</u>

Ontario Municipal Partnership Fund (OMPF)

On March 31, 2005 the Province announced a new support program for municipalities entitled the Ontario Municipal Partnership Fund (OMPF). This program replaced the Community Reinvestment Fund (CRF).

The OMPF grant is a support program based on property assessment values and social service costs. The OMPF grant formula is an improvement over the CRF program for Sault Ste. Marie since it compensates municipalities with lower and static assessment values.

The City received a grant increase of \$4,081,651 to 25,529,651 in 2005 under the new OMPF formula as compared to the 2004 grant of \$21,448,000 under the CRF.

A detailed OMPF grant calculation is listed below for information.

Highlights of 2007 OMPF Grant for Sault Ste. Marie

2007 OMPF Allocation	\$ 26,403,830
2006 CRF Allocation	<u>25,941,091</u>
Increase Allocation for 2006	\$ <u>462,739</u>

Social Program Grant	\$ 12,069,085	Projected 2007 based on 2006 social service costs. Housing based on 2002 devolved cost.
Equalization Grant	10,166,551	Based on total average household assessments under \$187,000.
Northern Communities Grant	7,893,180	Based on \$235 per household.
Phase-In Adjustment	(3,724,986)	Limits grant increases to \$100 per household.
Total	<u>\$ 26,403,830</u>	

The OMPF grant has changed funding levels for many municipalities in Ontario. The Province has developed a Phase-In formula to give municipalities time to adapt to the new grant funding levels.

The Phase-In program limits increases to \$90 in 2006, \$100 in 2007, \$150 in 2008 and unlimited in 2009. The City will benefit in future years when this grant is fully implemented.

At current rates, the City will receive full benefit of the OMPF grant in 2009. The elimination of the Phase-In provisions will result in a major financial benefit to the City. It is important for our City that the Phase-In provisions are not changed and staff will monitor any proposed changes to the OMPF grant program.

Attached in Appendix A is the Treasurer's report to Council on January 15, 2007 detailing the 2007 OMPF grant allocation.

The Province has undertaken the Provincial-Municipal Fiscal Service Delivery Review and is expected to report in the Spring of 2008. This review may recommend changes to what services are delivered and financed by municipalities which may then result in changes to the OMPF grant.

MUNICIPAL BUDGET ISSUES

2007 Budget Process

The City has utilized a global budget allocation system for several years. Departments were asked to submit a 2007 budget based on the approved 2006 allocation. Additional requests are included in a list of supplementary items.

A Council Committee of the Whole meeting was held on March 8, 2007 to review supplementary requests from staff and outside groups.

A public input session was held on March 13, 2007 along with e-mail input through the City website.

Surplus included in the Budget as Revenue

It has been a past practice to use surplus as a source of revenue. We have cautioned Council on using surplus as revenue in the budget.

If a surplus is not generated then cost reductions or revenue increases are required to offset the loss of this revenue the following year.

<u>Year</u>	<u>Surplus included as Revenue in the Budget</u>
1997	\$ 2,094,000
1998	1,215,000
1999	1,000,000
2000	750,000
2001	500,000
2002	250,000
2003	250,000
2004	200,000
2005	0
2006	432,013

Our goal has been to phase out the use of surplus as a revenue source in the budget. If a surplus does occur it should be utilized for one-time expenditures such as capital projects or a contribution to reserves.

The reported surplus for 2006 is \$822,986 subject to final audit adjustments. No allowances has been made for Assessment Appeals.

Due to our expectation of a higher OMPF grant in 2008 and our goal of minimizing the 2007 tax increase, staff recommends \$430,000 of the 2006 surplus be utilized to reduce the 2007 tax levy, and the remaining balance of \$392,986 be allocated to the Assessment Appeals Reserve.

Surplus will be used as revenue for one more year until higher expected OMPF grants are received in 2008.

Contributions from Reserves included in the Budget as Revenue

As with surplus, our plan is to phase out the use of reserves as a source of revenue to balance the budget. The City does not have the reserve base to depend on reserves as a continual source of revenue. The 2006 contribution from reserve related to funds allocated for the 2006 municipal election.

As per our goal to phase out the use of reserves as a source of revenue, we recommend the reserve contribution for 2007 be \$0.

<u>Year</u>	<u>Contributions from Reserves included as Revenue in the Budget</u>
1997	\$ 1,210,000
1998	1,000,000
1999	750,000
2000	2,394,568
2001	500,000
2002	500,000
2003	500,000
2004	375,000
2005	125,000
2006	120,000 (Election, planned contribution)

Long Term Debt

No long term debt was issued in 2006.

2006 Net Long Term Liabilities	\$ 18,329,293
2005 Net Long Term Liabilities	<u>23,031,325</u>
Net Decrease in Long Term Liabilities	\$ <u>4,702,032</u>

Ten Year Debt Summary

2006	\$ 18,329,293
2005	23,031,325
2004	26,446,776
2003	28,492,740
2002	21,075,992
2001	23,327,226
2000	25,901,858
1999	16,175,994
1998	16,955,181
1997	19,711,034
1996	22,159,369

In 2006, the Province of Ontario eliminated a long term debt of \$1,580,000 relating to the Ontario Downtown Revitalization Program.

The City plans to issue approximately \$12,000,000 of debt for the construction costs of the Steelback Centre. A total of \$1,170,000 is included in the 2007 budget for debt servicing on the Steelback Centre. The attached Appendix C is an estimated repayment schedule from National Bank Financial dated March 23, 2007 indicating a 14 year repayment and total interest costs of \$4,540,763 to finance a \$12,000,000 bond issue.

The estimated remaining City cost for the Sewer Diversion Program is \$10,000,000 which includes the East End Sewage Treatment Plant and the Pim Street CSO tank. The staff plan is to finance these costs over 3 years from the sewer surcharge and therefore, no additional debt will be issued.

A Long Term Debt Projection Schedule (Appendix B) and the credit rating for the Corporation of the City of Sault Ste. Marie (Appendix D) are attached.

Debt Strategy

We are maintaining our strategy of a Pay As You Go program to finance capital road reconstruction.

The 2007 capital roadway construction program will be financed by the capital levy and no debt issues are required.

Staff recommends that any additional funding for roadway reconstruction be financed by the capital levy and gas tax revenue from the federal and provincial governments.

The Federal gas tax allocation for 2007 is \$1,938,436. The recent Federal Budget announced the continuation of the Federal Gas Tax beyond 2010 which will provide municipalities with a long term predictable source of funding for roadways and bridges.

The net City cost for the Arena project will be financed by the issuance of Long Term Debt. A project summary for each project is provided in the section.

The City's long term debt at December 31, 2006 was \$18,329,293.

We have stated to our Bond Rating Agency that we would only issue debt for major capital items. Our attached Bond Rating (Appendix D) states that *"Standard & Poor's expects that Sault Ste. Marie will maintain a good financial position through a combination of restrained debt issuance, continuing strong operating performance and maintenance of at least average liquidity. We also expect that senior government support for the municipality will continue, as will efforts to diversify its economy. Significant weakening in any of these supportive elements, or in the performance of Algoma Steel, could put downward pressure on the rating or outlook. Significant progress in diversifying the local economy could put upward pressure on the rating outlook"*.

Staff recommends no new debt issues for the next five years but we may consider some additional debt for energy conservation projects that result in significant cost savings or box suites at the Steelback Centre.

The construction of box suites for the Steelback Centre is under consideration. The current estimated construction cost for Phase 2 is \$1,800,000 alone and \$3,800,000 for Phases 2 and 3. The current assumption is that licence revenues from the suites would finance the repayment of debt costs related to the box suite construction.

2007 Major Capital Projects

The following is a summary of the major capital projects underway in 2007. These projects include the Sault Ste. Marie Sports and Entertainment Centre, the Sewage Diversion Project, the Truck Route.

1. SAULT STE. MARIE SPORTS AND ENTERTAINMENT COMPLEX

Expenses

Bondfield Construction Net Contract	\$ 22,683,130
Architect Fees	1,563,824
Other Consulting/Other	157,087
Furniture and Fixtures	<u>946,459</u>
Total Revised Cost	\$ <u>25,350,500</u>

Revenues

Federal COIP Grant	\$ 3,700,000	
Provincial COIP Grant	<u>3,700,000</u>	\$ 7,400,000
Northern Ontario Heritage Fund		1,000,000
Arena Funding Completed		
GST Rebate	750,000	
2003 City Surplus	1,500,000	
2004 City Surplus	1,000,000	
2005 Capital Allocation	1,000,000	
2006 Capital Allocation	<u>590,000</u>	4,840,000
Net Local Fundraising		960,283
Net City Debt		<u>11,150,217</u>
Total Revenue		\$ <u>25,350,500</u>

Net City Debt	\$ 11,150,217
Parking Lot Costs	503,447
Debt Issue Costs	<u>100,000</u>
Total Debt Issue	\$ <u>11,753,664</u>

2006 Capital Allocation for one time capital expenditures includes tower restoration, stage, flooring railing, & Box Suite design	\$ 580,000
Net Naming Plate Revenue	<u>33,639</u>
Total One time Expenditures	\$ <u>613,639</u>

By-law 2005-128 authorizes the borrowing of \$13 million for the arena and \$1 million for luxury suites.

The original plan for the \$13 million of debt included a Net City debt of \$10,950,368 plus the additional \$1 million in Provincial funding plus the donation total of \$1 million. With the success of the fundraising campaign and a \$1 million contribution from the Northern Ontario Heritage Fund, the amount of City debt required to finance the project was reduced.

In a previous estimate to Council on August 28, 2008, the projected debt issue was \$12 million dollars which included an estimated cost of \$843,000 to pave the Steelback parking lot. Since the actual cost to pave the parking lot was \$503,447, the resulting savings offset additional costs.

Included in the 2006 budget is a capital allocation of \$1,170,000 for debt service on the arena. Since no long term debt was issued in 2006, on August 28, 2006 Council approved \$590,000 from the 2006 capital allocation to finance the surplus requirement of the financing plan and the remaining \$580,000 be allocated for building enhancements and equipment.

A debenture of approximately \$12,000,000 will be issued in the first half of 2007 to finance the outstanding City contribution to the arena project. The 2007 budget allocation of \$1,170,000 will finance the debt payments. No levy increases will be required in 2007 since the capital allocation for debt payments of \$1,170,000 was in the previous years' base budget.

Attached in Appendix E is a detailed arena update.

2. SEWAGE DIVERSION PROJECT SUMMARY

Expenses

Sewer Tank Project	\$ 8,120,181	
John Street Pumping Station	2,968,596	
Wellington Sewer Repair	89,642	
Hudson Lyons Forcemain	1,017,752	
Clark Creek Pumping Station	2,504,011	
Wellington – John/Hudson Sewer	<u>2,051,821</u>	
Total Sewer Diversion projects – completed		\$ 16,752,003
East End Sewage Plant		
- fixed contract including outfall	46,851,771	
Engineering	<u>5,610,000</u>	
	52,461,771	
Relief Wells	<u>316,707</u>	
Total East End Plant		52,778,478
Pim Street CSO Tank		
Actual costs to date	167,853	
Estimated cost to complete	<u>3,932,147</u>	<u>4,100,000</u>
Total Expense Sewer Diversion Project		\$ <u>73,630,481</u>

Revenues

OSTAR – Provincial 33.3% of Total	\$ 24,167,507	
OSTAR – Federal 33.3% or Original Project	<u>20,181,333</u>	\$ 44,348,840

City Funding Sources

Sewer Surcharge - Funding to December 31, 2006	17,487,550	
Apartment Sewer Reserve Fund	1,091,040	
Sewage Plant Reserve Fund	<u>2,510,488</u>	
	21,089,078	
Total Long Term Debt Requirement	<u>8,192,563</u>	<u>29,281,641</u>
Total Revenue Sewer Diversion Project		\$ <u>73,630,481</u>

COMRIF – Scada Monitoring System

Estimated Project Cost	\$ 3,900,000
COMRIF Funding	<u>(2,600,000)</u>
Net City Cost - Long Term Debt	1,300,000
Total Long Term Debt Sewer Diversion Program	<u>8,192,563</u>
Total Long Term Debt Required	\$ <u>9,492,563</u>

Financing Plan for Balance of Project

Sewer Surcharge 2007	\$ 3,200,000
Sewer Surcharge 2008	3,200,000
Sewer Surcharge 2009	<u>3,092,563</u>
Total Funding	\$ 9,492,563

Staff recommends allocating the above sewer surcharge for three years to finance the remaining balance of the project. By-law 2004-214 authorized the issue of \$11 million of long term debt to finance the sewage treatment plant but our plan is to utilize sewer surcharge over a three year period.

3. TRUCK ROUTE SUMMARY

	2004-2006 Costs	2007 Estimate	Total
Expenses			
Land Acquisition	\$ 6,565,072	\$ 0	\$ 6,565,072
Construction Costs	<u>13,669,335</u>	<u>550,000</u>	<u>14,219,335</u>
Total Costs	<u>\$ 20,234,407</u>	<u>\$ 550,000</u>	<u>\$ 20,784,407</u>
Revenues			
Capital Allocation	\$ 8,753,569	\$ 550,000	\$ 9,303,569
Sewer Surcharge	280,838	0	280,838
SHIP Grant – Ontario	5,600,000	0	5,600,000
SHIP Grant – Canada	<u>5,600,000</u>	<u>0</u>	<u>5,600,000</u>
Total Revenues	<u>\$ 20,234,407</u>	<u>\$ 550,000</u>	<u>\$ 20,784,407</u>

The City is requesting additional SHIP grant funding to fund additional road construction costs above the \$11,200,000 allocation.

The remaining amount of \$550,000 for 2007 includes \$400,000 for railway control signals and the balance for signs, fencing and other costs.

There are sufficient funds available from the 2006 allocation to finance the remaining balance.

Reserves

Reserves provide liquidity for operations along with a form of security for long term as listed in the above quote from our bond rating.

Reserve Funds	2006 Total	\$ 21,669,469
Reserve Funds	2005 Total	<u>19,459,089</u>
Increase in 2006		<u>\$ 2,210,380</u>
Reserves	2006 Total	\$ 24,334,725
Reserves	2005 Total	<u>16,736,711</u>
Increase in 2006		<u>\$ 7,598,014</u>

Our reserves have been established for specific purposes and when these projects are completed the reserve is eliminated.

Our reserve funds increased in 2006 due to the \$2.1 million annual hospital contribution.

The reserves increased in 2006 by \$7.60 million due to a \$9 million Provincial grant for revoked connecting links that will be used over several years. This was offset by the elimination of the \$1.75 million Tax Appeals Reserve that was taken into revenue to offset the Algoma Steel Tax Appeal.

In future years, the City should consider building a general purpose reserve for tax stabilization and improved liquidity.

The attached Appendix F is a statement listing the balances of our Development Charges Reserve. The City does not charge Development Charges but has balances from previous years.

Capital Budget

A 10 Year Capital Budget Forecast for 2007 to 2016 is provided for Council information. Council is not being asked to approve the Capital Budget Forecast, it is provided for the information of Council. Major projects will be presented individually to Council for approval.

The City of Sault Ste. Marie's capital budget is composed of the following components.

1. Capital from Current

A budget allocation of \$600,000 is provided for capital expenditures of operating departments and a listing is included in the blue pages.

2. Sanitary Sewer Surcharge

All sanitary sewer surcharge revenue is used exclusively for sanitary sewer projects.

The sanitary sewer surcharge will be utilized to finance the construction of the East End Sewage Treatment Plant, the Sewer Diversion Program and all operating and capital costs relating the sanitary sewers and sewage treatment.

2007 Sanitary Sewer Budget

Annual Road Reconstruction Projects	769,000
Sanitary Sewer Maintenance costs in City budget - Bill 175	1,400,000
Repairs to Sewage Treatment Plants	481,000
Operating costs paid to PUC for Sewage Plants	3,400,000
Bonney Street Pump Station Backup Generator	60,000
Infiltration Elimination Projects	200,000
Sludge Disposal Study	50,000
Small Pumping Station Study and Design	40,000
Forcemain Inspection Study	200,000
Allocation for East End Sewage Treatment Plant and the Sewer Diversion Project	<u>3,200,000</u>
Total	<u>\$ 9,800,000</u>

Water rates have increased by 10% in 2007 that will generate approximately \$1,000,000 of additional sanitary sewer revenue that is reflected in the budget.

The Province has given royal assent to Bill 175, The Sustainable Water and Sewage Systems Act. Regulations have not been passed, but we have been advised that the cost of wastewater services must be a user charge and not part of the tax levy. As regulations are passed under Bill 175 we will update Council.

In future years, we recommend approximately \$3.2 million of sewer surcharge be allocated for debt reduction for the East End Sewage Treatment plant. It is estimated that the outstanding debt could be retired in 3 years.

2006 Sanitary Sewer Budget/Actual	Budget	Actual
Annual Road Reconstruction Projects	\$ 500,000	658,486
Annual Allowance for Emergency Repairs	350,000	24,663
Sanitary Sewer Maintenance costs in budget - Bill 175	1,232,304	1,348,778
Repairs to Sewage Treatment Plants	640,000	563,113
Operating costs paid to PUC for Sewage Plants	2,700,000	2,404,198
Bonney Street Pump Station Upgrade	500,000	204,293
Generator for Pim St Pump Station - Actual in Repairs to Plants	90,000	0
Allocation for East End Sewage Treatment Plant and the Sewer Diversion Project	2,700,000	3,500,000
Previous Years Projects		<u>74,341</u>
Total	<u>\$ 8,712,304</u>	<u>8,777,872</u>
Roof Replacement for the West End Plant to be financed from the Sewage Plant Reserve Fund - Project is to be undertaken in 2007	\$ <u>330,000</u>	<u>0</u>

The Bonney Street Pump Station requires an additional \$377,706 to complete the project. A balance of \$936,902 remains in the Sanitary Sewer Account and with the above commitment, a total of \$629,196 remains for sanitary sewer projects.

Staff recommends the allocation for capital funding for the East End Sewage Treatment Plant be increased to \$3,500,000 in 2006 in order to accelerate the financing plan for the facility.

3. Miscellaneous Construction

The Miscellaneous Construction budget base will be maintained at \$1,000,000 in 2007.

Second Line Slope Stabilization	\$ 50,000
Pine Street Extension	
Environmental Assessment	10,000
Rear Yard Drainage	50,000
Dryden Footbridge	25,000
Sewer Inventory Program	40,000
West End Bridges	300,000
Asphalt Resurfacing	<u>525,000</u>
Total	<u>\$ 1,000,000</u>

4.

4. 2006 Actual Road Construction Costs

<u>2006 Costs</u>	<u>Budget</u>	<u>Actual</u>	<u>Cost to Complete</u>	<u>Total Estimated Cost</u>	<u>Variance</u>
Truck Route	1,299,590	1,221,139	550,000	1,771,139	(471,549)
Truck Route Hub Trail Costs	150,000	0			150,000
Net 2006 Truck Route Costs	1,449,590	1,221,139	550,000	1,771,139	(321,549)
Second Line – Phase 2	685,000	531,217	25,000	556,217	128,783
Second Line – Move Ontario	1,453,990	1,453,990	0	1,453,990	0
Gloucester	525,000	509,443	12,342	521,785	3,215
Russ Ramsay Way	573,000	613,668	14,332	628,000	(55,000)
Trunk Road – Net	809,490	624,662	294,588	919,250	(109,760)
Pentagon Avenue	2,050,000	1,573,403	226,597	1,800,000	250,000
Devon/Farwell Terrace	2,953,260	2,264,136	805,864	3,070,000	(116,740)
Goulais - Design	2,390,000	1,953,810	180,207	2,134,017	255,983
Milling/Overlay	805,000	832,203	0	832,203	(27,203)
Total	13,694,330	11,577,671	2,108,930	13,686,601	7,729

Financing

2006 Road Construction Program	7,487,080
2005 Federal Gas Tax	1,453,990
2006 Move Ontario	<u>4,753,260</u>
Total	<u>13,694,330</u>

Based on the above schedule, there are sufficient funds remaining from the 2006 capital construction program to finance the costs to complete those projects.

As part of our Strategic Plan, an additional \$500,000 was to be added to the tax levy each year for additional road construction projects. In order to limit the tax increase in 2007, staff recommends this allocation not be increased in 2007.

5. 2007 Road Construction Program

The recommended 2007 Road Construction Program is listed below.

<u>2007 Costs</u>	<u>Roadway</u>	<u>Storm Sewer</u>	<u>Sanitary</u>	<u>Total</u>
Great Northern Road	500,000	0	0	500,000
McNabb – Southmarket Extension/Trunk	1,474,000	208,000	198,000	1,880,000
Shannon Road – Queen to Margaret	1,359,000	330,000	195,000	1,884,000
Bruce – Bay to Queen	462,000	75,000	63,000	600,000
MacDonald – Pine to Lake	<u>2,420,000</u>	<u>497,000</u>	<u>313,000</u>	<u>3,230,000</u>
Total	6,215,000	1,110,000	769,000	8,094,000

City Financing

Sewer Surcharge		(769,000)	(769,000)
2006 Federal Gas Tax	(1,938,990)		(1,938,990)
2006 Capital Levy - Overall	(4,010,090)		(4,010,090)
2005 Capital Levy - Urban only	<u>0</u>	<u>(1,539,887)</u>	<u>0</u>
Deficit/(Surplus)	<u>265,920</u>	<u>(429,887)</u>	<u>(163,967)</u>

Revoked Connecting Link Projects

Lyons Avenue – Korah to Wellington West	\$ 1,375,000
Trunk – Black Road to Wellington East	1,900,000
Wellington East – Trunk to East	<u>300,000</u>
Total Program	<u>\$ 3,575,000</u>

At the meeting of May 29, 2006, City Council was advised of the list of revoked connecting link roads and the receipt of \$9 million from the Province as compensation.

Staff recommends funding the above revoked connecting link projects from the \$9 million reserve.

2007 Provincial Budget

The City received an unconditional Connecting Link grant which includes \$1,121,250 for Great Northern Road (Fifth Line to the City Limit) and an additional \$252,000 for Trunk Road (Black to Boundary Road).

Based on the above estimates, Trunk Road can be financed from the 2006 capital allocations.

The Great Northern Road project is planned for 2007 with the City contribution of \$500,000 included in the 2007 Road Construction Program.

The above 2007 Road Construction Program summary indicates a \$265,920 deficit in roadway financing based on the revised estimates provided by Engineering.

Based on revised estimates, Staff is recommending the Trunk Road allocation of \$252,000 be allocated to the 2007 Road Construction Program.

6. MTO Site Development for Fire Services

On December 11, 2006 Council approved the building renovation on the MTO replace the current #4 Firehall.

Estimated Expenditures	<u>\$ 2,300,000</u>
Revenues	
Sale of #4 Fire Station	250,000
MTO Site Reserve	658,162
Existing Debt Allocation from 2006 debt retirement - 4 year allocation of \$311,290	1,245,160
Rent from Ambulance Communication Centre	<u>146,678</u>
Total Revenues	<u>\$ 2,300,000</u>

7. Waterfront Walkway – Clergue Park

The City contribution to the Waterfront Walkway project is \$800,000

Waterfront Walkway Reserve	\$ 600,000
2006 Budget Allocation for Trail Development	100,000
5% Subdividers Reserve Fund	<u>100,000</u>
Total City Share	<u>\$ 800,000</u>

To December 31, 2006, \$376,436 of the City funding has been expensed.

Federal Gas Tax

In 2005 the Federal Government announced a Gas Tax program for eligible infrastructure. The grant was based on a population of 74,566 for Sault Ste. Marie from 2001 Statscan data.

	<u>Total</u>	<u>Per Capita</u>	<u>Cents/Litre</u>
Year 2005 – 2006	\$ 1,453,989.65	19.50	1.5
Year 2006 – 2007	1,453,989.65	19.50	1.5
Year 2007 – 2008	1,938,436.40	26.00	2.0
Year 2008 – 2009	2,422,883.15	32.49	2.5
Year 2009 – 2010	<u>4,845,766.29</u>	64.99	3.0
Total	\$ <u>12,115,065.14</u>		

The above allocations are fixed and will not change due to population or gas prices.

The 2007 Federal Gas Tax allocation is recommended for road construction projects.

Casino Revenue – Hospital Contribution

The City receives 5% of the gross slot revenues from the Sault Ste. Marie Charity Casino.

A Council resolution passed on March 8, 1999 committed casino revenues to fund six additional Police Officers and one new Fire Prevention Officer.

On September 11, 2000, Council passed a resolution to annually contribute \$1,000,000 from casino revenue and \$1,100,000 from an additional tax levy for the construction of a new hospital facility based on the estimated cost of \$175 million. The funds are held in a Hospital Reserve Fund.

On February 11, 2002, City Council approved a Doctor Recruitment Plan with \$353,220 being allocated from casino revenue. All future casino revenue surpluses are to be allocated to a reserve for Doctor Recruitment subject to an annual review at budget time.

On March 26, 2007, Council approved the 2006 net casino revenue of \$100,899 be allocated to finance the 2007 Doctor Recruitment Program.

On July 7, 2003, Council passed a resolution to increase the City commitment to \$29.5 million with funding completed in 2014. The City commitment is based on a contribution of \$27,500,000 with a payment date of 2008. The full cost of the contribution may be \$29,500,000 which includes interest payments.

Summary of Casino Revenues

Revenue	Police and Fire Costs	Doctor Recruitment	Hospital	Other	Total Revenue
1999	234,563		509,101	39,568	783,232
2000	292,709		1,000,000		1,292,709
2001	258,015	353,220	1,000,000		1,611,235
2002	278,456	631,731	1,000,000	15,956	1,926,143
2003	304,774	611,161	1,000,000		1,915,935
2004	314,436	555,915	1,000,000		1,870,351
2005	334,167	242,911	1,000,000		1,577,078
2006	355,020	100,899	1,000,000		1,455,919
Total	<u>\$ 2,372,140</u>	<u>\$ 2,495,837</u>	<u>\$ 7,509,101</u>	<u>\$ 55,524</u>	<u>\$ 12,432,602</u>

Hospital Levy

2001	\$ 1,100,000
2002	1,100,000
2003	1,100,000
2004	1,100,000
2005	1,100,000
2006	<u>1,100,000</u>
Total Hospital Levy	6,600,000
Interest Earned on Reserve	<u>1,534,554</u>
Subtotal Reserve	15,643,655
SAH access road 2005	(15,556)
SAH access road 2006	<u>(458,523)</u> <u>(474,079)</u>
Reserve Total December 31, 2006	<u>\$ 15,169,576</u>

On September 25, 2006, City Council approved a contract with Mid Canada Construction for \$1,054,475 for the construction of an access road. There will be additional engineering costs for the project. Sault Area Hospital agreed that the cost of the access road would be deducted from the City's donation.

Structure of City Hospital Contribution

Casino Revenue of \$1,000,000 to the end of 2013	\$ 14,509,101
Hospital levy of \$1,100,000 to 2013 with part payment in 2014	<u>14,993,000</u>
Total Hospital Contribution	<u>\$ 29,502,101</u>

The contribution is based on a payment of \$27,500,000 at the end of 2008 plus interest costs.

Tax Capping

Most municipalities rely on the Ontario Property Tax Analysis System (OPTA) for tax billing calculations and tax analysis.

In accordance with the Province's tax reform legislation, tax capping applies to properties in the commercial, industrial and multi-residential tax classes. Municipal budget impacts are allowed to flow through under the program in addition to the 10% tax protection on assessment increases.

The tax capping program is funded by those taxpayers who experience tax decreases within each tax class, which is assigned a claw-back percentage required to fund the cap. This claw-back is calculated through the provincially sponsored On-line Property Tax Analysis (OPTA) interactive internet database.

Staff recommends no changes to the 2007 tax capping options as compared to 2006.

- **Tax capping be maintained at 10%.**
- **Tax capping threshold of plus and minus \$250 be maintained to exempt those properties in this range from the tax capping formula.**
- **New construction or new to the class properties be set to 90% in 2007 and 100% in 2008. The 2006 level was 80% and these limits are used to compare taxes of the new property to other comparables in the class. This increase is part of a Province wide phase in program.**

The goal of these policies is to reduce the number of taxpayers exposed to tax capping. Our objective is to move as many taxpayers to a full current value assessment as possible and minimize the number of taxpayers that have their tax reductions clawed back due to tax capping.

Assessment

Overall assessment increased .03% in 2006 (Appendix G). Residential assessment was up by .44% but was offset by a 10.36% reduction in large industrial assessment. Commercial assessment was up by .84% and industrial increased by 8.41%.

On a weighted assessment basis, overall assessments decreased by .52% due to the higher residential assessments and reduced large industrial assessment (Appendix H).

The net impact is that the 2007 weighted assessment roll will generate approximately \$400,000 less tax revenue as compared to the 2006 assessment roll.

Higher residential assessments in 2007 generated \$210,000 of additional revenue but this was offset by a loss of \$769,000 in the large industrial class. The commercial class generated and additional \$103,000 while the industrial class was up by \$87,000.

The 2007 tax roll was based on a January 1, 2005 valuation and the 2008 assessment roll will also be based on January 1, 2005 valuation.

The attached Exhibit I is a summary from the 2007 Provincial Budget listing changes to property assessment for 2009. Assessments for 2007 and 2008 are frozen at the January 1, 2005 valuations. The 2009 valuation will return to the current assessment values and the Province has proposed a four year phase in process. Future assessments will be issued for a four year period with a mandatory for year residential assessment phase in program.

The 2007 Provincial Budget provided the below listed schedule that states their intention to reduce Business Education Taxes over the next 7 years.

TABLE 2
BET ANNUAL CEILING RATES

Year	Annual Commercial Ceiling Rate (%)	Annual Industrial Ceiling Rate (%)	Estimated Business Tax Cut (\$ Millions)
2008	2.50	3.00	15
2009	2.35	2.75	35
2010	2.20	2.50	65
2011	2.05	2.25	105
2012	1.90	2.00	180
2013	1.75	1.75	350
2014	1.60	1.60	540

Note: BET rates may need to be recalculated in 2009 and future years to adjust for the impact of reassessment-related changes. Annual ceiling and target maximum rates may also need to be managed to account for these changes.

The estimated education tax savings for commercial and industrial taxpayers in Sault Ste. Marie is estimated to be \$4,754,000 in 2014.

TABLE 3
BUSINESS EDUCATION PROPERTY TAX CUTS

Municipality (counts reflect lower- and Region single-tier municipalities)	Property Class	Fully Implemented	
		Projected 2014 Tax Cut (\$)	Projected 2014 Tax Cut (%)
NORTH:			
Thunder Bay	Industrial	5,499,000	55
	Commercial	8,491,000	38
Sault Ste. Marie	Industrial	2,303,000	46
	Commercial	2,451,000	23
Timmins	Industrial	2,104,000	46
	Commercial	738,000	15
Greater Sudbury	Industrial	3,930,000	43
	Commercial	4,402,000	19
North Bay	Industrial	177,000	14
	Commercial	2,967,000	30
North Region	Industrial	6,571,000	42
80 Other Benefiting Municipalities	Commercial	4,882,000	25

Economic Diversification Fund

A summary of the 2006 Economic Development Fund appears in Appendix J for information.

A total of \$26,485 from the 2006 Economic Development Fund remains unallocated and is available for allocation.

The 2007 budget includes an allocation of \$500,000 for a 2007 Economic Diversification Fund.

P.U.C. Interest Payment

- In November 2000, the assets of the PUC were transferred to P.U.C. Inc. and the City received a note payable for \$15,240,000 with an interest rate of 8.5%. The City received an interest payment of \$1,295,400 in 2001.
- The City received a second note payable for \$25,000,000 in December 2001 from a conversion of 2,500 special shares held by the City.
- The City received \$2,537,865 in interest payments in 2002, and \$2,545,400 in 2003 to 2006.
- The PUC must restructure the loan arrangements with the City in the next four years. Staff from the City and PUC are working with a Consultant to provide recommendations for a new PUC capital structure. This process is expected to be completed in 2007.
- The interest received by the City is considered revenue and is utilized to fund municipal expenditures. PUC has recommended a \$500,000 reduction in interest payments in 2007. The original budget submitted includes a \$500,000 reduction in PUC interest income.

At the March 26, 2007 Council Meeting, PUC requested a \$500,000 reduction in the 2007 interest payment. PUC stated they would agree to pay interest at the 2006 level if the City agrees to a capital restructuring of the PUC in 2007. PUC also stated they must review the impact of the 2007 Provincial budget changes.

The City and PUC have contracted a consultant to review the PUC capital structure and recommend a new capital plan by summer 2007.

The 2007 Provincial Budget included the following new condition on municipal utilities that was distributed to Council by PUC at the March 26, 2007 meeting.

To prevent the potential for excessive interest deductions by municipal electricity utilities (MEUs), new rules would make the deductibility of interest by MEUs consistent with the proposed Ontario Energy Board cost-of-capital rules. The new rules would limit the interest rate on debt to municipalities and impose a debt-to-equity ratio. These measures would be effective for all interest payments made by all MEUs to municipalities after March 22, 2007.

The City and PUC have been reviewing the impact of this Provincial budget change. The Province wants MEUs to be treated the same as private sector utilities.

4.

Our initial conclusion is that interest payments beyond a set capital formula will incur income tax to the PUC. The tax impact is approximately \$500,000 to the PUC. It is also concluded that the income tax payment would have to be paid even if the interest payments were not paid to the City. Income tax will become part of the PUC financial plan and would require a rate increase.

The PUC would have to make a rate increase request to the Ontario Energy Board and the results of this request would not be known for several weeks or months.

The City is requesting a \$2,540,000 interest payment for 2007. PUC has a financial concern about the added income tax cost and the related impact on their working capital if the OEB rate application is not approved.

Staff recommends the PUC pay \$2,540,000 of interest in 2007, the same as 2006, and the City commits to a new capital restructure in 2007. The City recognizes that the added income tax cost will impact the working capital of the PUC if a rate increase is not approved.

AMO Campaign - \$3 Billion Provincial Municipal Fiscal Gap

The Association of Municipalities of Ontario (AMO) launched a campaign in August 2005 to declare that the existing provincial-municipal fiscal relationship is unsustainable and damaging to Ontario municipalities.

Our Municipal Fiscal Gap was calculated in 2006 based on information from AMO staff. The following calculation was provided in 2006 to identify the net subsidy provided by municipalities each year to fund provincial health, social services and income distribution programs.

Total DSSAB Levy 2006	\$ 22,947,003
2006 Algoma Health Unit Levy	2,428,175
2006 Debt Service costs for the New Davey Home	<u>1,179,537</u>
Sub Total of Costs	\$ <u>26,554,715</u>
Less: Ontario Municipal Partnership Fund Grant for Social Services	\$ 11,702,662
Phase-In Adjustment Pro-rated	
\$3,381,881 Phase-In / \$29,322,972 Total Grant = 11.53%	
Phase-In Adjustment for Social Services 11.53% x \$11,702,662	(<u>1,349,317</u>)
Net Provincial Grant for Social Services	\$ <u>10,353,345</u>
Net 2006 AMO Municipal/Provincial Fiscal Gap for Sault Ste. Marie	\$ <u>16,201,370</u>

This above total does not include the annual contribution of \$2,100,000 for the new hospital.

Public Health Algoma

The Province of Ontario has increased funding to Public Health, which should result in lower municipal contributions. In 2005, the Province contributed 55% of the operating costs of Health Units and will increase to 65% in 2006 and 75% in 2007.

The 2007 levy for the City of Sault Ste. Marie will decrease by \$505,970 or 21.% to a total of \$1,922,205.

- The reduced City levy was due to increased Provincial funding and Public Health Algoma retaining less capital funds for a possible new building on Sault College property.

Doctor Recruitment

On March 26, 2007, Council approved the allocation of the net casino revenue of \$100,899 for Doctor Recruitment along with the balance of the Doctor Recruitment Reserve.

Population

The 2006 Census was issued that increased the City population to 74,948 from the 2001 number of 74,566 (Appendix K).

Grant programs such as the Federal Gas Tax use the census as a basis for grant allocations.

2007 Provincial Budget

The Province provided the City with an unconditional transit grant of \$853,483.75.

Staff recommends the total amount be allocated to a transit capital reserve with Council approval required for specific expenditures.

Special Assistance for Tax Appeals

The City had applied to the Province for special assistance due to the settlement of the Algoma Steel Inc. tax appeal. I have been told that a decision on special assistance is not imminent.

During 2006, the entire Assessment Appeals Reserve with a balance of \$1,750,000 at December 31, 2005 was applied to the Algoma Steel Incl. assessment appeal.

There are currently no funds in the Assessment Appeal Reserve.

Provincial Assistance

The City requested special assistance from the Province for the Algoma Steel Inc., Boniferno Millworks Inc. and other possible appeals. The Province has stated the request is still under consideration and no date has been provided for a decision.

2006 Surplus

The 2006 year end audit indicates a surplus of **\$822,986** subject to any final year end adjustments.

No reserve provisions have been made for future tax commercial and industrial tax appeals. No amounts have been accrued for the proposed \$386,000 arrangement with St. Mary's Paper Inc. which was conditional upon an employee settlement.

Staff recommends \$430,000 of the 2006 surplus to be utilized to reduce the 2007 tax levy and the remaining balance of \$392,986 be allocated to an Assessment Appeal Reserve.

If Council utilizes surplus funds for an ongoing expenditure, a tax increase will be required in 2007 to sustain the expenditure.

The following is a list of major budget variances for 2006. The Departmental Summary is listed in Appendix L.

Savings occurred throughout the organization.

Item	Variance Surplus/(Deficit)
Provincial Offences operation	269,225
Tax Writeoffs including ASI	(2,424,842)
Reserve contribution for tax appeals	1,750,000
Interest of bank accounts	537,245
Employee benefits based on experience	683,809
Health & Dental benefits from previous years	240,739
Steelback/Memorial Gardens operations opening/closing costs	(213,557)
Arena administration new staff	(130,186)

RECOMMENDATIONS

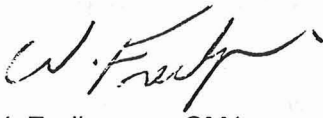
Listed below is a summary of staff budget recommendations.

1. *Due to our expectation of a higher OMPF grant in 2008 and our goal of minimizing the 2007 tax increase, staff recommends \$430,000 of the 2006 surplus be utilized to reduce the 2007 tax levy, and the remaining balance of \$392,986 be allocated to the Assessment Appeals Reserve.*
2. As per our goal to phase out the use of reserves as a source of revenue, we recommend the reserve contribution for 2007 be \$0.
3. Staff recommends that any additional funding for roadway reconstruction be financed by the capital levy and gas tax revenue from the federal and provincial governments.
4. Staff recommends allocating \$9,492,563 of sewer surcharge over three years to finance the remaining balance of the Sewer Diversion Project. By-law 2004-214 authorized the issue of \$11 million of long term debt to finance the sewage treatment plant but our plan is to utilize sewer surcharge over a three year period.
5. Staff recommends the allocation for capital funding for the East End Sewage Treatment Plant be increased to \$3,500,000 from the 2006 budget of \$2,700,000 in order to accelerate the financing plan for the facility.
6. Staff recommends funding \$3,575,000 of revoked connecting link projects from the \$9 million connecting link reserve.
7. Based on revised estimates, staff is recommending the Trunk Road allocation of \$252,000 be allocated to the 2007 Road Construction Program.
8. The 2007 Federal Gas Tax allocation of \$1,938,436.40 is recommended for road construction projects.
9. Staff recommends no changes to the 2007 tax capping options as compared to 2006.
 - Tax capping be maintained at 10%.
 - Tax capping threshold of plus and minus \$250 be maintained to exempt those properties in this range from the tax capping formula.
 - New construction or new to the class properties be set to 90% in 2007 and 100% in 2008. The 2006 level was 80% and these limits are used to compare taxes of the new property to other comparables in the class. This increase is part of a Province wide phase in program.

4.

10. Staff recommends the PUC pay \$2,540,000 of interest in 2007, the same as 2006, and the City commits to a new capital restructure in 2007. The City recognizes that the added income tax cost will impact the working capital of the PUC if a rate increase is not approved.
11. Staff recommends the total amount of \$853,483.75 be allocated to a transit capital reserve with Council approval required for specific expenditures.

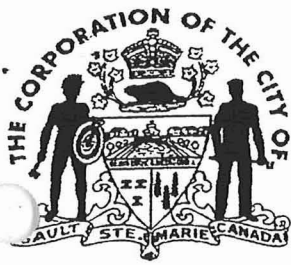
Respectfully submitted,



W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl

attachments



CITY COUNCIL RESOLUTION

Appendix A

Agenda Item

4.

Date: January 15, 2007

MOVED BY
SECONDED BY

Councillor
Councillor

J. Caicco
F. Manzo

Resolved that the report of the Commissioner of Finance and Treasurer dated 2007 01 15 concerning 2007 Allocation for the Ontario Municipal Partnership Fund (OMPF) be accepted as information.

- | | | | |
|---|---|----------------------------------|-----------------------------------|
| ☒ CARRIED | ☐ DEFEATED | ☐ AMENDED | ☐ DEFERRED |
| ☐ REFERRED | ☐ OFFICIALLY READ NOT DEALT WITH | | |

SIGNATURE

- | |
|---|
| ☒ C.A.O. |
| ☒ City Solicitor |
| ☒ Comm. Finance/Treasurer |
| ☒ Comm. Eng. & Planning |
| ☐ Comm. Human Resources |

- | |
|--|
| ☐ Comm. Community Services |
| ☐ Comm. P.W. & Transportation |
| ☐ City Clerk |
| ☐ Fire Chief |
| ☐ Police Chief |

- | |
|--|
| ☐ Mayor |
| ☐ Dir. Libraries |
| ☐ E.D.C. |
| ☐ Cons. Authority |
| ☐ |

4.

William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

2007 01 15

Mayor John Rowswell
and Members of City Council

Re: 2007 Allocation for the Ontario Municipal Partnership Fund (OMPF)

The 2007 allocation for the City of Sault Ste. Marie under the Ontario Municipal Partnership Fund program is \$26,403,830. This is an increase of \$462,739 or 1.8% over the 2006 allocation of \$25,941,091.

Province wide, the OMPF program will provide \$824 million to municipalities, which is an 8% increase over the 2006 funding level.

In 2005, the OMPF program replaced the Community Reinvestment Fund (CRF). In 2004, the City received \$21,448,000 in CRF funding.

The attached schedule details the changes in the 2007 OMPF grant. Listed below are highlights of the major grant components.

Highlights of the 2007 OMPF Grant for Sault Ste. Marie as compared to 2006

Northern Communities Grant increased by \$181,740 to \$7,893,180.

The Province increased the grant per household to \$235 per household from the 2006 level of \$230. The number of households in 2007 is 33,588 as compared to 33,528 in 2006.

Assessment Equalization Grant increased by \$257,681 to \$10,166,551.

The Province increased the threshold assessment to \$187,000 per household from the 2006 level of \$185,000. The subsidy per household was decreased to \$58 per household from the 2006 level of \$60.

- More -

Social Programs Grant increased by \$366,423 to \$12,069,085.

This grant provides funding to municipalities with limited property assessment to support the municipal share of eligible social program costs. Funding is provided to municipalities whose costs for these programs exceed the revenue that could be raised by levying .178% per cent property tax on their assessment base.

Based on estimated eligible social service costs of \$20,129,107, the City is expected to levy \$8,060,022 with the balance of \$12,069,085 being eligible for the Social Programs Grant.

The following is the list of Eligible Social Program Costs

- Ontario Works Income Support: 20 per cent
- Ontario Works Administration: 50 per cent
- Ontario Disability Support Program Income Support: 20 per cent
- Ontario Disability Support Program Administration: 50 per cent
- Ontario Drug Benefit: 20 per cent of cost of benefits for Ontario Works and Ontario Disability Support Program recipients and dependents
- Child Care: 20 per cent of cost of child care programs, 50 per cent of administration
- Social Housing: 100 per cent of devolved costs as of 2002
- National Child Benefit: reinvestment of municipal savings

Phase In Adjustment increased by \$343,105 to \$3,724,986.

A phase in adjustment of \$3,724,986 was applied to the 2007 grant as compared to \$3,381,881 in 2006.

Base on the individual grant formulas, the City should have received an additional \$3,724,986 in 2007. The Phase In Adjustment is a capping process on the grant. The grant increase is limited to \$100 per household in 2007 as compared to \$90 in 2006.

As with property taxes, our grant increases are limited in order to fund those municipalities with grant reductions.

The Phase In Adjustment increases to \$150 per household in 2008 and is eliminated in 2009 and beyond which means the City would receive all funds earned. This will be a significant benefit to the City but we must wait to see if the current grant formulas are maintained in future years.

Final 2005 and Updated 2006 OMPF Grant

The OMPF grant is based on estimates for 2007 based on 2006 activity. The grant formula is updated in the fall and a final grant allocation is provided when all financial information has been finalized.

The 2005 grant has been confirmed at the reported amount of \$25,529,651. A Fall Update for the 2006 grant was also received and it continues to calculate the 2006 grant at \$25,941,091 as originally reported. The 2006 Fall Update increases the phase in adjustment to \$3,616,154 from the original estimate of \$3,381,881.

It is important to note that the final grant allocation is dependant on actual financial information. The 2005 actual final grant information was provided in December 2006. The Province has guaranteed that no municipality will see a revenue loss in 2007 compared to the funding announced in March 2006.

Public Health Net Benefit

On the 2007 OMPF allocation form a line item indicates other Provincial Initiatives that benefit municipalities.

In Item E.1, it indicates a benefit of \$907,957 for the City of Sault Ste. Marie. The following explanation is provided.

The projected municipal benefit of the Province's increased share of Public Health funding to 75% in 2007 relative to 55% in 2005. This is a two-year cumulative total, which assumes that the growth rate for public health unit budgets in 2006 is repeated in 2007. Actual municipal savings may vary based on public health unit budget approvals.

Staff will be meeting with the Algoma Health Unit to review this information.

This report is provided for the information of Council.

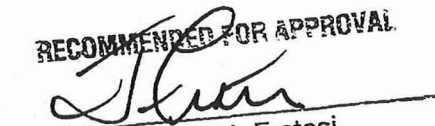
Respectfully submitted,



W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl

RECOMMENDED FOR APPROVAL


Joseph M. Fratesi
Chief Administrative Officer

Report to Council – 2007 Allocation for the Ontario Municipal Partnership Fund
2007 01 15
Page 4.

attachments

1. 2007 OMPF Allocation Notice (Pg. 1.1 – 1.3)
2. Analysis of 2007 OMPF grant compared to 2006 (Pg. 2)
3. OMPF – Sections of the 2007 Technical Guide (Pg. 3.1 – 3.3)
4. 2006 OMPF Original Allocation Notice (Pg. 4)
5. 2006 OMPF Updated Allocation Notice (Pg. 5.1 – 5.3)
6. Letter from Minister of Finance (Pg. 6.1 – 6.3)

**Ontario Municipal Partnership Fund (OMPF)
2007 Allocation Notice (See Enclosed Insert)**



City of Sault Ste Marie

801

2007 Highlights for the City of Sault Ste Marie

- The 2007 OMPF allocation of \$26,403,830 is \$462,739 higher than the March 2006 Announced OMPF allocation.

A. Sum of OMPF Grant Components		\$26,403,830	
1. Social Programs Grant			
a. Assessment Threshold Component		\$12,069,085	
b. Income Threshold Component		-	
2. Equalization Grant			
a. Assessment Equalization Component		\$10,166,551	
b. Farmland and Managed Forest Component		-	
3. Northern and Rural Communities Grant			
a. Rural Communities Component		-	
b. Northern Communities Component		\$7,893,180	
c. Northern and Rural Social Programs Component		-	
d. Stabilization Component		-	
4. Police Services Grant		-	
5. Phase-In Adjustment			
Funding increase limited to \$100 per household compared to 2004 CRF payments		-\$3,724,986	
B. Additional Assistance		-	
C. 2007 OMPF Allocation + Additional Assistance (A + B)		\$26,403,830	
D. Grant Allocation Summary	Funding Allocation	Funding Increase Over Prior Year	Funding Increase Over 2004 CRF
1. 2004 CRF Payments	\$21,448,000	-	-
2. 2005 October Announced Total OMPF Allocation	\$25,529,651	\$4,081,651	\$4,081,651
3. 2006 March Announced Total OMPF Allocation	\$25,941,091	\$411,440	\$4,493,091
4. 2007 Total OMPF Allocation + Additional Assistance	\$26,403,830	\$462,739	\$4,955,830
E. Other Provincial Initiatives		\$2,094,519	
1. 2007 Estimated Public Health Net Benefit		\$907,957	
2. 2007 Estimated Provincial Gas Tax Revenue		\$1,186,562	
F. 2007 Total OMPF Allocation, Additional Assistance, Public Health Benefit and Gas Tax (C + E)		\$28,498,349	
G. Key OMPF Data Inputs			
1. Total Municipal Social Program Costs		\$20,129,107	
2. Households		33,588	
3. Total Assessment per Household		\$134,813	
4. Policing Costs per Household		\$538	
5. Rural and Small Community Measure		9.6%	
6. Total Household Income		\$1,542,878,740	

**Ontario Municipal Partnership Fund (OMPF)
2007 Allocation Notice (See Enclosed Insert)**



City of Sault Ste Marie

80101

2007 OMPF Allocation Notice - Line Item Descriptions

A Total 2007 OMPF allocation after phase-in adjustment.

A1 to A4 The four OMPF grants are summarized in the OMPF brochure and described in detail in the OMPF technical guide – both of these documents can be found on the Ministry of Finance's website at:
<http://www.fin.gov.on.ca/english/community/ompf/>

A5 The Phase-In Adjustment limits a municipality's increase to \$100 per household compared to 2004 CRF payments.

B Municipalities projected to see lower funding in 2007 compared to March 2006 Announced OMPF are eligible for Additional Assistance.

C Sum of the 2007 OMPF allocation and Additional Assistance.

D Grant allocations for 2004, 2005, 2006 and 2007.

E1 The projected municipal benefit of the Province's increased share of Public Health funding to 75% in 2007 relative to 55% in 2005. This is a two-year cumulative total which assumes that the growth rate for public health unit budgets in 2006 is repeated in 2007. Actual municipal savings may vary based on public health unit budget approvals.

E2 The 2007 estimated provincial gas tax revenue that the municipality is projected to receive during the 2007 calendar year.

F Sum of Line C and Line E.

G1 Refers to the costs that municipalities are responsible for under existing cost-sharing arrangements with the province. Includes municipal costs for Ontario Works, Ontario Disability Support Program, Ontario Drug Benefit, Child Care, Social Housing and the reinvestment of National Child Benefit Savings. Details supporting the calculation of these costs are included in the Social Programs Cost Report.

G3 Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households.

G4 Refers to the projected 2007 eligible police costs per household.

G5 Represents the proportion of a municipality's population that resides in rural areas or small communities.

G6 Refers to the total household income for all residents of the municipality.

Grant Allocations for the City of Sault Ste Marie

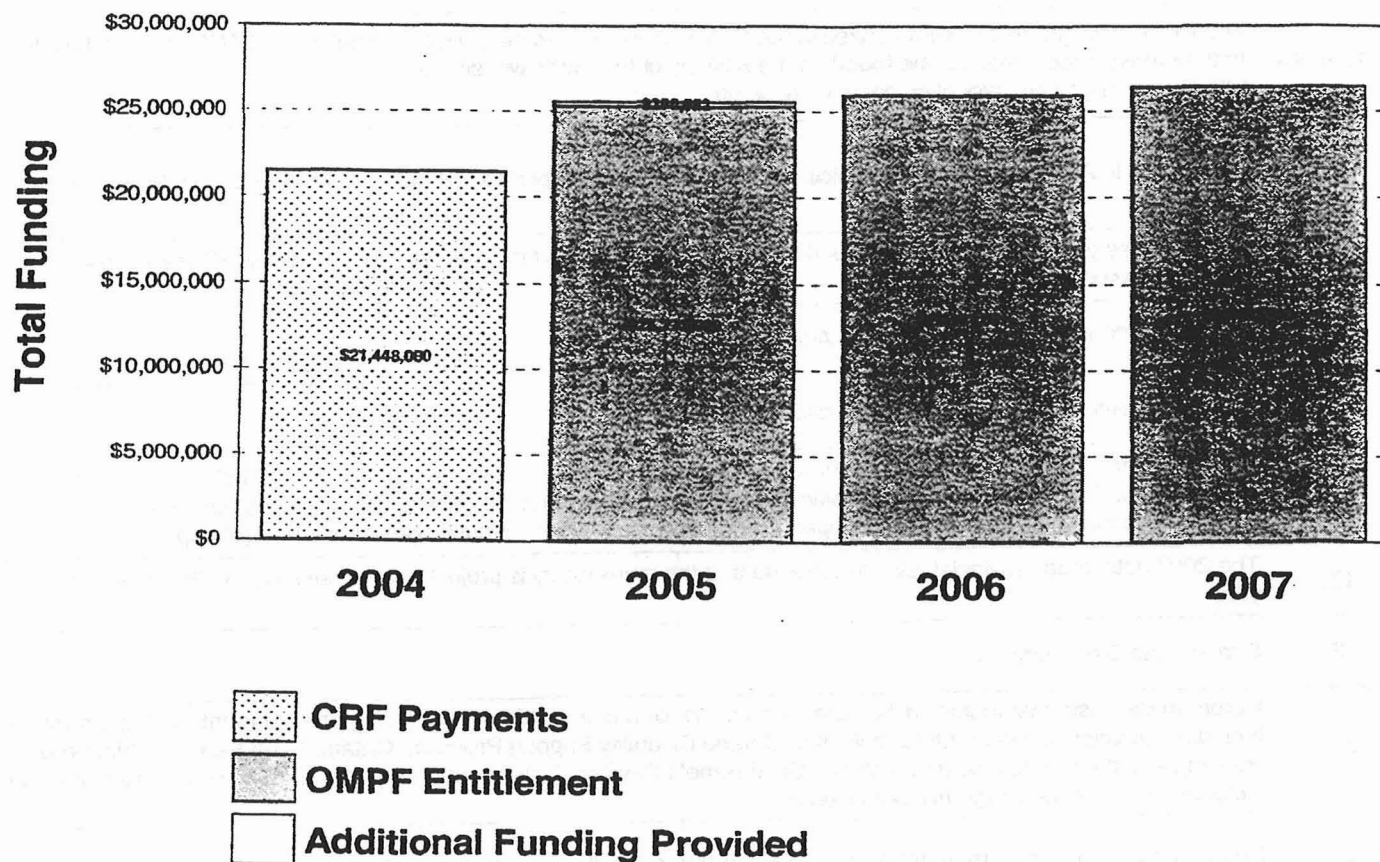


Chart Data

	2004	2005	2006	2007
CRF Payments	21,448,000	-	-	-
Base OMPF Funding	-	25,273,099	29,322,972	30,128,816
Phase-In Adjustment	-	-	-3,381,881	-3,724,986
Additional Assistance	-	256,552	-	-
Total Funding	21,448,000	25,529,651	25,941,091	26,403,830

Data Sources:

2004 CRF Payments
2005 October Announced OMPF Allocation
2006 March Announced OMPF Allocation

Issued: December 18, 2006

2007 Ontario Municipal Partnership Grant

City of Sault Ste. Marie

2007 vs 2006
Variance
Increase
(Decrease)

Grant Allocation

Northern Communities Grant

	2007	2006	
\$235 per household x 33,588 households	7,893,180		
\$230 per household x 33,528 households		7,711,440	
Increase in Northern Communities Grant			181,740

Assessment Equalization Grant

2007 Threshold Assessment	187,000		
Sault Ste. Marie Assessment per house	134,813		
Variance per house	52,187		
Divide by \$10,000	5.21870		
Multiply by the \$58 per every \$10,000 of assessment	302.68		
Multiply by the number of homes	33,588		
	10,166,551	10,166,551	
2006 Threshold Assessment	185,000		
Sault Ste. Marie Assessment per house	135,743		
Variance per house	49,257		
Divide by \$10,000	4.9257		
Multiply by the \$60 per every \$10,000 of assessment	60		
Multiply by the number of homes	295.54		
	33,528		
	9,908,870	9,908,870	
Increase in Equalization Grant			257,681

Social Programs Grant

Increase in the Social Programs Grant	12,069,085	11,702,662	366,423
Details not provided			

2007 grant based on funding social programs whose costs exceed the revenue that could be raised by levying a .18% tax rate on the assessment base.

2006 grant based on funding social programs whose costs exceed the revenue that could be raised by levying a .18% tax rate on the assessment base.

Subtotal	30,128,816	29,322,972	805,844
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Phase In Adjustment

2007 Maximum increase of \$100 per household based on the 2004 CRF	- 3,724,986		
2006 Maximum increase of \$90 per household based on the 2004 CRF		- 3,381,881	

Increase in Phase In Adjustment			- 343,105
Total Grant	26,403,830	25,941,091	462,739

PHASE-IN STRATEGY

In 2006, the four-year phase-in strategy introduced in March 2005 was extended by two years to provide further support to municipalities seeing lower funding in 2009 and 2010.

The resulting phase-in parameters are provided below:

Phase-In Parameters	2005	2006	2007	2008	2009	2010
Maximum Per Household Increase (\$)	80	90	100	150	—	—
Maximum Per Household Decrease (\$)	0	0 (See note A)	0 (See note B)	50	75	100
Maximum Municipal Decrease (\$)	0	0 (See note A)	0 (See note B)	1,000,000	1,500,000	2,000,000

Per household revenue changes under the OMPF are compared to payments each municipality received under the CRF in 2004 and are expressed as the residential tax impact per household.

There will be no limit on funding increases after 2008.

Notes:

Note A: The maximum decrease for 2006 was the lesser of \$10 per household or \$250,000. However, with additional assistance, no municipality saw revenue losses in 2006, compared to funding announced in 2005.

Note B: The maximum decrease for 2007 is the lesser of \$25 per household or \$500,000. However, with additional assistance, no municipality will see revenue losses in 2007, compared to funding announced in March 2006.

3.2
4.

APPENDIX B — DATA SOURCES

Data	Year	Source
Live Program Costs*		
Social Assistance	2007 projections based on 2006 actuals and service contract amounts, and 2006 inter-municipal cost shares	Ministry of Community and Social Services (MCSS)
Child Care		Ministry of Children and Youth Services (MCYS)
Reinvestment of National Child Benefit Savings	2006 projection based on 2005 actuals	MCSS/MCYS
Ontario Provincial Police (OPP)	2007 projected costs	OPP
Municipal Police	2007 projected costs based on 2005 actuals	Projection based on municipal Financial Information Returns (FIR)
Other Program Costs		
Social Housing	2002 devolved costs and 2006 inter-municipal cost shares	Ministry of Municipal Affairs and Housing, Consolidated Municipal Service Managers, and District Social Services Administration Boards
Weighted Assessment	2007 returned roll and 2007 starting tax ratios	Municipal Property Assessment Corporation (MPAC) and municipal tax rate bylaws
Farmland and Managed Forest Tax Revenue	2006 returned roll and 2006 tax rates	
Estimated Own Purpose Taxation	2005	Municipal FIRs
Estimated Payments in Lieu Revenues		
Demographic & Income Data		
Number of Households	2006	MPAC Enumeration
Rural and Small Community Measure	2001	Census, Statistics Canada
Total Household Income	2001	Census, Statistics Canada
* Note: Live Program Costs and Cost Shares will be updated in-year to reflect more up-to-date costs.		

APPENDIX C — SUMMARY OF 2007 REFINEMENTS AND UPDATES

The following table summarizes the refinements and updates to OMPF grant parameters:

Threshold, Benchmark, and Eligibility Criteria	2005	2006	2007
I. Social Programs Grant			
1. Assessment Based			
• Percentage of Weighted Assessment	0.20%	0.18%	0.178%
• Reinvestment of National Child Benefit Savings	Not included	Included	Included
2. Income Based			
• Per household limit of the Income Threshold Component	n/a	\$35	\$50
• Reinvestment of National Child Benefit Savings	n/a	Included	Included
II. Equalization Grant			
1. Assessment Equalization			
• Average Assessment per household	\$170,000	\$185,000	\$187,000
• Funding for each \$10,000 in assessment value	\$62	\$60	\$58
2. Farmland and Managed Forest Assessment			
	Single-tier: up to 150% of single-tier revenue	Single-, lower-, and upper-tiers: up to 300% of their respective revenues	Single-, lower-, and upper-tiers: up to 300% of their respective revenues
	Lower-tier: up to 150% of total upper- and lower-tier revenue		
	Upper-tier: Not eligible		
III. Northern and Rural Communities Grant			
1. Rural Communities			
• Per household funding	\$150	\$153	\$156
2. Northern Communities			
• Per household funding	\$225	\$230	\$235
3. Northern and Rural Social Programs			
• Percentage of tax revenue	15%	14%	13%
• Reinvestment of National Child Benefit savings	Not included	Included	Included
IV. Police Service Grant			
• Per household funding level	50% of eligible costs over \$150 per household	50% of eligible costs between \$150 and \$750 per household, and 75% of eligible costs over \$750 per household	50% of eligible costs between \$150 and \$750 per household, and 75% of eligible costs over \$750 per household
Phase-In Strategy			
• Grant Reductions after 2008	No limit after 2008	\$75 per household to a maximum of \$1.5 million in 2009; \$100 per household to a maximum of \$2 million in 2010	\$75 per household to a maximum of \$1.5 million in 2009; \$100 per household to a maximum of \$2 million in 2010

**Ontario Municipal Partnership Fund (OMPF)
2006 Allocation Notice (See Enclosed Insert)**



City of Sault Ste Marie

80101

2006 Highlights for the City of Sault Ste Marie

- The 2006 OMPF allocation of \$25,941,091 is \$411,440 higher than the 2005 OMPF allocation.

A. 2006 OMPF Allocation and Phase-In Adjustment (A1 + A2 + A3 + A4 + A5)		\$25,941,091
1. Social Programs Grant		\$11,702,662
2. Equalization Grant		
a. Assessment Equalization		\$9,908,870
b. Farmland and Managed Forest		-
3. Northern and Rural Communities Grant		
a. Rural Communities		-
b. Northern Communities		\$7,711,440
c. Northern and Rural Social Programs		-
d. Stabilization		-
4. Police Services Grant		-
5. Phase-In Adjustment		
Funding increase limited to \$90 per household compared to 2004 CRF payments		-\$3,381,881

B. Additional One-Time Special Assistance	-
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C. 2006 OMPF Allocation + Additional One-Time Special Assistance (A + B)	\$25,941,091
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D. Grant Allocations for 2004, 2005 & 2006	Funding Allocation	Funding Increase Over Prior Year	Funding Increase Over 2004 CRF
1. 2004 CRF Payments	\$21,448,000	-	-
2. 2005 Total OMPF Allocation	\$25,529,651	\$4,081,651	\$4,081,651
3. 2006 Total OMPF Allocation + Additional One-Time Special Assistance	\$25,941,091	\$411,440	\$4,493,091

E. Other Provincial Initiatives	
1. 2006 Estimated Public Health Net Benefit	<i>to be determined</i>
2. 2006 Estimated Provincial Gas Tax Revenue	<i>to be determined</i>

F. 2006 Total OMPF Allocation, Additional One-Time Assistance, Public Health Benefit and Gas Tax (C + E)	<i>to be determined</i>
---	-------------------------

G. Key OMPF Data Inputs	
1. Total Municipal Social Program Costs	\$19,894,824
2. Households	33,528
3. Total Assessment per Household	\$135,743
4. Policing Costs per Household	\$521
5. Rural and Small Community Measure	9.6%

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Fall 2006 Update

**Ontario Municipal Partnership Fund (OMPF)
2006 Allocation Notice**



City of Sault Ste Marie

80101

2006 Highlights for the City of Sault Ste Marie

- Based on the March 2006 OMPF allocation, the City of Sault Ste Marie received \$411,440 more than the payment it received through the Fall 2005 updated OMPF allocation.

A. Sum of OMPF Grant Components - Updated Fall 2006		\$25,941,091	
1. Social Programs Grant			
a. Assessment Threshold Component		\$11,936,944	
b. Income Threshold Component		-	
2. Equalization Grant			
a. Assessment Equalization Component		\$9,908,870	
b. Farmland and Managed Forest Component		-	
3. Northern and Rural Communities Grant			
a. Rural Communities Component		-	
b. Northern Communities Component		\$7,711,440	
c. Northern and Rural Social Programs Component		-	
d. Stabilization Component		-	
4. Police Services Grant		-	
5. Phase-In Adjustment			
Funding increase limited to \$90 per household compared to 2004 CRF payments		-\$3,616,164	
B. Additional One-Time Special Assistance		-	
C1. March 2006 Announced Total Allocation (Line C of March 2006 Allocation Notice)		\$25,941,091	
C2. 2006 In-Year Update Payment (If Applicable)		-	
D. Grant Allocations for 2004, 2005 & 2006	Funding Allocation	Funding Increase Over Prior Year	Funding Increase Over 2004 CRF
1. 2004 CRF Payments	\$21,448,000	-	-
2. 2005 Fall Updated Total OMPF Allocation	\$25,529,651	\$4,081,651	\$4,081,651
3. 2006 March Announced Total Allocation	\$25,941,091	\$411,440	\$4,493,091
E. Other Provincial Initiatives		\$1,392,904	
1. 2006 Estimated Public Health Net Benefit		\$429,571	
2. 2006 Estimated Provincial Gas Tax Revenue		\$963,333	
F. March 2006 Announced Total Allocation with Public Health Benefit and Gas Tax (Line C1 + Line E)		\$27,333,995	
G. Key OMPF Data Inputs	March 2006	November 2006	% Change
1. Total Municipal Social Program Costs	\$19,894,824	\$20,129,107	1.2%
2. Households	33,528	33,528	
3. Total Assessment per Household	\$135,743	\$135,743	
4. Policing Costs per Household	\$521	\$529	1.5%
5. Rural and Small Community Measure	9.6%	9.6%	
6. Total Household Income	\$1,542,878,740	\$1,542,878,740	

**Ontario Municipal Partnership Fund (OMPF)
2006 Allocation Notice**



City of Sault Ste Marie

80101

2006 OMPF Allocation Notice - Line Item Descriptions

A	Sum of Fall 2006 Updated OMPF Grant components.
A1 to A4	The four OMPF grants are summarized in the OMPF brochure and described in detail in the OMPF technical guide – both of these documents can be found on the Ministry of Finance's website at: http://www.fin.gov.on.ca/english/community/ompf/
A5	The Phase-In Adjustment limits a municipality's increase to \$90 per household compared to 2004 CRF payments.
B	Municipalities projected to see lower funding in compared to the level announced in March 2006 are eligible for Additional One-Time Special Assistance.
C1	The total OMPF and Additional One-Time Special Assistance announced in March 2006.
C2	If applicable, the amount of the In-Year Update payment that will be provided to the municipality. Calculated as the amount by which Line A exceeds Line C.
E1	The projected benefit of the Province's increased share of Public Health funding to 65% in the 2006 calendar year.
E2	The 2006 provincial gas tax revenue that the municipality is estimated to receive during the 2006 calendar year.
F	Sum of Line C1 and Line E.
G1	Refers to the costs that the municipality is responsible for under existing cost-sharing arrangements with the Province. Includes municipal costs for Ontario Works, Ontario Disability Support Program, Ontario Drug Benefit, plus Child Care and Social Housing costs. In 2006, this amount also includes the reinvestment of National Child Benefit Savings. Details supporting the calculation of these costs are included in the Social Programs Cost Report.
G3	Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households.
G4	Refers to the projected 2006 eligible police costs per household.
G5	Represents the proportion of a municipality's population that resides in rural areas or small communities.
G6	Refers to the total household income for all residents of the municipality.

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**Ministry of Finance
Office of the Minister**

Frost Building South
7 Queen's Park Cr
Toronto, ON M7A 1Y7
Tel (416) 325-0400
Fax (416) 325-0374
www.fin.gov.on.ca

**Ministry of Municipal
Affairs and Housing**

Office of the Minister

777 Bay Street
Toronto, ON M5G 2E5
Tel (416) 585-7000
Fax (416) 585-6470
www.mah.gov.on.ca



December 18, 2006

Dear Head of Council:

We are pleased to announce the release of the Ontario Municipal Partnership Fund (OMPF) allocations for 2007.

The government is increasing OMPF funding to \$824 million in 2007, \$61 million or 8% more than the 2006 OMPF funding announced last March, and a \$206 million or 33.3% increase over funding received in 2004. This increase reflects our government's commitment to supporting municipalities.

As you know, the OMPF is the Province's main transfer payment to municipalities. The OMPF assists municipalities with their social program costs, includes equalization measures, addresses challenges faced by northern and rural communities, and responds to policing costs in rural communities.

While the basic structure of the OMPF will remain unchanged in 2007, we have introduced further refinements to ensure that the OMPF grants continue to remain up to date and responsive to municipal financial needs.

We are also pleased to advise that additional assistance will be available to municipalities to ensure that the 2007 funding is not less than the funding levels announced in March 2006. The Deputy Ministers of Finance and Municipal Affairs and Housing will provide the details of this additional assistance for affected municipalities.



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Heads of Council
Page 2

Municipal Treasurers and Clerk-Treasurers will also be provided with the details of all OMPF grant enhancements along with *2007 Allocation Notices* and *2007 Cash Flow Notices*. This information and other supporting materials will be posted in both English and French on the Ministry of Finance website:

<http://www.fin.gov.on.ca/english/community/ompf/>
<http://www.fin.gov.on.ca/french/community/ompf/>

For your reference, we have enclosed a brochure, the *Ontario Municipal Partnership Fund 2007*, which provides general information on OMPF grant refinements. The *OMP Technical Guide* will also be revised to reflect all data updates and specific grant modifications. Any queries can also be directed to the OMPF e-mail address at info.ompf@ontario.ca.

The OMPF is a key component of the government's overall program to support municipalities. Other components include:

- Delivering more than \$1.6 billion in provincial gas tax revenues to municipalities by 2010;
- Investing \$1.2 billion in public transit, roads, and bridges through Move Ontario, which includes \$400 million in 2006 for municipal roads and bridges, with an emphasis on rural and northern communities;
- Increasing the provincial share of public health funding to 75% in 2007;
- Investing \$300M between 2006 and 2008 to move towards a 50:50 partnership for the cost of municipal land ambulance services by 2008;
- Providing \$298 million toward the \$900 million fund for the Canada-Ontario Municipal Rural Infrastructure Fund;
- Assisting more than 200 municipalities with up to \$2.8 billion in low-cost, longer term loans, for more than 1,200 local projects, through Infrastructure Ontario's OSIFA loan program; and
- Providing \$70 million in 2007 to support investments in local infrastructure in rural and small municipalities across Ontario.

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Heads of Council
Page 3

Finally, as you know, the government has recently expanded its partnership with the municipal sector to examine a better arrangement for delivering and funding municipal services. The OMPF will be included in this Provincial-Municipal Fiscal and Service Delivery Review, which will look broadly at funding, service delivery, accountability, and governance issues to ensure that the best possible services can be delivered in an affordable way.

We remain committed to our partnership with municipalities, and we believe that by working together on shared challenges, we will develop a plan to make sure communities across the province continue to prosper in the years to come.

Yours sincerely,



Greg Sorbara
Minister of Finance



John Gerretsen
Minister of Municipal Affairs and Housing

The Corporation of the City of Sault Ste. Marie

Summary of Debt By Function

March 22, 2007

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Roadways	6,415,692	4,697,022	3,107,100	1,733,487	761,746	155,000	0	0	0	0	0
Recreation - John Rhodes Centre	7,985,445	7,240,033	6,469,922	5,675,995	4,860,300	4,025,619	3,276,685	3,051,257	2,807,636	2,544,351	2,259,818
Industrial Land Development - NOHFC	1,350,638	1,152,270	1,152,270	1,152,270	1,152,270	1,152,270			0	0	0
Davey Home	9,095,000	8,362,000	7,600,000	6,805,000	5,975,000	5,105,000	4,190,000	3,225,000	2,210,000	1,135,000	0
Downtown Revitalization	1,600,000	1,580,000									
Total Debt	26,446,775	23,031,325	18,329,293	15,366,752	12,749,316	10,437,889	7,466,685	6,276,257	5,017,636	3,679,351	2,259,818
Expected New Debt											
Steelback Centre - Arena				11,695,090	11,063,630	10,402,175	9,709,300	8,983,512	8,223,249	7,426,873	6,592,667
								-	-	-	-
Projected Debt Levels	26,446,775	23,031,325	18,329,293	27,061,842	23,812,946	20,840,064	17,175,985	15,259,769	13,240,885	11,106,224	8,852,485
Per Capital based on a population of 75,000	353	307	244	361	318	278	229	203	177	148	118

An estimated debenture repayment schedule is attached in Appendix C.

The total debt of \$18,329,293 in 2006 is composed as follows;

14% bank loans, 15% leases, 17% Provincial/NOHFC loans and 54% debentures.

Council has approved \$1 million of debt for the option of luxury suites.

The construction of additional luxury boxes will depend on an acceptable business plan.

The cost range for box suites is \$1.8 million for Phase 2 and \$3.8 million for Phase 2 and 3.

Reserve Balances December 31, 2006

Reserve Funds	21,669,469
Reserves	24,334,725
Trust Funds	5,883,806
Total Balance December 31, 2006	51,888,000

Note: \$15.2 million of the Reserve Fund is for Hospital Expansion and \$9 million of the Reserve balance relates to a one time grant for connecting links.

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SAMPLE DEBENTURE REPAYMENT SCHEDULE (March 23, 2007)

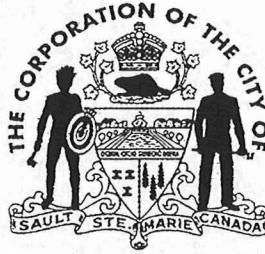
\$12,000,000 4.695% Semi-Annual pay due June 15, 2021 (14.1 years term)

Cash Flows

Date	Starting Principal	Principal Payment	Interest Payment	Total Payment	Remaining Principal
15-Nov-07	12 000 000.00	304 909.50	281 700.00	586 609.50	11 695 090.50
15-May-08	11 695 090.50	312 067.26	274 542.24	586 609.50	11 383 023.24
15-Nov-08	11 383 023.24	319 393.03	267 216.47	586 609.50	11 063 630.21
15-May-09	11 063 630.21	326 890.78	259 718.72	586 609.50	10 736 739.43
15-Nov-09	10 736 739.43	334 564.55	252 044.95	586 609.50	10 402 174.88
15-May-10	10 402 174.88	342 418.45	244 191.05	586 609.50	10 059 756.43
15-Nov-10	10 059 756.43	350 456.72	236 152.78	586 609.50	9 709 299.71
15-May-11	9 709 299.71	358 683.69	227 925.81	586 609.50	9 350 616.02
15-Nov-11	9 350 616.02	367 103.79	219 505.71	586 609.50	8 983 512.23
15-May-12	8 983 512.23	375 721.55	210 887.95	586 609.50	8 607 790.68
15-Nov-12	8 607 790.68	384 541.62	202 067.88	586 609.50	8 223 249.06
15-May-13	8 223 249.06	393 568.73	193 040.77	586 609.50	7 829 680.33
15-Nov-13	7 829 680.33	402 807.76	183 801.74	586 609.50	7 426 872.57
15-May-14	7 426 872.57	412 263.67	174 345.83	586 609.50	7 014 608.90
15-Nov-14	7 014 608.90	421 941.56	164 667.94	586 609.50	6 592 667.34
15-May-15	6 592 667.34	431 846.64	154 762.86	586 609.50	6 160 820.70
15-Nov-15	6 160 820.70	441 984.23	144 625.27	586 609.50	5 718 836.47
15-May-16	5 718 836.47	452 359.82	134 249.68	586 609.50	5 266 476.65
15-Nov-16	5 266 476.65	462 978.96	123 630.54	586 609.50	4 803 497.69
15-May-17	4 803 497.69	473 847.40	112 762.10	586 609.50	4 329 650.29
15-Nov-17	4 329 650.29	484 970.96	101 638.54	586 609.50	3 844 679.33
15-May-18	3 844 679.33	496 355.66	90 253.84	586 609.50	3 348 323.67
15-Nov-18	3 348 323.67	508 007.60	78 601.90	586 609.50	2 840 316.07
15-May-19	2 840 316.07	519 933.09	66 676.41	586 609.50	2 320 382.98
15-Nov-19	2 320 382.98	532 138.51	54 470.99	586 609.50	1 788 244.47
15-May-20	1 788 244.47	544 630.46	41 979.04	586 609.50	1 243 614.01
15-Nov-20	1 243 614.01	557 415.67	29 193.83	586 609.50	686 198.34
15-May-21	686 198.34	686 198.34	16 108.51	702 306.85	0.00
	12 000 000.00	4 540 763.35	16 540 763.35		

PLEASE NOTE: The indicated rate of interest, while realistic had the City launched a debenture issue this morning, will almost certainly require some adjustment by the time you are in a position to approach the market given the recent volatility in interest rates.

William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

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2007 01 29

Mayor John Rowswell and
Members of City Council

Re: City Credit Rating

The credit rating for the City of Sault Ste. Marie was affirmed at 'A-' (A minus) by Standard and Poor's.

The City has held this rating since 2002.

This is provided for Council's information.

Respectfully submitted,

W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl

attachment

City of Sault Ste. Marie Rating Affirmed At 'A-' On Low Debt Burden

Primary Credit Analyst:

Bhavini Patel, CFA
Toronto
(1) 416-507-2558
bhavini_patel@
standardandpoors.com

Secondary Credit Analyst:

Nikola G Swann, CFA, FRM
Toronto
(1) 416-507-2582
nikola_swann@
standardandpoors.com

Rationale

On Jan. 18, 2007, Standard & Poor's Ratings Services affirmed its 'A-' long-term issuer credit rating on the City of Sault Ste. Marie, in the Province of Ontario (AA/Stable/A-1+). The outlook is stable.

The rating on Sault Ste. Marie reflects its low debt burden, solid operating performance, strong liquidity, and exceptionally strong support from senior levels of government. These strengths are mitigated by the city's limited economic diversity, as well as forecast increase debt and declines in liquidity.

Sault Ste. Marie's low debt burden, consistently strong operating performance, and strong liquidity are all key factors in the city's financial profile, a principal strength in its overall credit profile. The city's direct debt burden, which stood at about 18% of operating revenue in 2005, has steadily declined in the last three years from 22%, as reserves were used to finance capital expenditures. We expect direct debt to rise in the next three years, as Sault Ste. Marie issues debt to fund major capital projects. Nevertheless, consistently strong operating surpluses have allowed the city to build up cash reserves in advance of capital expenditure; such performance should continue. Although we expect significant declines in liquidity, it should remain at least average in the medium term.

Further bolstering Sault Ste. Marie's credit profile is the exceptionally strong support the city receives from senior levels of government for key capital expenditures. Tangible evidence exists to show such support. The Sewer Diversion Program, which includes the East End Sewer Plant, a C\$73 million project underway to upgrade the city's sewage treatment facility, is one such example. The project is funded by the two senior levels of government on a one-third basis: C\$20 million will be funded by the federal government, and C\$24 million paid by the province. In addition, senior levels of government contributed C\$7.4 million to the construction of a C\$25 million multipurpose arena. In the near-to-medium term, we expect to

Publication Date

Jan. 18, 2007

City of Sault Ste. Marie Rating Affirmed At 'A-' On Low Debt Burden

see similar support from senior levels of government on various other initiatives such as the C\$15 million grant from Northern Ontario Heritage Fund Corp. devoted to the Borealis project.

Constraining the rating on the city is the municipality's lack of economic diversity. Sault Ste. Marie is highly dependent, both in terms of employment and taxable assessment base, on one company (Algoma Steel Inc.) that operates in a mature and volatile industry. Although Algoma has recently benefited from strong commodity prices, in the past 12 years (most recently in 2001), it twice sought court protection under the Companies' Creditors Arrangement Act, but managed to continue operations following restructuring. Furthermore, several other important local employers, such as Tenaris Algoma Tubes and St. Mary's Paper (currently under restructuring), also operate in the mature and volatile steel, and pulp and paper industries, respectively. Nevertheless, efforts have been made to diversify the city's economic base. Some progress is evident, as illustrated by several significant projects are underway, including the C\$54 million Borealis waterfront tourism initiative and Ontario government's investment in a new hospital that is expected to be completed in 2009-2010.

Outlook

Standard & Poor's expects that Sault Ste. Marie will maintain a good financial position through a combination of restrained debt issuance, continuing strong operating performance, and maintenance of at least average liquidity. We also expect that senior government support for the municipality will continue, as will efforts to diversify its economy. Significant weakening in any of these supportive elements, or in the performance of Algoma Steel, could put downward pressure on the rating or outlook. Significant progress in diversifying the local economy could put upward pressure on the rating or outlook.

Ratings List

Sault Ste. Marie (City of)

Rating Affirmed

Issuer credit rating

A-/Stable/—

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The McGraw-Hill Companies

Steelback Centre

Expenditure Summary

As at December 31, 2006

Expenditures	Actual to Date	Estimate to Complete	Total	Budget	Variance
Bondfield Construction Contract	22,519,394	163,736	22,683,130	22,005,000	-678,130
Contingencies/ Additional Demolition Costs			-	664,301	664,301
Architect Fees	1,497,541	66,283	1,563,824	1,348,211	-215,613
Furniture and Fixtures	934,464	11,995	946,459	1,000,000	53,541
Other Costs					
Consulting/Advertising/Printing original Trow study and ads	50,246	-	50,246	22,856	-27,390
PUC Upgrades	19,118		19,118		-19,118
Plaques	15,271		15,271		-15,271
Security	16,456		16,456		-16,456
McLeod Contracting	19,531	11,260	30,791		-30,791
Consulting IBI Group - Private Operator	25,205		25,205		-25,205
Total Expenses	25,097,226	253,273	25,350,500	25,040,368	-310,132

Steelback Centre

Revenue and Expenditures

As at December 31, 2006

Revenues	Actual to Date	Estimate to Complete	Total	Budget	Variance
Federal/Provincial Funding	6,660,000	740,000	7,400,000	7,400,000	-
2003 City Surplus	1,500,000	0	1,500,000	1,500,000	-
2004 GST Rebate	750,000	0	750,000	750,000	-
2004 Surplus Allocation	1,000,000	0	1,000,000	1,000,000	-
2005 Capital Allocation	1,000,000	0	1,000,000	1,000,000	-
Future Surplus 2006 Capital Allocation	590,000	0	590,000	590,000	-
Subtotal Revenue	11,500,000	740,000	12,240,000	12,240,000	-
Debt					
Local Fundraising	510,571	6,000	516,571		
Tourism SSM Contribution	100,000	400,000	500,000		
Fundraising Costs	-56,288	0	-56,288		
Total Fundraising	554,283	406,000	960,283	1,000,000	(39,717)
Additional Government Funding Northern Ontario Heritage Fund	0	1,000,000	1,000,000	1,160,000	(160,000)
City Debt	0	10,935,673	11,150,216	10,640,368	509,848
Total City Debt	554,283	12,341,673	13,110,500	12,800,368	310,132
Total Revenues	12,054,283	13,081,673	25,350,500	25,040,368	310,132

Steelback Centre

Additional Costs Funded by 2006 Debt Allocation

As at December 31, 2006

	Actual Costs	Estimated Costs	Financing Options
<u>Tower Resoration</u>			
Cleaning	850		
Exterior Restoration	37,395		
Tower Lights	23,000		
Landscaping	1,755		
	<u>62,999.92</u>	<u>0</u>	66,850 2006 Capital Allocation
Additional Suite Design	152,208.12		152,208 2006 Capital Allocation
Marketing Fund		0	not funded
Infill telescopic and demountable seating platforms		89,000	not funded
Elephant door platform		107,000	not funded
Maintenance Reserve		100,000	not funded
Standing Railing	78,800.00		
Window Shades for South End	14,623.20		
Breakout Rooms		<u>100,000</u>	100,000 2006 Capital Allocation
Portable Stage	66,907.80		90,000 2006 Capital Allocation
Stacking Chairs, Tables, Dollies 1,200		75,000	37,154 2006 Capital Allocation
Insulated Floor Coverings	155,363.40		115,000 2006 Capital Allocation
Custodial tools -floor scrubbers	20,513.52		20,000 2006 Capital Allocation
Video Scoreboard		265,000	Sponsorship
Hockey Hall of Fame Display	21,660.38		20,000 2006 Capital Allocation
Safety Netting		10,000	10,000 2006 Capital Allocation
Total	573,076.34		611,212 Total 2006 Capital Allocation
Balance Unallocated	3,923.66		
Engineering for Railing EPOH	3,000.00		
Total to be incurred in 2007	<u>6,923.66</u>		
	580,000.00		
Funding Available	613,638.88		
Unspent Other Costs	<u>33,638.88</u>		
2006 Capital Allocation Available		580,000	
Memorial Garden Naming Plates/Sale of Seats		33,639	
Total Capital Allocation		<u>613,639</u>	

CORPORATION OF THE CITY OF SAULT STE. MARIE
Development Charges

December 31, 2006

	<u>Sewer Charge</u>	<u>Parkland Charge</u>	<u>Lot Severance Charge</u>	<u>Total</u>
Balance January 1, 2006	287,312.72	84,800.47	4,075.31	376,188.50
Development charges received	0.00	0.00	0.00	0.00
Development charges refunded or allocated to other services	0.00	0.00	0.00	0.00
Interest	13,550.66	3,922.57	356.59	17,829.82
Balance December 31, 2006	<u>300,863.38</u>	<u>88,723.04</u>	<u>4,431.90</u>	<u>394,018.32</u>

	2006	2005
Bank	448,816.31	436,967.44
DTF Capital		
- Lot Severance	0.00	0.00
DTF Revenue		
- Sewer	0.00	0.00
- Parkland	0.00	1,500.00
- Lot Severance	0.00	0.00
DTF Reserve Fund	<u>-54,798.00</u>	<u>-62,278.94</u>
Reserve Funds	<u>394,018.31</u>	<u>376,188.50</u>

City of Sault Ste. Marie
2007 - 2006 Taxable Comparative Assessment Report

Calculation of 2007 Assessment Related Tax Impacts

		2007	2006		Assessment		
	RTC/ RTQ	Current Value Assessment	Current Value Assessment	Increase/ Decrease	Percent Change	2006 tax rates	Variance
PROPERTY CLASS							
1 - RESIDENTIAL & FARM	RT	2,628,156,725	2,616,569,555	11,587,170	0.44%	0.0181925	210,800
2 - MULTI-RESIDENTIAL	MT	159,891,455	160,319,055	-427,600	-0.27%	0.02333916	(9,980)
3 - COMMERCIAL (OCCUPIED)	CT	398,492,050	395,115,978	3,376,072	0.85%	0.03043604	102,754
EXCESS LAND	CU	2,948,455	3,181,670	-233,215	-7.33%	0.02130524	(4,969)
VACANT LAND	CX	9,540,790	9,843,690	-302,900	-3.08%	0.02250776	(6,818)
GENERAL RATE ONLY	CM	1,438,000	1,438,000	0	0.00%	0.03043604	-
3a SHOPPING CENTRES (OCCUPIED)	ST	98,964,960	99,418,690	-453,730	-0.46%	0.03230989	(14,660)
EXCESS LAND	SU	-	-	0		0	-
3b OFFICE BUILDINGS (OCCUPIED)	DT	7,089,910	7,089,910	0	0.00%	0.04445336	-
EXCESS LAND	DU	-	-	0		0	-
3c PARKING LOTS	GT	1,691,000	1,760,900	-69,900	-3.97%	0.02250776	(1,573)
4 - INDUSTRIAL (OCCUPIED)	IT	35,068,445	32,586,326	2,482,119	7.62%	0.03502237	86,930
EXCESS LAND	IU	426,371	371,830	54,541	14.67%	0.02276454	1,242
VACANT LAND	IX	2,651,930	2,508,930	143,000	5.70%	0.02276454	3,255
	IH	-	-	0			
4a- LARGE INDUSTRIAL (OCCUPIED)	LT	133,379,334	148,793,823	-15,414,489	-10.36%	0.04990411	(769,246)
EXCESS LAND	LU	1,791,485	1,681,153	110,332	6.56%	0.03243767	3,579
5 - PIPELINE	PT	17,810,000	17,748,000	62,000	0.35%	0.02728148	1,691
6 - FARMLANDS	FT	1,551,200	1,548,255	2,945	0.19%	0.00454813	13
7 - MANAGED FORESTS	TT	739,530	702,130	37,400	5.33%	0.00454813	170
OVERALL TOTAL		3,501,631,640	3,500,677,895	953,745	0.03%		(396,811)

Note: Schedule does not include urban / rural split.

The Corporation of the City of Sault Ste. Marie

Calculation of 2007 and 2006 Weighted Assessment Comparisons

		2007	2006				2007	2006		
	RTC/	Current Value	Current Value	Increase/	Percentage	Tax	Weighted	Weighted		Percentage
PROPERTY CLASS	RTQ	Assessment	Assessment	Decrease	Change	Ratio	Assessment	Assessment	Variance	Change
1 - RESIDENTIAL & FARM	RT	2,628,156,725	2,616,569,555	11,587,170	0.44%	1.000000	2,628,156,725	2,616,569,555	11,587,170	0.44%
2 - MULTI-RESIDENTIAL	MT	159,891,455	160,319,055	-427,600	-0.27%	1.282900	205,124,748	205,673,316	(548,568)	-0.27%
3 - COMMERCIAL (OCCUPIED)	CT	398,492,050	395,115,978	3,376,072	0.85%	1.673000	666,677,200	661,029,031	5,648,168	0.85%
EXCESS LAND	CU	2,948,455	3,181,670	-233,215	-7.33%	1.171100	3,452,936	3,726,054	(273,118)	-7.33%
VACANT LAND	CX	9,540,790	9,843,690	-302,900	-3.08%	1.171100	11,173,219	11,527,945	(354,726)	-3.08%
GENERAL RATE ONLY	CM	1,438,000	1,438,000	0	0.00%	1.673000	2,405,774	2,405,774	-	0.00%
3a SHOPPING CENTRES (OCCUPIED)	ST	98,964,960	99,418,690	-453,730	-0.46%	1.776000	175,761,769	176,567,593	(805,824)	-0.46%
EXCESS LAND	SU	-	-	0	0.00%	1.243200	-	-	-	0.00%
3b OFFICE BUILDINGS (OCCUPIED)	DT	7,089,910	7,089,910	0	0.00%	2.443500	17,324,195	17,324,195	-	0.00%
EXCESS LAND	DU	-	-	0	0.00%	-	-	-	-	0.00%
3c PARKING LOTS	GT	1,691,000	1,760,900	-69,900	-3.97%	1.237200	2,092,105	2,178,585	(86,480)	-3.97%
4 - INDUSTRIAL (OCCUPIED)	IT	35,068,445	32,586,326	2,482,119	7.62%	1.925100	67,510,263	62,731,936	4,778,327	7.62%
EXCESS LAND	IU	426,371	371,830	54,541	14.67%	1.251315	533,524	465,276	68,248	14.67%
VACANT LAND	IX	2,651,930	2,508,930	143,000	5.70%	1.251315	3,318,400	3,139,462	178,938	5.70%
	IH	-	-	0	0.00%	-	-	-	-	0.00%
4a- LARGE INDUSTRIAL (OCCUPIED)	LT	133,379,334	148,793,823	-15,414,489	-10.36%	2.743114	365,874,718	408,158,419	(42,283,701)	-10.36%
EXCESS LAND	LU	1,791,485	1,681,153	110,332	6.56%	1.783024	3,194,261	2,997,536	196,725	6.56%
5 - PIPELINE	PT	17,810,000	17,748,000	62,000	0.35%	1.499600	26,707,876	26,614,901	92,975	0.35%
6 - FARMLANDS	FT	1,551,200	1,548,255	2,945	0.19%	0.250000	387,800	387,064	736	0.19%
7 - MANAGED FORESTS	TT	739,530	702,130	37,400	5.33%	0.250000	184,883	175,533	9,350	5.33%
OVERALL TOTAL		3,501,631,640	3,500,677,895	953,745	0.03%		4,179,880,396	4,201,672,176	(21,791,780)	-0.52%

The above totals do not include the urban / rural split.



MINISTRY OF FINANCE

ONTARIO BUDGET 2007: BACKGROUNDER: PROPERTY TAXES

March 22, 2007

FAIR AND PREDICTABLE PROPERTY TAXES New Measures Enhance Fairness and Stability

The McGuinty government is committed to an improved property tax system that is fair, predictable and sustainable.

Cutting Business Education Property Taxes

This Budget announces a plan to cut Business Education Taxes (BET) by \$540 million. Over seven years, high BET rates will be lowered to a target maximum rate of 1.60 per cent, which is well below the current average BET rate of 1.85 per cent.

This plan will reduce BET rates in 321 municipalities across the province and for more than 500,000 businesses. The Province's direct transfers to school boards are being increased to ensure that the BET cut will not affect planned increases in overall education funding.

Fair and Predictable Property Taxes

The government proposes to introduce changes to the property assessment system to enhance the fairness and predictability of assessments for property owners. These proposed changes are:

- A four-year reassessment cycle;
- A mandatory phase-in of assessment increases spread equally over four years; and
- Enhancements to the fairness and effectiveness of the assessment appeal system.

The government will consult with its municipal partners and the Municipal Property Assessment Corporation on the implementation details of these proposed measures and related programs.

Timing of Reassessments

The next reassessment is currently scheduled for the 2009 taxation year, based on property values as of January 1, 2008. To provide stability and predictability to taxpayers, the government is proposing that subsequent reassessments be conducted every four years, coupled with a mandatory phase-in program.

Mandatory Phase-In of Residential Assessment Increases

The government proposes to provide Ontario homeowners with an additional level of tax stability and predictability by spreading future assessment increases equally over a four-year period through a mandatory phase-in program, which would complement the proposed four-year assessment cycle. The program would be

4.

implemented province-wide in 2009 following the next reassessment. Assessment decreases would apply immediately.

Assessment Appeal System

To improve the fairness and effectiveness of the assessment appeal system, the government is proposing to establish a two-stage process with standardized information disclosure protocols.

Ending GTA Pooling

The government is announcing a plan to phase out Greater Toronto Area (GTA) pooling. For 2007, GTA pooling contributions will be rolled back to 2004 levels. Each subsequent year, costs will be reduced by one-sixth of the 2004 levels until the program is fully eliminated in 2013.

The government will also make provisions to ensure continued financial support for those municipalities currently receiving assistance through GTA pooling. Therefore, as GTA pooling is phased out, the Province will take responsibility for social assistance and social housing costs currently funded under the program. This will eliminate a \$200 million burden from the municipal property tax bases of contributing GTA municipalities while ensuring continued financial assistance for recipient municipalities.

Ontario Property and Sales Tax Credits for Seniors

The Province provides property tax relief for low- and moderate-income individuals and families through the refundable Ontario Property and Sales Tax Credits, delivered annually through the personal income tax system. For 2007, this program is expected to provide an estimated \$740 million in property tax relief to Ontarians who own or rent their principal residences.

The government is proposing to enhance the Ontario Property and Sales Tax Credits for seniors by increasing the senior couples' income threshold for these credits beginning in 2007, which would be determined when the federal government finalizes Old Age Security and Guaranteed Income Supplement amounts for 2007. In 2007, eligible seniors would benefit from an estimated \$97 million in property tax relief as a result of improvements since 2003.

-30-

Contact:
Scott Blodgett
Ministry of Finance
416-325-0324



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Last Modified: Thursday, March 22, 2007

CORPORATION OF THE CITY OF SAULT STE. MARIE

ECONOMIC DIVERSIFICATION FUND 2006 (RESERVE ACCT 456-010-131-5)

Actuals to:

December 31, 2006

	Date	Allocation	Projection	Actual	Account
Total Economic Diversification Fund	2006 Budget	1,000,000.00	1,000,000.00	1,000,000.00	682-013-382-2
Transfer remaining balance of 2002 fund		16,275.39	16,275.39	16,275.39	
		<u>1,016,275.39</u>	<u>1,016,275.39</u>	<u>1,016,275.39</u>	

Allocation by Council

Bridging loan to EDC re: Flakeboard expansion (interest on loan funded from EDF, see 2005 file)	26-Sep-05	55,000.00	55,000.00		682-013-360-8
Gateway Project additional costs	03-Nov-05	300,000.00	300,000.00		160-010-217-0
Multi-Module Task Force Contract (KPMG)	20-Feb-06	165,000.00	157,965.00	68,263.53	682-013-369-9
Direct Mail Campaign (Tourism SSM)	26-Jun-06	22,000.00	22,000.00	22,000.00	682-013-386-3
Wake Up a Winner Community Challenge	10-Jul-06	6,000.00	6,000.00	6,000.00	682-009-375-2
Sault Finnish Nordic Ski Club	28-Aug-06	7,500.00	7,500.00	7,500.00	682-009-376-0
Waterfront Walkway	25-Sep-06	200,000.00	200,000.00		160-010-299-8
Development SSM funding(to be repaid in 2007)	16-Oct-06	136,325.00	136,325.00		682-013-396-2
seA (2007 funding for 3 projects)	29-Jan-07	60,000.00	60,000.00		682-013-377-2
Algoma Conservatory Choir	13-Feb-07	25,000.00	25,000.00		682-013-372-3
Immigration Portal	12-Mar-07	20,000.00	20,000.00		

Subtotal	<u>996,825.00</u>	<u>989,790.00</u>	<u>103,763.53</u>
Total	<u>19,450.39</u>	<u>26,485.39</u>	<u>912,511.86</u>

↗ ↘
available funds



New search > Search results for "sault" > Community highlights for Sault Ste. Marie

Search for another place

All data

	Sault Ste. Marie Ontario (City)			Ontario (Province)		
	Select another region			Select another region		
	Sault Ste. Marie, City			Ontario		
Population and dwelling counts	Total	Male	Female	Total	Male	Female
Population in 2006 ¹	74,948			12,160,282†		
Population in 2001 ¹	74,566			11,410,046†		
2001 to 2006 population change (%)	0.5			6.6		
Total private dwellings ²	33,378			4,972,869		
Private dwellings occupied by usual residents ³	31,763			4,554,251		
Population density per square kilometre	338.0			13.4		
Land area (square km)	221.71			907,573.82		

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Date modified: 03/13/2007 07:33:29 AM

FNRP310-1

FINANCIAL REPORTING - CORPORATE SUMMARY**EXPENDITURES + REVENUE**Period: from **20060101** to **20061231**Percent of Year Remaining: %

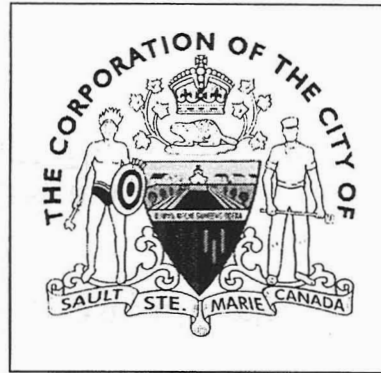
Department Name	Expenditures	Commitments	Revenue	Total	Budget	Variance	Rem %
MAYOR & COUNCIL	518,084.67	.00	.00	518,084.67	546,620.00	28,535.33	5.2
CHIEF ADMINISTRATIVE OFFI	268,391.23	.00	.00	268,391.23	276,980.00	8,588.77	3.1
HUMAN RESOURCES DEPARTMEN	1,178,781.69	.00	.00	1,178,781.69	1,089,670.00	-89,111.69	-8.2
CLERKS DEPARTMENT	943,158.50	.00	-40,047.75	903,110.75	933,010.00	29,899.25	3.2
FINANCE DEPARTMENT	3,269,086.26	.00	-346,483.93	2,922,602.33	2,965,860.00	43,257.67	1.5
LEGAL DEPARTMENT	2,192,032.97	.00	-2,635,332.77	-443,299.80	-417,135.00	26,164.80	-6.3
FIRE DEPARTMENT	12,617,205.68	.00	-3,017,547.59	9,599,658.09	9,816,540.00	216,881.91	2.2
POLICE SERVICES	18,876,022.00	.00	-1,036,441.53	17,839,580.47	17,510,805.00	-328,775.47	-1.9
ENGINEERING & PLANNING	8,454,809.99	.00	-823,614.53	7,631,195.46	8,275,955.00	644,759.54	7.8
PUBLIC WORKS & TRANSPORTA	30,278,811.51	.00	-7,378,110.70	22,900,700.81	24,384,722.00	1,484,021.19	6.1
COMMUNITY SERVICES DEPART	7,993,002.83	.00	-4,072,808.96	3,920,193.87	3,300,905.00	-619,288.87	-18.8
SOCIAL SERVICES DEPARTMEN	9,189,842.54	.00	-9,172,305.15	17,537.39	81,000.00	63,462.61	78.3
LIBRARY BOARD	2,786,560.22	.00	-2,862,417.73	-75,857.51	.00	75,857.51	.0
OUTSIDE AGENCIES & LEVY B	31,892,026.81	.00	.00	31,892,026.81	30,905,470.00	-986,556.81	-3.2
CORPORATE FINANCIAL & OTH	30,441,869.18	.00	-145,348,903.54	-114,907,034.36	-109,240,102.00	5,666,932.36	-5.2
CAPITAL LEVY & DEBENTURE	14,935,484.09	.00	.00	14,935,484.09	9,569,700.00	-5,365,784.09	-56.1
EDUCATION REQUISITIONS	23,848,775.31	.00	-23,848,775.05	.26	.00	-.26	.0
Report Total:	199,683,945.48	.00	-200,582,789.23	-898,843.75	.00	898,843.75	.0
YTD Total:	199,683,945.48	.00	-200,582,789.23	-898,843.75	.00	898,843.75	.0

Library (75,857.51)

Net Surplus 822,986.24

Appendix L

4.



CORPORATION OF THE CITY OF SAULT STE. MARIE

2007 BUDGET - REPORT 2 CITY COUNCIL

*Prepared by : Scott McLellan
Manager of Budgets & Revenue
10 April 2007*

PRELIMINARY FIGURES : Total Expenditures for the 2007 Preliminary Budget (with adjustments to April 4, 2007) are \$ 156,454,388 an increase of \$ 6,280,361 or 4.18 %. Revenues excluding the Tax Levy are \$ 78,176,605 which generates a Tax Levy of \$ 78,277,783. The Tax Levy is increasing by \$ 2,153,874 or 2.83 %. The Urban Residential Tax Rate is increasing by 2.94 %, the Commercial Rate increases by 2.02 % and Industrial/Large Industrial by 2.42 %.

ADJUSTMENTS TO PRELIMINARY BUDGET : The following Budget Adjustments have been identified since the Preliminary Budget was presented.

Corporate Memberships Approved by Council and require an additional \$ 4,900.

Electrical Safety Authority License was Approved by Council on March 26 adding \$ 13,245.

A Contingency for additional Wage and Benefit adjustments is included, this contingency could cover items such as Experience Pay for Fire, Police, the Non-Union salary review or for other employee related matters. The adjustment of over \$ 875,000 adds just over 1.00 % to the Urban Residential Tax Rate.

The DSSAB (District Social Services Administration Board) Levy is \$ 493,825 less than 2006.

Council Approved User Fee By-law 2007-11, this provides an additional \$ 17,750 in Revenue.

Council received a Report from WDO (Waste Diversion Ontario) on March 26 and there is additional revenue of \$ 150,000. available.

The Public Utilities Commission will pay a dividend to the City at the same value as 2006. This brings an additional \$ 540,000 to the Budget. This item will be reviewed in 2007 and will impact on the 2008 Budget.

In order to reduce the Tax Levy, \$ 430,000 from the 2006 Surplus has been used. While this is contrary to our earlier recommendation not to use Surplus as a Revenue, this adjustment is required to bring the Urban Residential Tax increase to under 3.00 %. It should be noted that without this adjustment, the Tax increase would be 3.43 %

BILL 124 : The impact of Bill 124 (Building Code Act) is evident in the budget. A substantial increase in Building Permit Revenue cannot be used to lower the Tax Levy but under this legislation must be transferred to Reserve. There is a substantial increase in the Building Division budget which is offset by the increase in Permit Revenue. In years where Permit Revenue is less than the Expenditure, the Reserve Fund can be used. There are several items on the Supplementary List from the Building Division which can be added to the Budget without impacting on the Levy.

SURPLUS : The 2006 Surplus is \$ 822,986. As noted above, \$ 430,000 has been used to reduce the Tax Levy. The balance is recommended to be used to fund outstanding Tax Appeals or for one-time items.

CAPITAL FROM CURRENT : The allocation has been increased from \$ 500,000 to \$ 600,000. A recommended slate is attached to this Report commencing on Page 24. (note – Page Numbers listed on this summary refer to the numbers from the Previous Summaries provided to Council)

TAX IMPACT : Based on the Preliminary figures with Adjustments up to April 4, 2007, the 2007 Budget has a tax increase (Urban Residential including Education) of 2.94 %. For a Residential property assessed at \$ 100,000 this will result in a Tax increase of \$ 61.27. The Tax burden will increase from \$ 2,083.25 to \$ 2,144.52.

Based on the 2007 Returned Assessment Roll, it will require approximately \$ 865,000 in adjustments to reduce the Urban Residential Tax Rate by 1.00 %.

OUTSTANDING ISSUES/ CONCERNS :

- Special Grants from Province for Assessment Losses have not been announced.
- A new Humane Society Contract is currently being negotiated. Any increase to the contract will have to be added to the Levy.

FEDERAL BUDGET – March 19, 2007 : Provided a guarantee that the Federal Gas Tax funding for Road Improvements will continue in to the future. This will assist in our Capital Roads Program.

PROVINCIAL BUDGET – March 22, 2007 : Changes were announced to Assessment system which may impact on our method of Property Tax calculation and collection. The Provincial Business Education Tax Rates for Commercial and Industrial properties will be gradually reduced over a seven (7) year period. New rules have been applied to Municipal Electrical Utilities which may impact on the amount of the PUC dividend.

Respectfully submitted

Scott McLellan
Manager of Budgets & Revenue



CITY OF SAULT STE. MARIE

Finance Department

2007 BUDGET - COST CENTRE SUMMARY

	2006 APPROVED BUDGET	2007 BUDGET REQUEST	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
<u>MAYOR & COUNCIL :</u>				
Mayor's Office	546,620	546,620	0	0.00
<u>CHIEF ADMINISTRATIVE OFFICER :</u>				
Chief Administrative Officer	274,480	274,480	0	0.00
<u>CLERK'S DEPARTMENT :</u>				
Administration	519,535	529,535	10,000	1.92
Quality Improvement Program	40,100	40,100	0	0.00
Office Services	<u>185,800</u>	<u>185,800</u>	<u>0</u>	<u>0.00</u>
	745,435	755,435	10,000	1.34
Receptions	29,000	29,000	0	0.00
Election Expense	<u>201,305</u>	<u>60,000</u>	<u>(141,305)</u>	<u>(70.19)</u>
	230,305	89,000	(141,305)	(61.36)
TOTAL CLERK'S DEPARTMENT	975,740	844,435	(131,305)	(13.46)
<u>COMMUNITY SERVICES DEPARTMENT :</u>				
Central Administration				
- Central Administration	323,510	323,510	0	0.00
- Switchboard / Reception	<u>52,365</u>	<u>52,365</u>	<u>0</u>	<u>0.00</u>
	375,875	375,875	0	0.00

	<u>2006 APPROVED BUDGET</u>	<u>2007 BUDGET REQUEST</u>	<u>\$ INCREASE (DECREASE)</u>	<u>% INCREASE (DECREASE)</u>
Recreation & Culture Division				
- Parks & Recreation Advisory Committee	21,120	21,120	0	0.00
- Recreation & Culture Administration	289,215	289,215	0	0.00
- Steelton Seniors Centre	148,010	148,010	0	0.00
- Drop-In Centre	283,875	283,875	0	0.00
- Excel Camp Program (Sports Camp)	13,865	13,865	0	0.00
- Leadership Development	9,300	9,300	0	0.00
- Miscellaneous Programs	17,645	17,645	0	0.00
- Leisure Services	25,490	25,490	0	0.00
- Canada Day	10,000	10,000	0	0.00
- Bondar Pavilion	112,630	112,630	0	0.00
- Bondar Events	<u>27,530</u>	<u>27,530</u>	<u>0</u>	<u>0.00</u>
	958,680	958,680	0	0.00
Municipal Day Care Facilities				
- Maycourt Day Care Centre	528,450	515,410	(13,040)	(2.47)
- Jessie Irving Day Care Centre	730,170	743,210	13,040	1.79
- Best Start - Holy Angels	<u>0</u>	<u>141,820</u>	<u>141,820</u>	<u>100.00</u>
	1,258,620	1,400,440	141,820	11.27
Community Centres & Marine Facilities Division				
- Administration	361,130	482,155	121,025	33.51
- Steelback Operations	0	550,475	550,475	100.00
- Memorial Gardens Operations	550,475	0	(550,475)	(100.00)
- McMeeken Centre Operations	203,985	203,985	0	0.00
- Rhodes Centre Operations	866,145	866,145	0	0.00
- Rhodes Centre Pool Operations	304,830	304,830	0	0.00
- Greco Pool	36,945	36,945	0	0.00
- Manzo Pool	19,600	19,600	0	0.00
- Community Centres - Accommodations	161,795	161,795	0	0.00

	<u>2006 APPROVED BUDGET</u>	<u>2007 BUDGET REQUEST</u>	<u>\$ INCREASE (DECREASE)</u>	<u>% INCREASE (DECREASE)</u>
Community Centres & Marine Facilities Division (continued)				
- Steelback Box Office	0	48,000	48,000	100.00
- Steelback Marketing	0	40,000	40,000	100.00
- Steelback Activity	0	138,455	138,455	100.00
- Gardens Activity Fees	108,455	0	(108,455)	(100.00)
- McMeeken Activity Fees	700	700	0	0.00
- Rhodes Arena Activity Fees	2,790	2,790	0	0.00
- Rhodes Pool Activity	291,945	291,945	0	0.00
- Steelback Concession	0	170,520	170,520	100.00
- Memorial Gardens Concession	170,520	0	(170,520)	(100.00)
- McMeeken Concession	30,615	30,615	0	0.00
- Rhodes Concession	89,230	89,230	0	0.00
- Bellevue Park Concession	48,355	48,355	0	0.00
- Rhodes Pool Concession	24,290	24,290	0	0.00
- Bus Terminal Concession	217,170	217,170	0	0.00
- Bondar Park Concession	45,340	45,340	0	0.00
- Fieldhouse Concession	13,220	13,220	0	0.00
- Strathclair Concession	12,075	12,075	0	0.00
- Library Concession	9,270	9,270	0	0.00
- Sinclair Yards Concession	13,390	13,390	0	0.00
- Sport Fishing	8,775	8,775	0	0.00
- Recreational Lock	159,315	159,315	0	0.00
- Bellevue Marine Park	135,430	135,430	0	0.00
- Bondar Marine Park	<u>103,875</u>	<u>103,875</u>	<u>0</u>	<u>0.00</u>
	3,989,665	4,228,690	239,025	5.99
TOTAL COMMUNITY SERVICES	6,582,840	6,963,685	380,845	5.79

	<u>2006 APPROVED BUDGET</u>	<u>2007 BUDGET REQUEST</u>	<u>\$ INCREASE (DECREASE)</u>	<u>% INCREASE (DECREASE)</u>
<u>ENGINEERING & PLANNING :</u>				
Engineering & Construction Division				
- Administration	234,275	233,815	(460)	(0.20)
- Design	875,050	838,310	(36,740)	(4.20)
- Construction	257,035	280,955	23,920	9.31
- Technical Services	<u>392,515</u>	<u>400,720</u>	<u>8,205</u>	<u>2.09</u>
	1,758,875	1,753,800	(5,075)	(0.29)
Building Division				
- Administration	612,895	1,976,500	1,363,605	222.49
Planning Division				
- Administration	490,465	527,280	36,815	7.51
- Committee of Adjustment	12,690	12,690	0	0.00
- Planning Advisory Committee	<u>7,385</u>	<u>7,385</u>	<u>0</u>	<u>0.00</u>
	510,540	547,355	36,815	7.21
Building Services Division				
- Civic Centre Admin	631,350	631,950	600	0.10
- Building Services - Accommodation	49,860	49,860	0	0.00
- Civic Centre Caretasking	258,540	258,540	0	0.00
- Other City Owned Buildings	7,605	7,605	0	0.00
- Ontario Works Building	<u>176,895</u>	<u>176,895</u>	<u>0</u>	<u>0.00</u>
	1,124,250	1,124,850	600	0.05
TOTAL ENGINEERING & PLANNING	4,006,560	5,402,505	1,395,945	34.84
<u>ENGINEERING & PLANNING - MISCELLANEOUS ACCOUNTS :</u>				
Miscellaneous Construction	195,000	1,000,000	805,000	412.82
Geographic Information Services	253,000	253,000	0	0.00
Sewage Disposal System	2,700,000	2,700,000	0	0.00
Fire Hydrants	422,505	465,225	42,720	10.11
Street Lights	<u>1,324,990</u>	<u>1,322,965</u>	<u>(2,025)</u>	<u>(0.15)</u>
	4,895,495	5,741,190	845,695	17.27

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	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
<u>FINANCE DEPARTMENT :</u>				
Administration	600,160	675,160	75,000	12.50
Accounting Division	793,870	793,870	0	0.00
Tax Division	507,165	430,055	(77,110)	(15.20)
Purchasing Division	257,470	251,760	(5,710)	(2.22)
Computer Operations	<u>1,230,140</u>	<u>1,312,090</u>	<u>81,950</u>	<u>6.66</u>
	3,388,805	3,462,935	74,130	2.19
 Fees - Auditors	 48,000	 48,000	 0	 0.00
Financial Expenses - Bank	146,000	146,000	0	0.00
- Taxes	1,022,740	1,000,000	(22,740)	(2.22)
- Assessment Services & Appeals	775,000	780,500	5,500	0.71
- Tax Rebates - Business - Charities	405,000	405,000	0	0.00
- Heritage Property Tax Grants	62,000	62,000	0	0.00
- Other	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0.00</u>
	2,483,740	2,466,500	(17,240)	(0.69)
<u>FIRE DEPARTMENT :</u>				
Administration	986,920	986,720	(200)	(0.02)
Fire Suppression	7,864,200	8,067,865	203,665	2.59
Fire Prevention	582,235	592,540	10,305	1.77
Mechanical	315,935	316,705	770	0.24
Training	119,405	39,250	(80,155)	(67.13)
Communications	<u>10,545</u>	<u>14,990</u>	<u>4,445</u>	<u>42.15</u>
	9,879,240	10,018,070	138,830	1.41
 EMS - Vehicle Operations	 166,505	 156,505	 (10,000)	 (6.01)
EMS - Patient Care	102,600	104,600	2,000	1.95
EMS - Paramedics	2,447,795	2,496,045	48,250	1.97
EMS - Administration	<u>252,975</u>	<u>250,185</u>	<u>(2,790)</u>	<u>(1.10)</u>
	2,969,875	3,007,335	37,460	1.26
 Emergency Measures	 35,000	 35,000	 0	 0.00
TOTAL FIRE & EMS	12,884,115	13,060,405	176,290	1.37

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	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
<u>HUMAN RESOURCES DEPARTMENT</u>				
Administration	495,810	489,230	(6,580)	(1.33)
Health & Safety	87,865	87,865	0	0.00
Disability Case Management	110,415	104,145	(6,270)	(5.68)
Summer Students	<u>0</u>	<u>12,850</u>	<u>12,850</u>	<u>100.00</u>
	694,090	694,090	0	0.00
Corporate Training	25,170	25,170	0	0.00
Retirement Allowances	5,140	3,610	(1,530)	(29.77)
Early Retirement Benefits	314,125	329,125	15,000	4.78
Employee Assistance Program	18,985	19,750	765	4.03
Disabled Premiums	2,160	2,160	0	0.00
Health & Safety Committee	30,000	30,000	0	0.00
Leadership Performance	<u>0</u>	<u>35,000</u>	<u>35,000</u>	<u>100.00</u>
	395,580	444,815	49,235	12.45
<u>LEGAL DEPARTMENT :</u>				
Administration	506,075	506,075	0	0.00
Maintenance of City Property	<u>26,410</u>	<u>26,410</u>	<u>0</u>	<u>0.00</u>
	532,485	532,485	0	0.00
Provincial Offences				
- Administration	307,900	318,785	10,885	3.54
- Prosecution	107,770	105,485	(2,285)	(2.12)
- Court Costs	<u>129,100</u>	<u>129,100</u>	<u>0</u>	<u>0.00</u>
	544,770	553,370	8,600	1.58
Insurance	975,000	1,067,500	92,500	9.49
TOTAL LEGAL DEPARTMENT	2,052,255	2,153,355	101,100	4.93

LIBRARY BOARD :

	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
Levy	2,306,170	2,306,170	0	0.00
Provision for Improvements	<u>60,000</u>	<u>60,000</u>	<u>0</u>	<u>0.00</u>
	2,366,170	2,366,170	0	0.00

POLICE SERVICES BOARD :

Executive	1,790,120	1,741,875	(48,245)	(2.70)
Support Services	2,398,635	2,462,340	63,705	2.66
Patrol Services	8,523,120	8,632,685	109,565	1.29
Investigation Services	3,362,950	3,405,675	42,725	1.27
Community Safety	297,790	296,750	(1,040)	(0.35)
Administration Services	2,158,850	2,288,230	129,380	5.99
Summer Students	9,595	11,915	2,320	24.18
Police Commission	<u>70,375</u>	<u>69,965</u>	<u>(410)</u>	<u>(0.58)</u>
	18,611,435	18,909,435	298,000	1.60

	2006 APPROVED BUDGET	2007 BUDGET REQUEST	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
<u>PUBLIC WORKS & TRANSPORTATION :</u>				
Public Works Division				
- Roadways	2,172,311	2,172,308	(3)	(0.00)
- Off-Roadways	944,322	944,328	6	0.00
- Traffic Construction	139,050	139,054	4	0.00
- School Guards & Opticom	246,911	248,472	1,561	0.63
- Traffic Maintenance	495,173	495,169	(4)	(0.00)
- Winter Control	4,098,029	4,098,036	7	0.00
- Overhead - Administration	1,059,105	999,185	(59,920)	(5.66)
- Overhead - Operations	4,010,927	3,996,721	(14,206)	(0.35)
- Overhead - Facility	884,310	884,305	(5)	(0.00)
- Equipment Purchases	100,000	99,995	(5)	(0.01)
- Sanitary & Storm Sewers	1,706,533	1,706,525	(8)	(0.00)
- Refuse Collection - City	546,284	546,288	4	0.00
- Refuse Collection - Contract	463,500	477,405	13,905	3.00
- Recycling	1,139,000	1,224,000	85,000	7.46
- Hazardous Waste Program	202,200	208,200	6,000	2.97
- Refuse Disposal (Landfill Site)	<u>1,384,802</u>	<u>1,384,802</u>	<u>0</u>	<u>0.00</u>
	19,592,457	19,624,793	32,336	0.17
Transit Division				
- Administration	535,620	572,430	36,810	6.87
- Provision for New Transit Equipment	768,050	509,000	(259,050)	(33.73)
- Transportation	3,082,385	3,293,280	210,895	6.84
- Fuel & Fuel Taxes	793,700	832,485	38,785	4.89
- Equipment & Vehicle Maintenance.	1,179,010	1,186,015	7,005	0.59
- Garage & Plant Maintenance	420,885	445,885	25,000	5.94
- Bus Terminal Maintenance	105,745	105,745	0	0.00
- Community Bus	41,660	75,265	33,605	80.66
- Para-Transit	<u>662,025</u>	<u>805,375</u>	<u>143,350</u>	<u>21.65</u>
	7,589,080	7,825,480	236,400	3.12

	<u>2006 APPROVED BUDGET</u>	<u>2007 BUDGET REQUEST</u>	<u>\$ INCREASE (DECREASE)</u>	<u>% INCREASE (DECREASE)</u>
Parking Operations Division				
- Parking Admin & Operations	522,870	640,485	117,615	22.49
Cemetery Division	942,780	942,780	0	0.00
Parks Division				
- Administration	343,605	343,605	0	0.00
- Overhead & Building Maintenance	627,875	627,875	0	0.00
- Passive Parks	662,250	662,250	0	0.00
- Athletic Parks	313,485	313,485	0	0.00
- Winter Parks	191,320	191,320	0	0.00
- Tree Maintenance	163,850	163,850	0	0.00
- Horticulture	279,625	279,625	0	0.00
- Parks Capital	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>0.00</u>
	2,592,010	2,592,010	0	0.00
TOTAL WORKS & TRANSPORTATION	31,239,197	31,625,548	386,351	1.24
<u>SOCIAL SERVICES DEPARTMENT</u>				
- Welfare Administration	5,624,385	1,049,445	(4,574,940)	(81.34)
- Eligibility Review	56,655	56,545	(110)	(0.19)
- Enhanced Family Support	56,655	56,545	(110)	(0.19)
- Community Planning	89,200	89,670	470	0.53
- Case Management	0	964,755	964,755	100.00
- Employment Unit	0	542,115	542,115	100.00
- Intake Verification	0	835,650	835,650	100.00
- Special Services	0	759,500	759,500	100.00
- Consolidated Verification	0	690,515	690,515	100.00
- Policy	0	80,140	80,140	100.00
- Addiction Administration	0	109,620	109,620	100.00
- Permanent Accommodations	<u>0</u>	<u>52,025</u>	<u>52,025</u>	<u>100.00</u>
	5,826,895	5,286,525	(540,370)	(9.27)

	<u>2006 APPROVED BUDGET</u>	<u>2007 BUDGET REQUEST</u>	<u>\$ INCREASE (DECREASE)</u>	<u>% INCREASE (DECREASE)</u>
<u>SOCIAL SERVICES DEPARTMENT (continued)</u>				
- Commissioner	0	112,155	112,155	100.00
- Emergency Services	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>100.00</u>
	0	117,155	117,155	100.00
- Finance Administration	0	715,665	715,665	100.00
- Local System Support - Ontario Works	<u>80,690</u>	<u>81,115</u>	<u>425</u>	<u>0.53</u>
	80,690	796,780	716,090	- - -
- Community Child Care	335,685	347,010	11,325	3.37
- Best Start Administration	129,390	89,990	(39,400)	(30.45)
- Best Start Planning	<u>0</u>	<u>25,530</u>	<u>25,530</u>	<u>100.00</u>
	465,075	462,530	(2,545)	(0.55)
- Social Housing Administration	1,886,140	1,680,540	(205,600)	(10.90)
- Social Housing Programs	<u>243,035</u>	<u>379,075</u>	<u>136,040</u>	<u>55.98</u>
	2,129,175	2,059,615	(69,560)	(3.27)
- Accessibility Committee	10,000	10,000	0	0.00
- Accessibility Projects	67,000	75,000	8,000	11.94
- Accessibility Braille	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>0.00</u>
	81,000	89,000	8,000	9.88
TOTAL SOCIAL SERVICES	8,582,835	8,811,605	228,770	2.67

	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
<u>OTHER MUNICIPAL AREAS :</u>				
Community Projects	2,500	2,500	0	0.00
Best for Kids Committee	0	1,000	1,000	100.00
Walk of Fame	2,000	2,000	0	0.00
Miscellaneous Administrative Expenses	57,100	57,100	0	0.00
Other Health Services	7,000	7,000	0	0.00
Queenstown Loan	20,000	0	(20,000)	(100.00)
Queenstown Operations	135,000	135,000	0	0.00
RMH Call Centre	709,560	709,560	0	0.00
Study - P.U.C.	40,000	0	(40,000)	100.00
Worker's Compensation - General	<u>70,000</u>	<u>70,000</u>	<u>0</u>	<u>0.00</u>
	1,043,160	984,160	(59,000)	100.00

OUTSIDE AGENCIES - LEVY BOARDS :

DSSAB Levy	22,947,005	22,947,005	0	0.00
Algoma Health Unit	<u>2,428,175</u>	<u>1,922,205</u>	<u>(505,970)</u>	<u>(20.84)</u>
	25,375,180	24,869,210	(505,970)	(1.99)

OUTSIDE AGENCIES - OPERATING GRANTS :

Art Gallery of Algoma	134,800	134,800	0	0.00
Bush Plane Museum	75,000	75,000	0	0.00
Conservation Authority	246,215	246,215	0	0.00
Heritage Committee Projects	43,570	0	(43,570)	100.00
Historic Sites Board	145,695	145,695	0	0.00
Historic Sites Board - LACAC Property Grant	12,000	12,000	0	0.00
Humane Society	319,140	319,140	0	0.00
Museum Ship - Norgoma	10,000	0	(10,000)	100.00
S.S.M. Museum	146,470	146,470	0	0.00

	<u>2006 APPROVED BUDGET</u>	<u>2007 BUDGET REQUEST</u>	<u>\$ INCREASE (DECREASE)</u>	<u>% INCREASE (DECREASE)</u>
<u>OUTSIDE AGENCIES - OPERATING GRANTS : (continued)</u>				
Grant - Adnet	1,000	1,000	0	0.00
Grant - Clean North Tree Chipping	5,000	5,000	0	0.00
Grant - Cultural Recognition	1,500	1,500	0	0.00
Grant - Safe Communities	40,000	40,000	0	0.00
Grants - Miscellaneous				
- Algoma University	40,000	40,000	0	0.00
- Memorial Exemptions	18,000	18,000	0	0.00
- Soo Pee Wee Arena	20,000	20,000	0	0.00
- Other Sports Grants	10,000	10,000	0	0.00
- ARCH Hospice	0	40,000	40,000	100.00
Grants - Cultural (2007 amounts Approved by Cultural Advisory Committee)				
- Algoma Arts Festival	11,750	11,750		
- Algoma Conservatory	6,000	6,000		
- Arts Council	11,750	11,750		
- Rotary Club	0	3,000		
- Sault Symphony	5,000	5,000		
- Sault Theatre Workshop	3,000	3,000		
- Shadows of the Mind	5,000	6,500		
- Art Gallery - Special	5,000	5,000		
- Museum - Special	5,000	0		
- Echo Drum Festival	1,400	1,900		
	1,322,290	1,308,720	(13,570)	(1.03)
<u>ECONOMIC DEVELOPMENT :</u>				
EDC (Economic Development Corp).	877,520	877,520	0	0.00
Destiny - SSM	50,000	50,000	0	0.00
Innovation Centre	277,890	277,890	0	0.00
Building an Extraordinary Community (BEC)	40,000	40,000	0	0.00
Market Share Program	168,455	168,455	0	0.00
Economic Diversification Fund	1,000,000	500,000	(500,000)	100.00
	2,413,865	1,913,865	(500,000)	(20.71)

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	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
<u>PROVISIONS FOR RESERVES :</u>				
Reserve - Capital from Current	500,000	600,000	100,000	20.00
- Unforeseen	175,000	175,000	0	0.00
- Contingencies (W&B & OSA)	0	2,225,000	2,225,000	N.A
- City Trail Development	100,000	100,000	0	0.00
- OW Building	276,000	276,000	0	0.00
- MTO Site	125,000	0	(125,000)	(100.00)
- Landfill Site	1,240,565	1,325,565	85,000	6.85
- Sewer Capital	4,869,070	5,753,705	884,635	18.17
- Doctor Recruitment	359,065	359,065	0	0.00
Hospital Donation (Tax Levy)	1,100,000	1,100,000	0	0.00
Hospital Donation (Casino Slot Revenue)	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>	<u>0.00</u>
	9,744,700	12,914,335	3,169,635	32.53
<u>CAPITAL & LONG TERM DEBT :</u>				
Debenture Debt - net	1,890,663	1,890,663	0	0.00
Bank Loans (inc Heritage - Pool & Arena)	1,684,002	1,684,002	0	0.00
Capital Levy - Road Construction	5,549,977	5,549,977	0	0.00
Capital Levy - Multi Purpose Facility	<u>1,170,233</u>	<u>1,170,233</u>	<u>0</u>	<u>0.00</u>
	10,294,875	10,294,875	0	0.00
<u>TOTAL EXPENDITURES</u>	150,174,027	156,052,938	5,878,911	3.91

	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
REVENUES :				
<u>TAXATION - CITY SHARE :</u>				
Property Tax Levy	76,123,909	0	(76,123,909)	(100.00)
Supplementary Taxes	400,000	400,000	0	0.00
Miscellaneous Tax Capping Revenue	100,000	100,000	0	0.00
Railway - Rights of Way	18,800	15,500	(3,300)	(17.55)
International Bridge - Tax Grant	40,000	40,000	0	0.00
Power Dams - Tax Grant	<u>1,365,750</u>	<u>1,420,000</u>	<u>54,250</u>	<u>3.97</u>
	78,048,459	1,975,500	(76,072,959)	(97.47)
Special Charges - Queenstown	135,000	135,000	0	0.00
Sewer Surcharge - Capital Reserve	4,786,000	5,753,705	967,705	20.22
Sewer Surcharge - Plant & Trunk Sewers	2,700,000	2,700,000	0	0.00
Sewer Surcharge - Bill 175	1,226,300	1,226,295	(5)	(0.00)
<u>GRANTS-IN-LIEU OF TAXES :</u>				
Canada	1,345,000	1,257,000	(88,000)	(6.54)
Canada Enterprises	67,100	70,755	3,655	5.45
Ontario	1,636,535	1,674,345	37,810	2.31
Ontario Enterprises (Casino)	770,785	672,240	(98,545)	(12.79)
Municipal Enterprises	<u>627,365</u>	<u>665,625</u>	<u>38,260</u>	<u>6.10</u>
	4,446,785	4,339,965	(106,820)	(2.40)
<u>MUNICIPAL SUPPORT GRANTS</u>				
Ontario Municipal Partnership Fund	25,941,090	26,403,830	462,740	1.78

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	<u>2006 APPROVED BUDGET</u>	<u>2007 BUDGET REQUEST</u>	<u>\$ INCREASE (DECREASE)</u>	<u>% INCREASE (DECREASE)</u>
<u>ONTARIO SPECIFIC GRANTS :</u>				
Police Services	808,580	975,900	167,320	20.69
Environment	30,000	30,000	0	0.00
Transit - Gas Tax Share	900,000	1,200,000	300,000	33.33
Aged Persons - Seniors Centre	53,200	53,200	0	0.00
Cultural Facilities	9,985	9,985	0	0.00
	1,801,765	2,269,085	467,320	25.94
<u>CANADA SPECIFIC GRANTS</u>				
Recreational Lock	105,000	105,000	0	0.00
Social Services	0	15,310	15,310	100.00
Protective Services	0	2,500	2,500	100.00
	105,000	122,810	17,810	16.96
<u>MUNICIPAL FEES :</u>				
Planning & Building Inspections (Prince Twshp)	10,700	10,700	0	0.00
Fire Department	97,700	105,360	7,660	7.84
Police Department	280,050	280,050	0	0.00
Marinas / Bondar Events	233,130	233,130	0	0.00
Transit (inc Community Bus)	2,355,220	2,495,220	140,000	5.94
Sewer Rodding	12,500	12,500	0	0.00
Parking Operations	376,765	376,765	0	0.00
Cemetery	847,550	847,550	0	0.00
Parabus Fees	88,440	69,500	(18,940)	(21.42)
Seniors Activity Fees	16,800	16,800	0	0.00
Day Nurseries (including DSSAB Recovery)	1,057,915	1,199,735	141,820	13.41
Recreation Programs	6,800	6,800	0	0.00
Arenas	653,510	917,535	264,025	40.40
Pools	358,255	358,255	0	0.00
Recreational Property	50,800	50,800	0	0.00
Cultural Facilities	25,100	25,100	0	0.00
Planning & Zoning	64,500	52,500	(12,000)	(18.60)

4.

	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
<u>MUNICIPAL FEES : (continued)</u>				
Waste Disposal - Tipping Fees	2,200,000	2,285,000	85,000	3.86
Garbage Tags	5,000	15,000	10,000	200.00
Provincial Offences	1,040,000	1,058,000	18,000	1.73
DSSAB - Welfare Services	5,907,585	5,271,215	(636,370)	(10.77)
DSSAB - Commissioner	0	112,155	112,155	100.00
DSSAB - Financial Services	0	796,780	796,780	100.00
DSSAB - Community Child Care	465,075	462,530	(2,545)	(0.55)
DSSAB - Social Housing	2,129,175	2,059,615	(69,560)	(3.27)
DSSAB - EMS (Ambulance)	2,969,875	3,007,335	37,460	1.26
Casino Slot Revenue	1,600,000	1,600,000	0	0.00
Licenses - Finance	133,000	101,000	(32,000)	(24.06)
Licenses - Clerk's	40,000	40,000	0	0.00
Permits	520,900	1,970,500	1,449,600	278.29
General Government - Rents	1,429,390	1,426,090	(3,300)	(0.23)
Recreation - Rents & Concessions	912,705	912,705	0	0.00
	25,888,440	28,176,225	2,287,785	8.84
<u>OTHER SOURCES :</u>				
Police Credits	12,000	12,000	0	0.00
Penalty & Interest on Taxes	1,000,000	1,000,000	0	0.00
Computer Recoveries	203,625	203,625	0	0.00
Sale of Land and Equipment	20,000	20,000	0	0.00
Map Sales etc.	2,730	2,730	0	0.00
Contribution Own Sources (Reserves)	120,000	0	(120,000)	(100.00)
PUC Interest Dividend	2,540,000	2,000,000	(540,000)	(21.26)
Sundry Revenues	764,820	698,085	(66,735)	(8.73)
Surplus as Budget Revenue	432,013	0	(432,013)	100.00
Surplus - Allocated to Special Projects	0	0	0	0.00
	5,095,188	3,936,440	(1,158,748)	(22.74)
TOTAL REVENUES	150,174,027	77,038,855	(73,135,172)	(48.70)

4.

	<u>2006</u> <u>APPROVED</u> <u>BUDGET</u>	<u>2007</u> <u>BUDGET</u> <u>REQUEST</u>	<u>\$</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>%</u> <u>INCREASE</u> <u>(DECREASE)</u>
Tax Levy Generated	76,123,909	79,014,083	2,890,174	3.80
- User Fee Changes - By-law 2007 - 11		(17,750)		
- Corporate Memberships Approved by Council		4,900		
- Contingency for additional Wage & Benefit adjustments		877,130		
- Electrical Safety Authority License (Mar 26th)		13,245		
- WDO Revenue (Council - March 26)		(150,000)		
- DSSAB Levy Adjustment		(493,825)		
- PUC Dividend Adjustment		(540,000)		
- Surplus as Revenue		(430,000)		
- Humane Society - New Contract				

Revised Levy	78,277,783	2,153,874	2.83
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Prepared : 04 April 2007 S. McLellan Mgr Budgets & Revenue file :/2007 files/Cost Centre Summary - Prelim #2

4.

CITY OF SAULT STE. MARIE

2007 PROPERTY TAX LEVY - PRELIMINARY BUDGET

	Overall General	Overall Capital & Debenture	Overall District Soc Serv	Overall Hospital Donation	Urban Only General	Urban Capital & Debenture	City Taxes	Education	Total Levy
1 Residential	26,589,298	5,315,316	14,426,057	691,547	1,001,810	1,123,100	49,147,128	6,938,334	56,085,462
2 Multi-Residential	2,075,265	414,854	1,125,938	53,975	88,238	98,921	<u>3,857,191</u> 53,004,319	<u>422,113</u> 7,360,447	<u>4,279,304</u> 60,364,766
3 Commercial - Occupied	6,744,833	1,348,322	3,659,416	175,424	275,503	308,859	12,512,357	8,130,832	20,643,189
Commercial - Excess Land	34,934	6,983	18,953	909	1,351	1,515	64,645	42,112	106,757
Commercial - Vacant Land	119,421	23,873	64,792	3,106	4,869	5,458	221,519	143,961	365,480
General Rate Only (International Bridge)	24,339	4,866	13,205	633	1,036	1,162	45,241	0	45,241
3a Shopping Centres	1,778,197	355,469	964,764	46,248	75,693	84,858	3,305,229	2,143,600	5,448,829
Shopping - Excess Land	0	0	0	0	0	0	0	0	0
3b Office Buildings	175,270	35,037	95,093	4,559	7,461	8,364	325,784	211,287	537,071
Office Bldg - Excess Land	0	0	0	0	0	0	0	0	0
3c Parking Lots	21,166	4,231	11,484	550	901	1,010	<u>39,342</u> 16,514,117	<u>25,515</u> 10,697,307	<u>64,857</u> 27,211,424
4 Industrial - Occupied	683,007	136,536	370,567	17,764	23,711	26,582	1,258,167	777,425	2,035,592
Industrial -Vacant & Excess Land	5,398	1,079	2,929	140	184	207	9,937	6,144	16,081
Industrial - Vacant Land	33,573	6,711	18,215	873	1,364	1,530	62,266	38,214	100,480
Large Industrial	3,701,587	739,963	2,008,301	96,273	157,568	176,645	6,880,337	4,213,289	11,093,626
Lg Industrial -Vacant & Excess Land	32,317	6,460	17,533	841	1,376	1,542	<u>60,069</u> 8,270,776	<u>36,784</u> 5,071,856	<u>96,853</u> 13,342,632
5 Pipeline	270,206	54,015	146,601	7,028	205	230	478,285	309,283	787,568
6 Farm	3,923	784	2,129	102	10	11	6,959	1,024	7,983
7 Managed Forests	1,870	374	1,015	49	11	12	3,331	488	3,819
	42,294,604	8,454,873	22,946,992	1,100,021	1,641,291	1,840,006	78,277,787	23,440,405	101,718,192

2006 Equivalent

\$

%

76,123,909 23,736,259 99,860,168

2,153,878 (295,854) 1,858,024

2.83 (1.25) 1.86

4



CITY OF SAULT STE. MARIE

2007 PROPERTY TAX RATES - PRELIMINARY BUDGET

	Overall General	Overall Capital & Debenture	Social Services	Hospital	Education	Total Rural Tax Rate	Urban Only General	Urban Capital & Debenture	Total Urban Tax Rate
1 Residential	0.01011709	0.00202245	0.00548904	0.00026313	0.00264000	0.02053171	0.00043066	0.00048280	0.02144517
2 Multi-Residential	0.01297921	0.00259460	0.00704189	0.00033757	0.00264000	0.02559327	0.00055249	0.00061938	0.02676514
3 Commercial - Occupied	0.01692589	0.00338356	0.00918316	0.00044022	0.02040400	0.05033683	0.00072049	0.00080772	0.05186504
Commercial - Excess Land	0.01184812	0.00236849	0.00642821	0.00030815	0.01428280	0.03523577	0.00050435	0.00056541	0.03630553
Commercial - Vacant Land	0.01251686	0.00250218	0.00679104	0.00032554	0.01508896	0.03722458	0.00053281	0.00059732	0.03835471
General Rate Only (International Bridge)	0.01692589	0.00338356	0.00918316	0.00044022	0.00000000	0.02993283	0.00072049	0.00080772	0.03146104
3a Shopping Centres	0.01796795	0.00359187	0.00974854	0.00046732	0.02166019	0.05343587	0.00076485	0.00085745	0.05505817
Shopping - Excess Land	0.01257757	0.00251431	0.00682397	0.00032712	0.01516213	0.03740510	0.00053540	0.00060022	0.03854072
3b Office Buildings	0.02472111	0.00494186	0.01341247	0.00064296	0.02980106	0.07351946	0.00105232	0.00117972	0.07575150
Office Bldg - Excess Land	0.01730478	0.00345930	0.00938873	0.00045007	0.02086074	0.05146362	0.00073662	0.00082581	0.05302605
3c Parking Lots	0.01251686	0.00250218	0.00679104	0.00032554	0.01508896	0.03722458	0.00053281	0.00059732	0.03835471
4 Industrial - Occupied	0.01947641	0.00389342	0.01056695	0.00050655	0.02216880	0.05661213	0.00082906	0.00092944	0.05837063
Industrial - Excess Land	0.01265967	0.00253072	0.00686852	0.00032926	0.01440972	0.03679789	0.00053889	0.00060413	0.03794091
Industrial - Vacant Land	0.01265967	0.00253072	0.00686852	0.00032926	0.01440972	0.03679789	0.00053889	0.00060413	0.03794091
4a Large Industrial - Occupied	0.02775233	0.00554781	0.01505706	0.00072180	0.03158877	0.08066777	0.00118135	0.00132438	0.08317350
Lg Industrial - Excess Land	0.01803901	0.00360608	0.00978709	0.00046917	0.02053270	0.05243405	0.00076788	0.00086084	0.05406277
5 Pipeline	0.01517159	0.00303287	0.00823136	0.00039459	0.01736568	0.04419609	0.00064582	0.00072401	0.04556592
6 Farm	0.00252927	0.00050561	0.00137226	0.00006578	0.00066000	0.00513292	0.00010767	0.00012070	0.00536129
7 Managed Forests	0.00252927	0.00050561	0.00137226	0.00006578	0.00066000	0.00513292	0.00010767	0.00012070	0.00536129

Education Rates are the 2007 Provincial Rates per OPTA (01 February 2007)

CITY OF SAULT STE. MARIE

2007 PROPERTY TAX RATE INCREASE - PRELIMINARY BUDGET

	Total Rural Tax Rate	2006 Equivalent	Amount of Increase	% of Increase	Total Urban Tax Rate	2006 Equivalent	Amount of Increase	% of Increase
1 Residential	0.02053171	0.01991851	0.00061320	3.08	0.02144517	0.02083250	0.00061267	2.94
2 Multi-Residential	0.02559327	0.02480660	0.00078667	3.17	0.02676514	0.02597916	0.00078598	3.03
3 Commercial - Occupied	0.05033683	0.04930846	0.00102837	2.09	0.05186504	0.05083756	0.00102748	2.02
Commercial - Excess Land	0.03523577	0.03451593	0.00071984	2.09	0.03630553	0.03558631	0.00071922	2.02
Commercial - Vacant Land	0.03722458	0.03646410	0.00076048	2.09	0.03835471	0.03759489	0.00075982	2.02
General Rate Only (International Bridge)	0.02993283	0.02890694	0.00102589	3.55	0.03146104	0.03043604	0.00102500	3.37
3a Shopping Centres	0.05343587	0.05234420	0.00109167	2.09	0.05505817	0.05396745	0.00109072	2.02
Shopping - Excess Land	0.03740510	0.03664095	0.00076415	2.09	0.03854072	0.03777722	0.00076350	2.02
3b Office Buildings	0.07351946	0.07201747	0.00150199	2.09	0.07575150	0.07425080	0.00150070	2.02
Office Bldg - Excess Land	0.05146362	0.05041224	0.00105138	2.09	0.05302605	0.05197558	0.00105047	2.02
3c Parking Lots	0.03722458	0.03646410	0.00076048	2.09	0.03835471	0.03759489	0.00075982	2.02
4 Industrial - Occupied	0.05661213	0.05523420	0.00137793	2.49	0.05837063	0.05699372	0.00137691	2.42
Industrial - Vacant & Excess Land	0.03679789	0.03590223	0.00089566	2.49	0.03794091	0.03704592	0.00089499	2.42
Industrial - Vacant Land	0.03679789	0.03590223	0.00089566	2.49	0.03794091	0.03704592	0.00089499	2.42
Large Industrial	0.08066777	0.07870436	0.00196341	2.49	0.08317350	0.08121154	0.00196196	2.42
Lg Industrial - Vacant & Excess Land	0.05243405	0.05115783	0.00127622	2.49	0.05406277	0.05278750	0.00127527	2.42
5 Pipeline	0.04419609	0.04327654	0.00091955	2.12	0.04556592	0.04464716	0.00091876	2.06
6 Farm	0.00513292	0.00497963	0.00015329	3.08	0.00536129	0.00520813	0.00015316	2.94
7 Managed Forests	0.00513292	0.00497963	0.00015329	3.08	0.00536129	0.00520813	0.00015316	2.94

4.



Corporation of the City of Sault Ste. Marie
Finance Department

Summary of Capital from Current & Supplementary Requests

<i>Department / Description</i>	<i>Pg</i>	<i>Request</i>	<i>Cap Cur</i>	<i>Other</i>	<i>Notes</i>
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CAPITAL ITEMS / Other (One Time Costs)

CLERK'S DEPARTMENT

Council - Computer/Communications	38	39,000	39,000		
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COMMUNITY SERVICES DEPARTMENT

4X4 Truck - Community Centres	39	35,000			
Bellevue Marina Development	40	50,000			
Bellevue Marina Fuel System (Legislated)	41	110,000		110,000	Consider from Marina Reserve & Park & Rec Res
Senior Drop in Centre - Roof	42	75,000	19,300		* see summary below
Steelton Seniors Centre - Roof	43	20,000		20,000	Approved in 2006 - Carried Forward to 07
Steelback Centre Ticketing Software (Revised)(net)	44	100,000	53,000	72,000	Possible Fednor Grant (see Summary below)
Rhodes Centre Security Cameras	45	12,000			
Rhodes Pool Mechanical Systems Software	46	10,000			
Rhodes Pool Registration Software	47	11,000			
McMeeken Centre Garage	48	80,000			
McMeeken Centre Boards & Glass	49	300,000			2nd Phase in 2009 - \$ 400,000
Greco Pool Filtration System	50	11,000			
		814,000			

<i>Department / Description</i>	<i>Pg</i>	<i>Request</i>	<i>Cap Cur</i>	<i>Other</i>	<i>Notes</i>
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ENGINEERING & PLANNING

Civic Centre - Air Handler & Controls	51	600,000			
Civic Centre - Elevator Upgrade	52	262,500	132,000		Complete 1 unit in 2007
Civic Centre - HVAC Cleaning	53	100,000	55,000		Phase over 2 years
Building Code Enforcement Reserve	54	20,000			Fund from Bill 124 Provision
Laptop Computers (4) - Building Inspectors	55	21,000			Fund from Bill 124 Provision
		1,003,500			

FINANCE DEPARTMENT

Funding for new Financial System	56	172,000	172,000		Four Year Commitment
		172,000			

FIRE DEPARTMENT

Replace Gas Heated Boilers - # 1 Station	57	18,500		18,500	Consider Fire Equipment Reserve
Replace Roof & Eaves # 3 Station	58	20,800	20,800		
		39,300			

HUMAN RESOURCES DEPARTMENT

Asbestos Inventory	59	70,000		70,000	OMERS Reserve
Corporate Training	60	15,000		15,000	HR Training Reserve
		85,000			

4.

<i>Department / Description</i>	<i>Pg</i>	<i>Request</i>	<i>Cap Cur</i>	<i>Other</i>	<i>Notes</i>
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LIBRARY BOARD

Wheelchair Accessible Washroom - Main Branch	61	25,000			
Improved Fire Detection - Main Branch	62	20,000			
Technology Refresh - Collection Management	63	200,000			
Upgrade Internal Lighting - Main Branch	64	27,000			
New Security System - Main Branch	65	40,000			
New Elevator - Main Branch (Revised Estimate)	66	261,900	31,900		* see summary below
Repairs to HVAC Air Handling - Main Branch	67	60,000			
Repairs to Boiler & Mechanical Systems - Main	68	35,000			
Replace - Boilers, Chillers & Cooling Tower - Main	69	237,000			
		905,900			

PUBLIC WORKS & TRANSPORTATION

Time Clock/ Security System	70	100,000		100,000	Various Reserves - see summary below
Signalized Pedestrian Crossing - Northern @Pee Wee	71	175,000			
Permanent Pavement Markings	72	285,000			
Sand Dome & Conveyor System - Phase II	73	300,000			
Storage Garage Expansion	74	500,000			
Player Bench/Fencing Upgrades - Various Fields	75	25,000		25,000	Insurance / Health & Safety issue - 5% Subdividers
Bellevue Park Train Upgrade	76	25,000			
Boardwalk Enhancements	77	30,000			
Boardwalk Lighting - Power Supply	78	20,000		20,000	Consider from EDF Fund - Borealis Portion
Bellevue Park Duck Pond Upgrades	79	150,000			
Develop Leash Free Zone	80	20,000			
Replace Pointe des Chenes Water System	81	30,000			
Replace Bleachers - DiPietro Field	82	20,000			
Cemetery Software & Transmission Upgrade (Revised Estimate)	83	115,000		115,000	Consider from Cemetery Reserve

4.

<i>Department / Description</i>	<i>Pg</i>	<i>Request</i>	<i>Cap Cur</i>	<i>Other</i>	<i>Notes</i>
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PUBLIC WORKS & TRANSPORTATION (continued)

King - Albert Parking Lot Improvements	84	70,000		70,000	Parking Reserve
Software for Landfill Site Scales		15,000		15,000	From Tipping Fee Reserve
Used Transit Buses (2006)	--	77,000	77,000		Requires \$ 77,000 in 2008 as well
Transit Garage - Roof and Heating Replacement	85	350,000		350,000	May meet Federal Gas Tax criteria
GPS - Vehicle Locator System	86	61,000		61,000	Can be funded from Provincial Gas Tax
Computerized Scheduling System	87	60,000		60,000	Can be funded from Provincial Gas Tax
Purchase 10 Bus Shelters	88	50,000		50,000	Can be funded from Provincial Gas Tax
		2,478,000			

OTHER AREAS

Capital Assistance - Art Gallery	89	120,000			
ULERN - Science Fair	--	10,000			
		130,000			

TOTAL CAPITAL & ONE TIME	5,666,700	600,000	1,171,500
(2007 Allocation is \$ 600,000)			

<i>Department / Description</i>	<i>Pg</i>	<i>Request</i>	<i>Cap Cur</i>	<i>Other</i>	<i>Notes</i>
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OPERATIONAL ITEMS (On Going Costs)

MAYOR & COUNCIL

Independent Professional services

90	20,000
	20,000

Subsequent Years \$ 10,000

ENGINEERING & PLANNING

Building Code Training

91	8,000
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Civic Centre Maintenance - Annual Increase

92	50,000
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Civic Centre - Increased Window Replacements

93	60,000
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118,000

Fund from Bill 124 Provision

HUMAN RESOURCES DEPARTMENT

Defibrillator - Training & Maintenance

94	10,000
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LIBRARY BOARD

Increase Annual Provision for Capital

95	40,000
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PUBLIC WORKS & TRANSPORTATION

Expand Dutch Elm Disease Program

96	25,000
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Carmen's Way Grass Cutting

97	25,000
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50,000

SOCIAL SERVICES

Accessibility Committee - Two Support Staff

98	84,330
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<i>Department / Description</i>	<i>Pg</i>	<i>Request</i>	<i>Cap Cur</i>	<i>Other</i>	<i>Notes</i>
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OTHER ITEMS

Doctor Recruitment - Core Funding	--	400,000			Sufficient in Reserve for 2007
Norgoma - 5 year Funding (Destiny Report)	--	15,000			
Soo Youth Council Staff (Council Jan 29)	--	40,000			
Development SSM - Core Funding	--	272,650			
Soo Finnish Nordic Ski Club	--	7,500			
House of Kin (Council Feb 12)	--				
	--				
		735,150			

TOTAL OPERATIONAL **1,057,480**

TOTAL REQUESTS **6,724,180**

Summary of Library Funding for Elevator

Gross Cost (Revised)	261,900
Provincial Grant	(170,000)
	91,900
2007 Library Capital Reserve Contribution	(60,000)
2007 Capital from Current	31,900

Summary of Funding for Drop In Roof

Gross Cost	75,000
One Time Special Provincial Grant	(55,700)
2007 Capital from Current	19,300

<i>Department / Description</i>	<i>Pg</i>	<i>Request</i>	<i>Cap Cur</i>	<i>Other</i>	<i>Notes</i>
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Summary of Funding for PW&T Software and Security

Gross Cost	100,000				
Public Works Equipment Reserve	(50,000)				
Landfill Reserve	(10,000)				
Cemetery Reserve	(10,000)				
Transit Gas Tax	(30,000)				

Summary of Funding for CSD Ticketing Software

Estimate	250,000				
Fednor Grant	(125,000)				
Pepsi Marketing Account	(40,000)				
Parks & Rec Reserve or Ticket Surcharge	(32,000)				
Capital from Current Allocation	(53,000)				

7(a)

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

BY-LAW 2007-57

TAXES: (T.1.4.) a by-law to adopt optional tools for the purposes of administering limits for eligible properties within the meaning of Section 331 (New Construction) for the commercial, industrial and multi-residential property classes.

WHEREAS the Corporation of the City of Sault Ste. Marie (hereinafter referred to as "The Municipality") may, in accordance with section 329.1 of the *Municipal Act, 2001*, S.O. 2001 c.25, as amended (hereinafter referred to as "The Act") modify the provisions and limits set out in section 331 of The Act, with respect to the calculation of taxes for municipal and school purposes payable in respect of property in the Commercial, Industrial and Multi-Residential property classes;

AND WHEREAS The Council may pass a by-law to adopt the provisions of Section 329.1 of the Act whereby a "floor" or minimum uncapped tax percentage applies to eligible properties in one or more of the uncapped classes;

AND WHEREAS this by-law shall only apply to properties in the Commercial, Industrial and Multi-Residential property classes to which Part IX of the Act applies;

AND WHEREAS in this by-law, "uncapped taxes" means, the taxes for municipal and school purposes that would be levied for the taxation year but for the application of Part IX of The Act;

AND WHEREAS the Council has reviewed the provisions of Section 329.1 of the Act and hereby deems it necessary and appropriate to adopt optional tools for the purpose of providing minimum amount for properties subject to the provisions of Section 331 for the Commercial, Industrial and Multi-Residential property classes:

NOW THEREFORE the Council of the Corporation of the City of Sault Ste. Marie hereby enacts as follows:

1. **THAT** paragraph 5 of Subsection 329.1 (1) of the Act shall apply to the Commercial, Industrial and Multi-Residential property classes for 2007.
2. **AND THAT** for all properties that become eligible within the meaning of Subsection 331 (20) of The Act, the taxes for municipal and school purposes for the year or portion of the year shall be greater of,
 - (i) The amount of the taxes determined for the property for 2007 under Subsection 331 (2), and
 - (ii) The amount of the uncapped taxes for the property for 2007 multiplied by ninety per cent (90%).

3. EFFECTIVE DATE

This by-law takes effect on the day of its final passing.

Read THREE times and PASSED in open Council this 10th day of April, 2007

MAYOR - JOHN ROWSWELL

DEPUTY CITY CLERK - MALCOLM WHITE

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

BY-LAW NO. 2007-58

TAXES: (T.1.4.) a by-law to adopt optional tools for the purposes of administering limits for the commercial, industrial and multi-residential property classes.

WHEREAS The Corporation of the City of Sault Ste. Marie (hereinafter referred to as "The Municipality" may, in accordance with Section 329.1 of the Municipal Act, 2001, S.O. 2001 c.25, as amended (hereinafter referred to as "The Act") modify the provisions and limits set out in Section 329 of The Act, with respect to the calculation of taxes for municipal and school purposes payable in respect of property in the commercial, industrial and multi-residential property class;

AND WHEREAS The Municipality must similarly modify the provisions and limits set out in Section 332 of The Act with respect to the "tenant cap" calculations;

AND WHEREAS this by-law shall only apply to properties in any of the commercial industrial and multi-residential property classes to which Part 1X of the Act applies;

AND WHEREAS for the purposes of this by-law the commercial classes shall be considered a single property class and the industrial classes shall be deemed to be a single property class;

AND WHEREAS "uncapped taxes" means, the taxes for municipal and school purposes that would be levied for the taxation year but for the application of Part 1X of The Act.

AND WHEREAS the Council may pass a by-law to apply any one or any combination of the following options:

- a. Increase the annual cap up to a maximum of 10% of last year's capped taxes; and/or
- b. Set an upper limit on annual increases at the greater of the amount calculated under (a) and up to 5% of the previous year's annualized CVA tax; and/or
- c. Up to a maximum \$250 threshold may be set for increasing properties, decreasing properties or both;

AND WHEREAS a by-law passed to adopt the provisions of Subsection 329.1 paragraphs 1 and 2 of the Act provides that such provisions shall also apply to Section 332 of The Act with respect to the "tenant cap" calculations;

AND WHEREAS the Council has reviewed the provisions of Section 329.1 of the Act and hereby deems it necessary and appropriate to adopt optional tools for the purpose of administering limits for the commercial, industrial and multi-residential property classes;

NOW THEREFORE the Council of the Corporation of the City of Sault Ste. Marie hereby enacts as follows:

1. **THAT** paragraphs 1, 2 and 3 of Subsection 329.1 (1) of the Act shall apply to the commercial, industrial and multi-residential property classes for 2007.
2. In determining the amount of taxes for municipal and school purposes for the year under Subsection 329(1) and the amount of the tenants cap under Subsection 332(5), ten per cent (10%) shall be used, instead of 5 per cent (5%) in:
 - (a) Determining the amount to be added under paragraph 2, Subsection 329(1), and
 - (b) Increasing under paragraph 2 of Subsection 332 (5) the amount calculated under Paragraph 1 of that Subsection.

7(b)

- (ii) The amount of the taxes for municipal and school purposes for a property for the taxation year shall be the amount of the uncapped taxes for the property for the year if the amount of the uncapped taxes exceeds the amount of the taxes for municipal and school purposes for the property for the taxation year as determined under Section 329, as modified under Section 329.1 of The Act and this by-law, by two-hundred and fifty dollars (\$250.00).
- (iii) The amount of the taxes for municipal and school purposes for a property for a taxation year shall be the amount of the uncapped taxes for the property for the year if the amount of the taxes for municipal and school purposes for the property for the taxation year as determined under Section 329, as modified under Section 329.1 of The Act and this by-law exceed the uncapped taxes, by two-hundred and fifty dollars (\$250.00) or less.

3. **EFFECTIVE DATE**

By-law 2007-58 takes effect on the date of its final passing.

Read THREE times and PASSED in open Council this 10th day of April, 2007.

MAYOR – JOHN ROWSWELL

DEPUTY CITY CLERK – MALCOLM WHITE