

AGENDA
BUDGET MEETING OF CITY COUNCIL
2013 04 08
5:45 P.M.
COUNCIL CHAMBERS

1. ADOPTION OF MINUTES

Mover: Councillor L. Turco

Seconder: Councillor P. Mick

Resolved that the Minutes of the Budget Meeting of 2013 03 18 be approved.

2. APPROVE AGENDA AS PRESENTED

Mover: Councillor R. Niro

Seconder: Councillor B. Watkins

Resolved that the Agenda for 2013 04 08 City Council meeting as presented be approved.

3. ST. MARY'S RIVER MARINE HERITAGE CENTRE (M.S. NORGOMA)

Reports of the Commissioner of Community Services, Chair of the Destiny Committee and the Chief Executive Officer – Economic Development Corporation are attached for the consideration of Council.

Correspondence from the St. Mary's River Marine Heritage Centre Board is attached for the information of Council. Members of the Board will be present for any questions of Council.

Mover: Councillor L. Turco

Seconder: Councillor B. Watkins

Resolved that the reports of the Commissioner of Community Services dated 2013 04 08, the Chair of the Destiny Committee and the Chief Executive Officer – Economic Development Corporation both dated 2013 03 20 concerning St. Mary's River Marine Heritage Centre (M.S. Norgoma) be accepted and the recommendation not to provide any further municipal funding to the Centre (option 1 of the report) be approved.

4. YEAREND RESERVE TRANSFERS

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

Mover: Councillor L. Turco

Seconder: Councillor B. Watkins

Resolved that the report of the Commissioner of Finance and Treasurer dated 2013 04 08 concerning Yearend Transfers to Reserves be accepted and the recommendations contained therein be approved.

5. ONTARIO REGULATION 284/09

A report of the Manager of Audits and Capital Planning is attached for the consideration of Council.

Mover: Councillor R. Niro

Seconder: Councillor P. Mick

Resolved that the report of the Manager of Audits and Capital Planning dated 2013 04 08 concerning Ontario Regulation 284/09 be received as information.

6. 2013 BUDGET

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

Mover: Councillor R. Niro

Seconder: Councillor B. Watkins

Resolved that City Council now proceed into the Committee of the Whole to consider the following matter referred to it for consideration – 2013 Budget Deliberations.

Mover: Councillor L. Turco

Seconder: Councillor P. Mick

Resolved that the Committee of the Whole Council now rise and report on the matter referred to it by City Council – 2013 Budget Deliberations.

7. ADJOURNMENT

Mover: Councillor L. Turco

Seconder: Councillor B. Watkins

Resolved that this Council shall now adjourn.

MINUTES
BUDGET MEETING OF CITY COUNCIL
2013 03 18
4:30
COUNCIL CHAMBERS

Present: Mayor D. Amaroso, Councillors L. Turco, S. Myers, S. Butland, M. Bruni, J. Krmpotich, B. Watkins, R. Niro, P. Christian, F. Fata, T. Sheehan, F. Manzo, P. Mick

Officials: J. Fratesi, M. White, B. Freiburger, N. Apostle, L. Girardi, J. Dolcetti, J. Luszka, M. Provenzano, R. Cobean, S. Schell, F. Coccimiglio, S. Hamilton-Beach, D. Elliott, D. Scott, M. Jones, L. Whalen, P. Liepa, T. Dodds, J. Bruzas, B. Davies

1. APPROVE AGENDA AS PRESENTED

Mover: Councillor P. Mick

Seconder: Councillor R. Niro

Resolved that the Agenda for 2013 03 18 City Council meeting as presented be approved. CARRIED

2. 2013 BUDGET

The report of the Manager of Finance and Budgets is attached under separate cover for the consideration of Council.

Mover: Councillor B. Watkins

Seconder: Councillor L. Turco

Resolved that City Council now proceed into the Committee of the Whole to consider the following matter referred to it for consideration – 2013 Budget Deliberations. CARRIED

Mover: Councillor P. Mick

Seconder: Councillor L. Turco

Resolved that the Committee of the Whole Council now rise and report on the matter referred to it by City Council – 2013 Budget Deliberations. CARRIED

Mover: Councillor P. Mick

Seconder: Councillor L. Turco

Resolved that the following operating budget supplementary requests be approved for inclusion in the 2013 budget.

Ontario Works building increased maintenance - \$0 (net)
Human Resources - Pre-employment Testing - \$20,000
Public Works - Environmental Compliance Tests - \$5,500
Public Works - Community Living Algoma Recycling - \$0 (net)

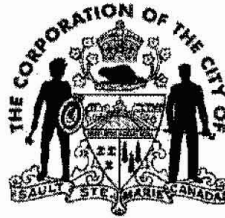
Canadian Bushplane Heritage Centre - \$35,000. CARRIED

3. ADJOURNMENT

Mover: Councillor B. Watkins

Seconder: Councillor L. Turco

Resolved that this Council shall now adjourn the Budget Meeting and will reconvene on April 8, 2013 following the regular Council Meeting to conclude budget deliberations. CARRIED



April 8, 2013

Mayor Debbie Amaroso and
Members of City Council

ST. MARY'S RIVER MARINE HERITAGE CENTRE (M.S. NORGOMA)

PURPOSE

This report is in response to the Council resolution dated January 21, 2013:

"Resolved that the presentation of the St. Mary's River Marine Heritage Centre (M.S. Norgoma) be referred to Destiny Sault Ste. Marie, the Economic Development Corporation and appropriate staff for review and report back to Council."

BACKGROUND

A presentation was made to City Council by the SMRMHC Board of Directors on January 21, 2013. In their presentation (attached) the Board specifically requested continued funding and sharing of resources.

The St. Mary's River Marine Heritage Centre (SMRMHC) is a Corporation that was formed to operate the M.S. Norgoma. The SMRMHC has a Board of Directors.

Based upon a January 2007 report to City Council from Destiny SSM (attached), SMRMHC was provided with \$15,000 annually for five (5) years on the understanding that the City would not continue to subsidize the Norgoma beyond 2012.

Clause 4.(9) in the SMRMHC incorporation documents states: "Upon dissolution of the Corporation and after the payment of all debts and liabilities, the Corporation's remaining property shall be disposed of to the Corporation of the City of Sault Ste. Marie."

ANALYSIS

Review of the Destiny SSM Report to Council – 2007

The January 2007 report from Destiny SSM was at the request of the Council at the time. City Council had become discouraged with the appearance of the Norgoma and with it not being open for business in 2005. The referral to Destiny was seen as the last opportunity for the Board of Directors to make the Norgoma a viable tourist attraction on the City's waterfront. The first bullet in Destiny's recommendations states: *"It would be clearly understood by all parties that the Norgoma would not be subsidized by City funding for more than the five(5) years."* The five (5) year funding period concluded in 2012.

Although some of the report's recommendations were achieved and modifications were made to the Norgoma, the important items centering on administrative issues were not implemented or only implemented in a superficial manner. A major concern is that the Board has not reported annually to either Council or City administration as recommended in the report.

Regarding revenue generation items, it was stated at the January 21, 2013 Council meeting by Mr. Jim Waycik, Chair of the SMRMHC that the bed and breakfast idea was one that would not be achievable. Furthermore, the restaurant concept was explored, tried and subsequently discontinued. Therefore the only revenue opportunity left is admission fees. The number of visitations and revenue has been fairly constant over the past five (5) years at approximately 1,500 annually (1,305/\$6,600 in 2012). There is no reason to believe that visitations/revenue will increase. Even when visitation was at the 8,000 level (2002) the revenue generated was only approximately \$9,000 which is similar to present revenue levels, leading one to believe that people are not willing to pay very much for admission to the ship.

Possible Courses of Action

Option One

The SMRMHC operates the Museum Ship Norgoma as a tourist attraction without City funding. Given the recommendation in the 2007 report from Destiny SSM for the City funding to end in 2012, this should have been what the Board of Directors had planned for and expected. Under this option it is recommended that the Board be advised that the ship needs to be maintained to an acceptable aesthetic and operational standard or be turned back to the City.

Option Two

That the SMRMHC operate with City funding and resources. The caution here is that this is the "thin edge of the wedge" with the perceived intent to have the City ultimately take over the operations of the Norgoma. Presently the City does not have any extra staffing resources to be assigned to the Norgoma; an increase in the budget would need to be provided (each summer student is estimated to cost approx.\$8,000 for a 16 week period). It is logical to believe that higher standards would be expected if the City were to operate the ship in areas such as accessibility standards, environmental standards (as reported in the 2001 Feasibility Study and Business Plan there is lead paint and asbestos), maintenance standards, as well as hours of operation.

There has been a great deal of time, money and effort spent over the years on the M.S. Norgoma, and neither the Board nor the City has been able to develop it into a sustainable tourist attraction. It is recommended that further money not be spent on trying to make it into a tourist attraction.

It is important to note that the Community Services Department as well as other City Departments are struggling to find ways to operate/maintain existing programs, facilities and services within existing budgets.

Under either of the above options there is a major concern regarding the depth of the water level of the marina as it relates to the draught of the ship. Presently the water level is at a record low. Currently some of the Great Lakes (Superior not included) are at their lowest level since they have been keeping data. Further drops in the water level could mean that dredging would need to be undertaken to keep the ship upright. This would be a very expensive undertaking.

Should it be decided to continue funding the SMRMHC it is recommended that the City's Financial Assistance Policy requirements be followed including the requirement to submit the required reports for approval by City Council.

Option Three

That the SMRMHC dissolve and, as per the incorporation documents, have the ship re-conveyed back to the City. There is a provision in the incorporation document (Letters Patent) for turning the ship back to the City. The Corporation (SMRMHC Board) would have to dissolve in order for this to occur.

The City could then evaluate options for transferring the ship for alternate purposes.

In addition, reports from the SSM Economic Development Corporation and Destiny Sault Ste. Marie have being submitted and appear elsewhere on Council's agenda.

IMPACT

In accordance with the 2007 report and recommendation from Destiny SSM and Council resolution accepting the report, funding for the M. S. Norgoma has not been included in the 2013 budget. Should Council wish to provide some level of support, a supplementary amount will need to be approved.

STRATEGIC PLAN

This is not identified in the Corporate Strategic Plan.

RECOMMENDATION

That the report of the Commissioner of Community Services dated March 25, 2013 regarding the St. Mary's River Marine Heritage Centre (M.S. Norgoma) be received and that the recommendation (Option 1 of the report) that any further Municipal funding not be provided to the Centre be approved.



Nicholas J. Apostle
Commissioner Community Services

jlrcouncil/norgoma april 8 2013

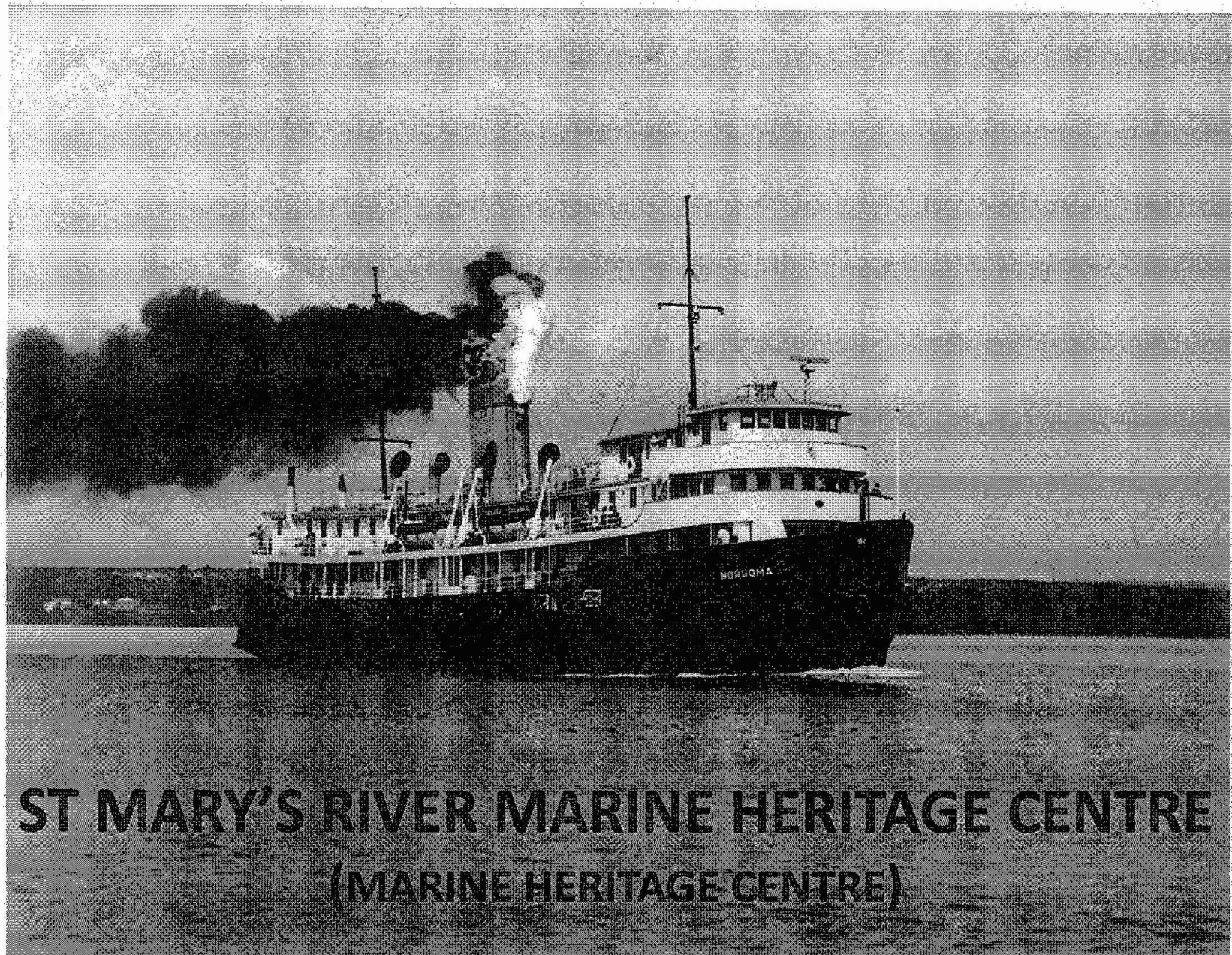
attachments

cc: W. Freiburger, Commissioner of Finance

RECOMMENDED FOR APPROVAL



Joseph M. Fratesi
Chief Administrative Officer



ST MARY'S RIVER MARINE HERITAGE CENTRE
(MARINE HERITAGE CENTRE)

Attachment

MARINE HERITAGE CENTRE

Benefits to the City

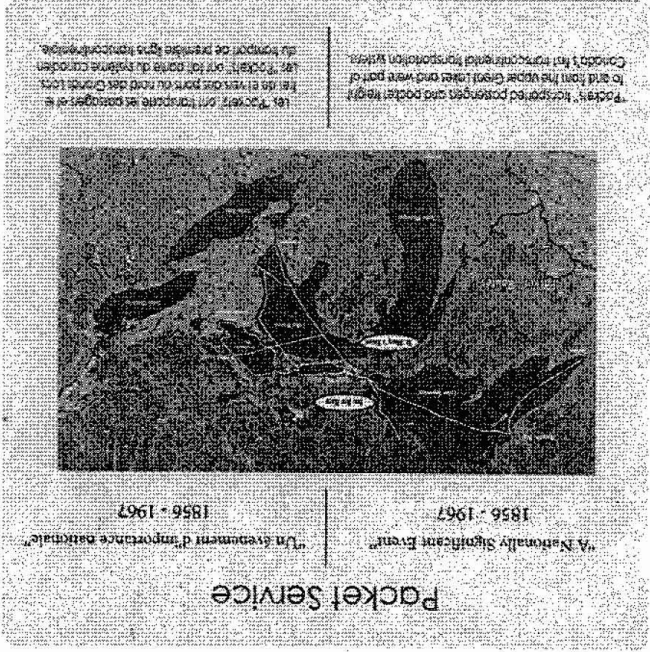
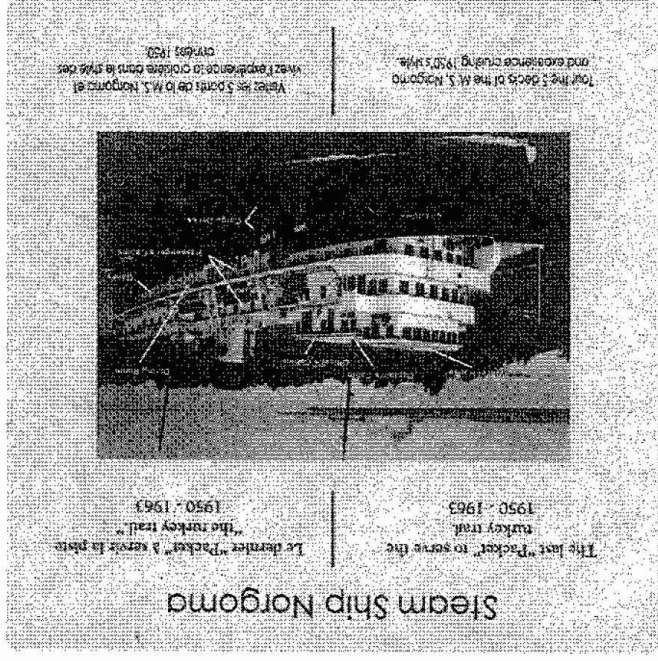
- Employment
 - Intern/Summer Students
 - Construction Projects
- Tourism Opportunity



MARINE HERITAGE CENTRE

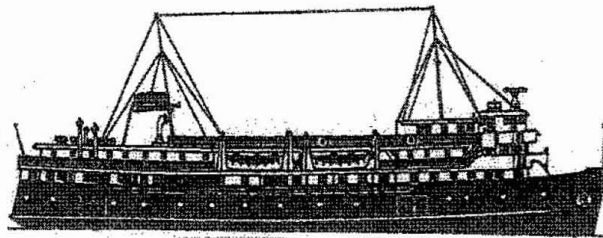
Enhancements

- New Display
- Self Guided Tour
- All Information
- English
- French

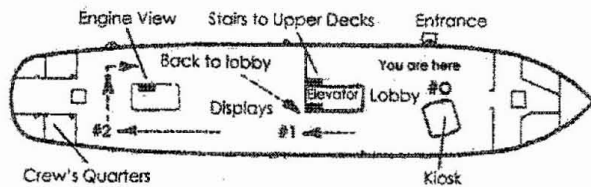


M.S. NORGOMA Tour Guide

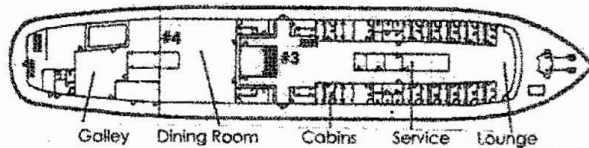
- * There are 7 English/French audio stations marked #1 thru #7 to guide your tour of the Norgoma.
- * To start each station push down on the button at the top of the station (#7 has a toggle switch on top)
- * To change language flick the switch at the back of the station and start the station again.



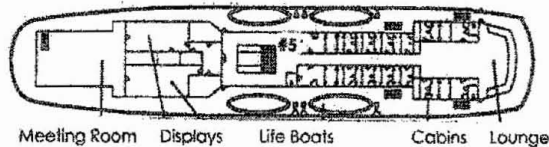
Decks
Bridge/Sundeck
Boat Deck
Promenade Deck
Main Deck



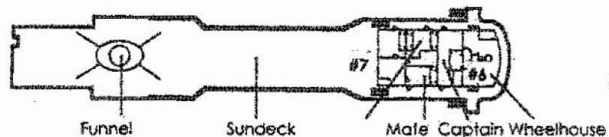
Main Deck



Promenade Deck

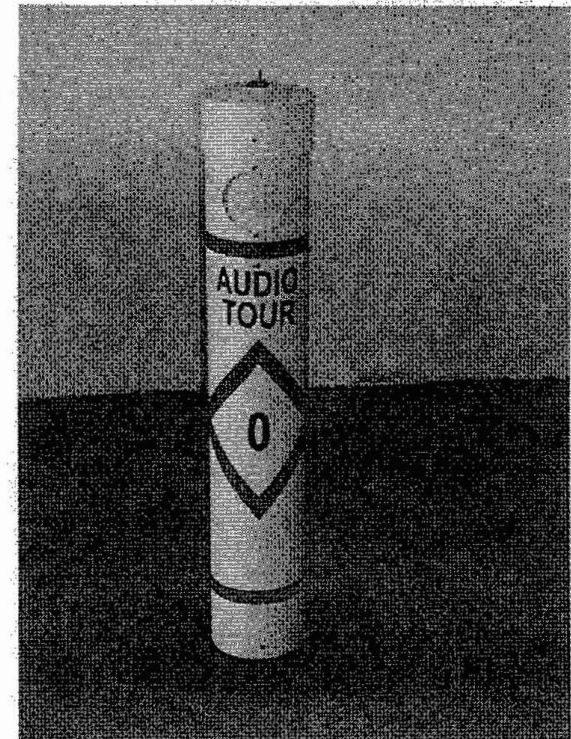


Boat Deck



Bridge Deck

MARINE HERITAGE CENTRE

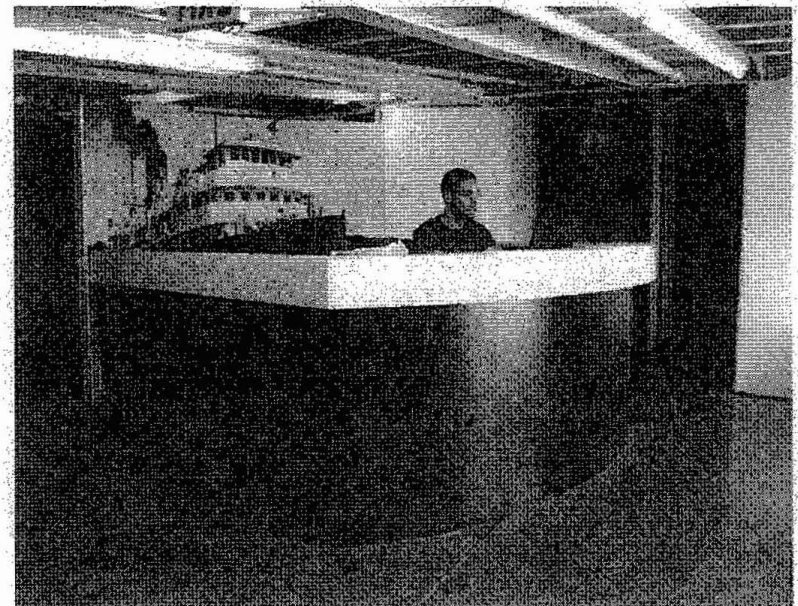


Attachment

MARINE HERITAGE CENTRE

Physical Work

- 3 New Washrooms
- New Reception Kiosk
- Reorganized Reception Area
- Hull of Ship Completely Painted



MARINE HERITAGE CENTRE

Outcome

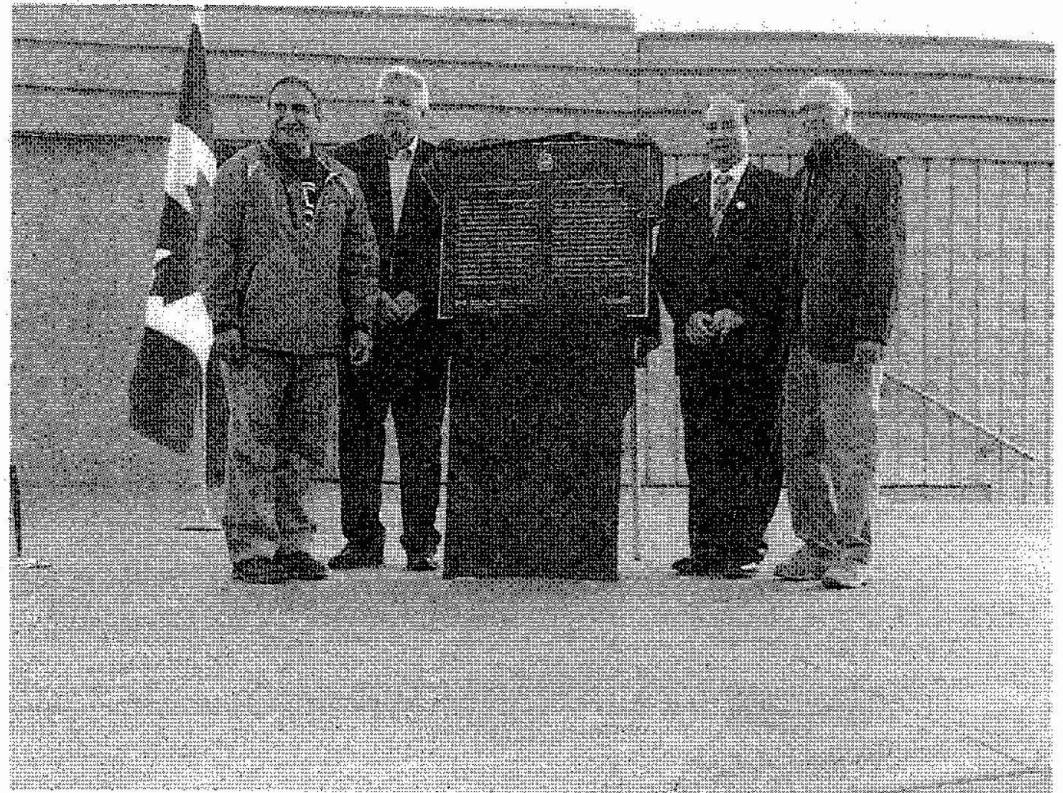
- Improved Ability to Host Visitors
- Tour Guides Available for Other Duties
- Enhanced Presentation of the History of the Canadian Packet Service
- Describes Significance of St. Mary's as a Heritage River
- Allows us to Host Meetings and Special Events.



MARINE HERITAGE CENTRE

Heritage Designation

- Parks Canada
- September 16, 2011



Historic Sites and Monuments Board of Canada
Commemorating the Passenger and Packet
Freighters on the Upper Lakes as a National
Historic Event

MARINE HERITAGE CENTRE

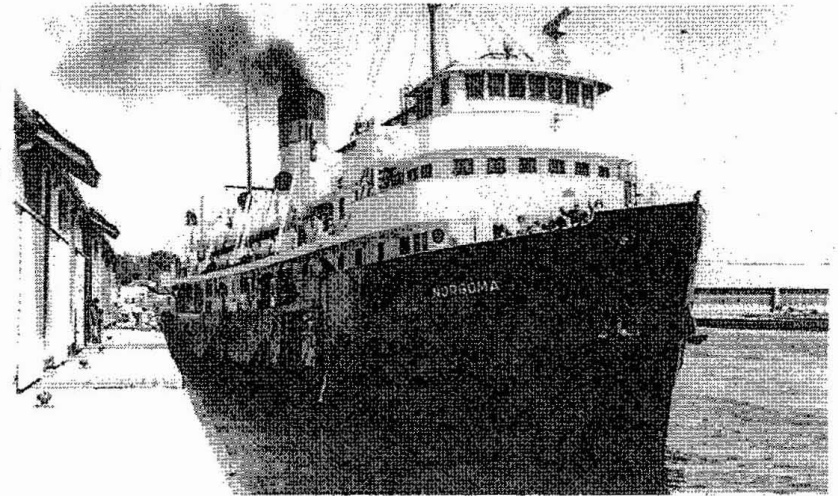
Future

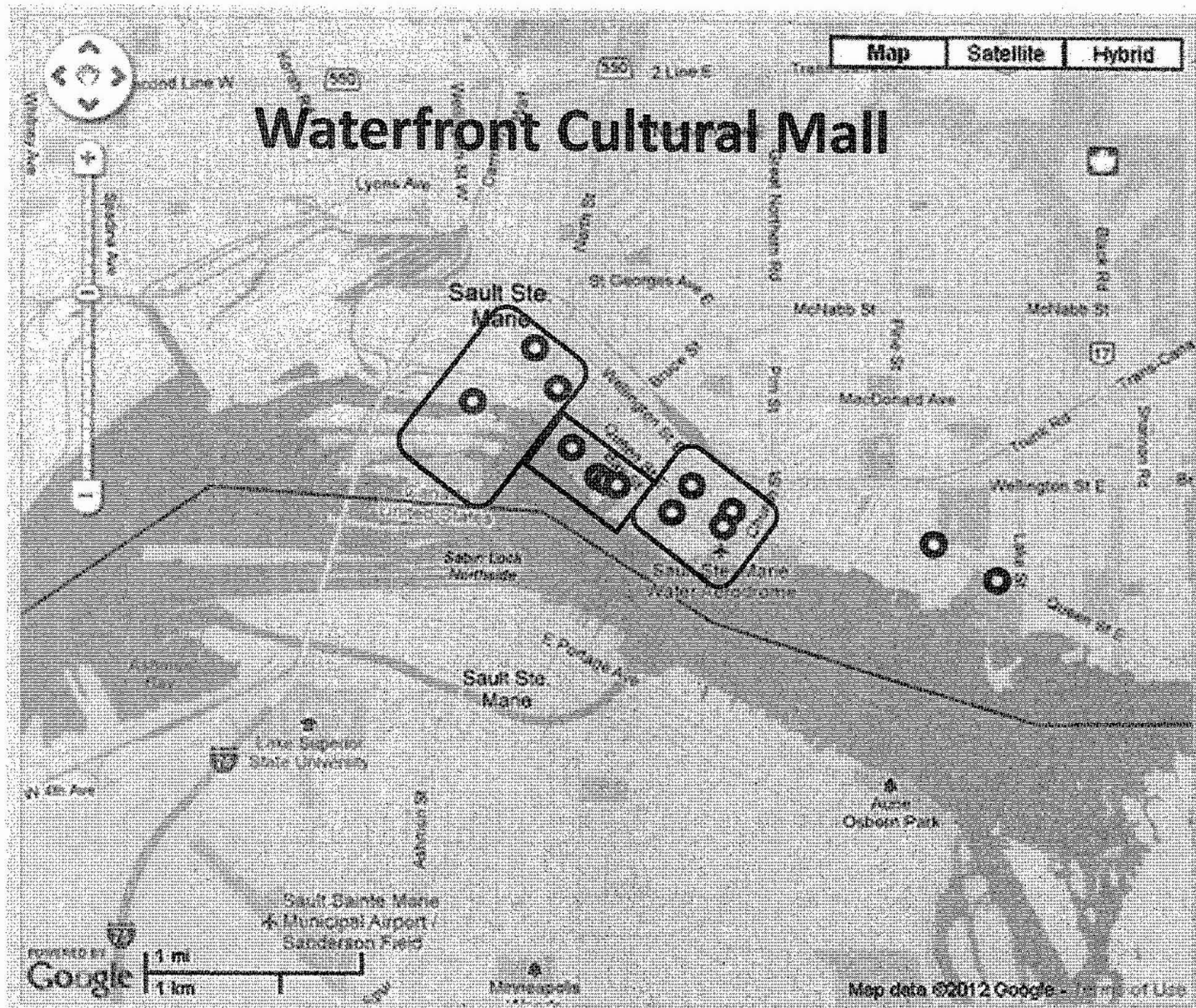
- Liaise and Work with all Waterfront Cultural Organizations to Develop a Comprehensive

“Cultural Mall”

on our Waterfront

- Continue Interior Display Development
- Expanded Utilization of the Ship for the Community





Attachment





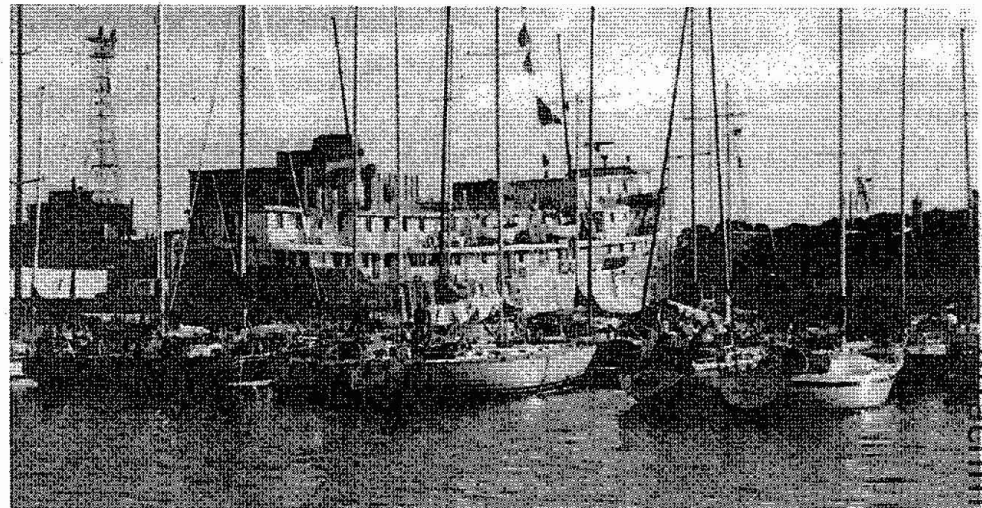
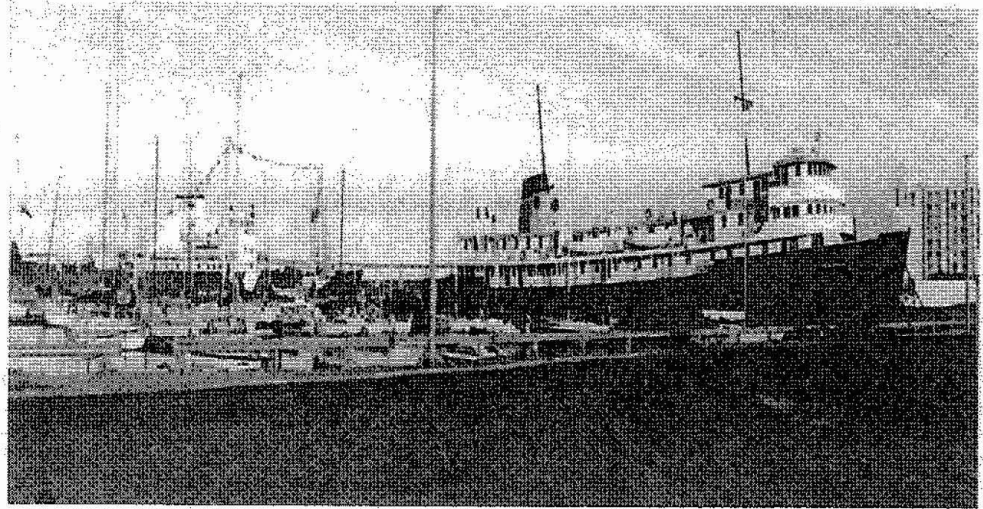


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MARINE HERITAGE CENTRE

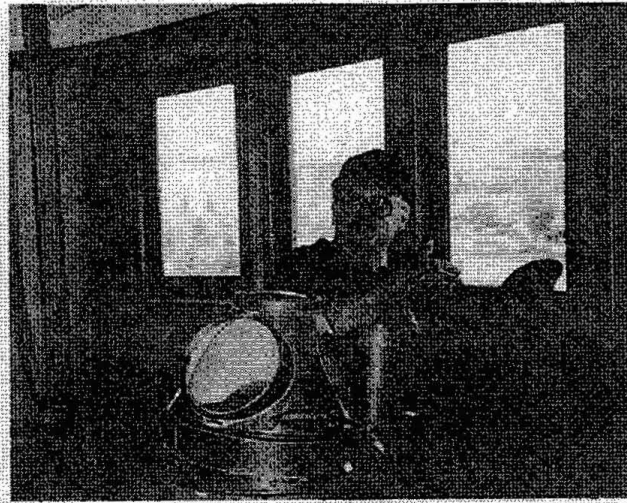
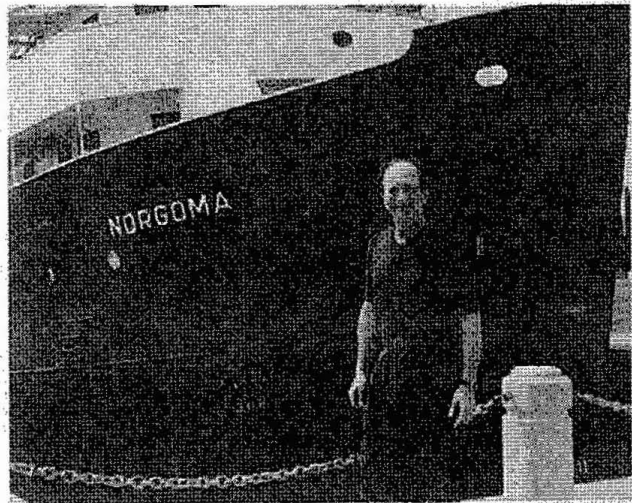
Request

- Continued Funding
- Sharing of Resources
- Problem
 - Difficult time for Norgoma and other Cultural Facilities
 - Succession Planning

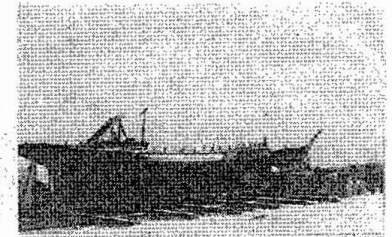
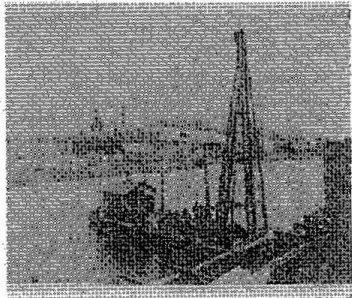
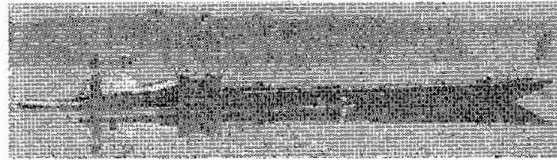
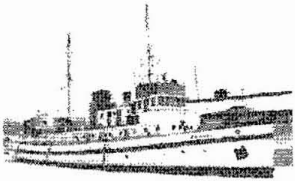


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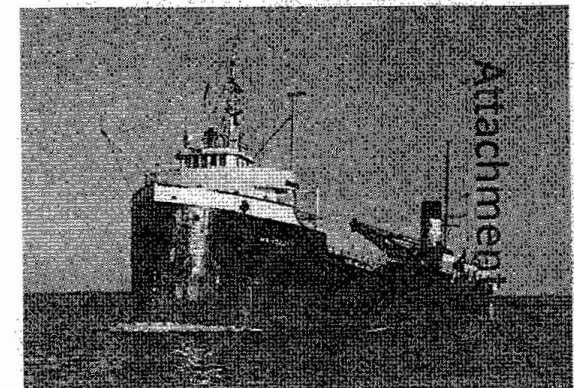
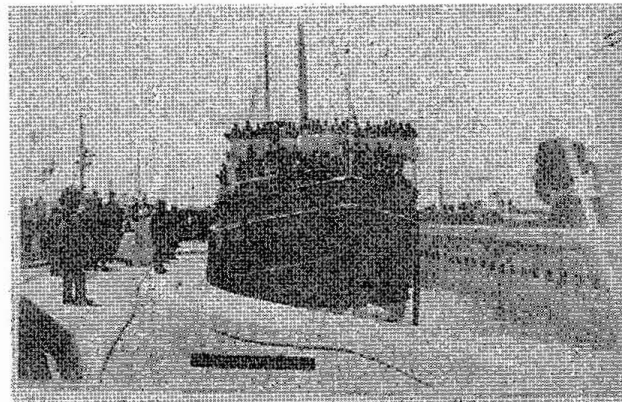
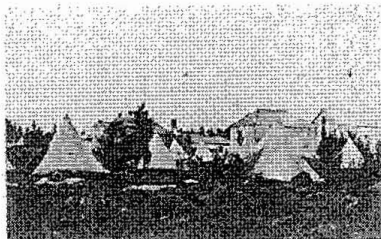
Volunteers have made the difference

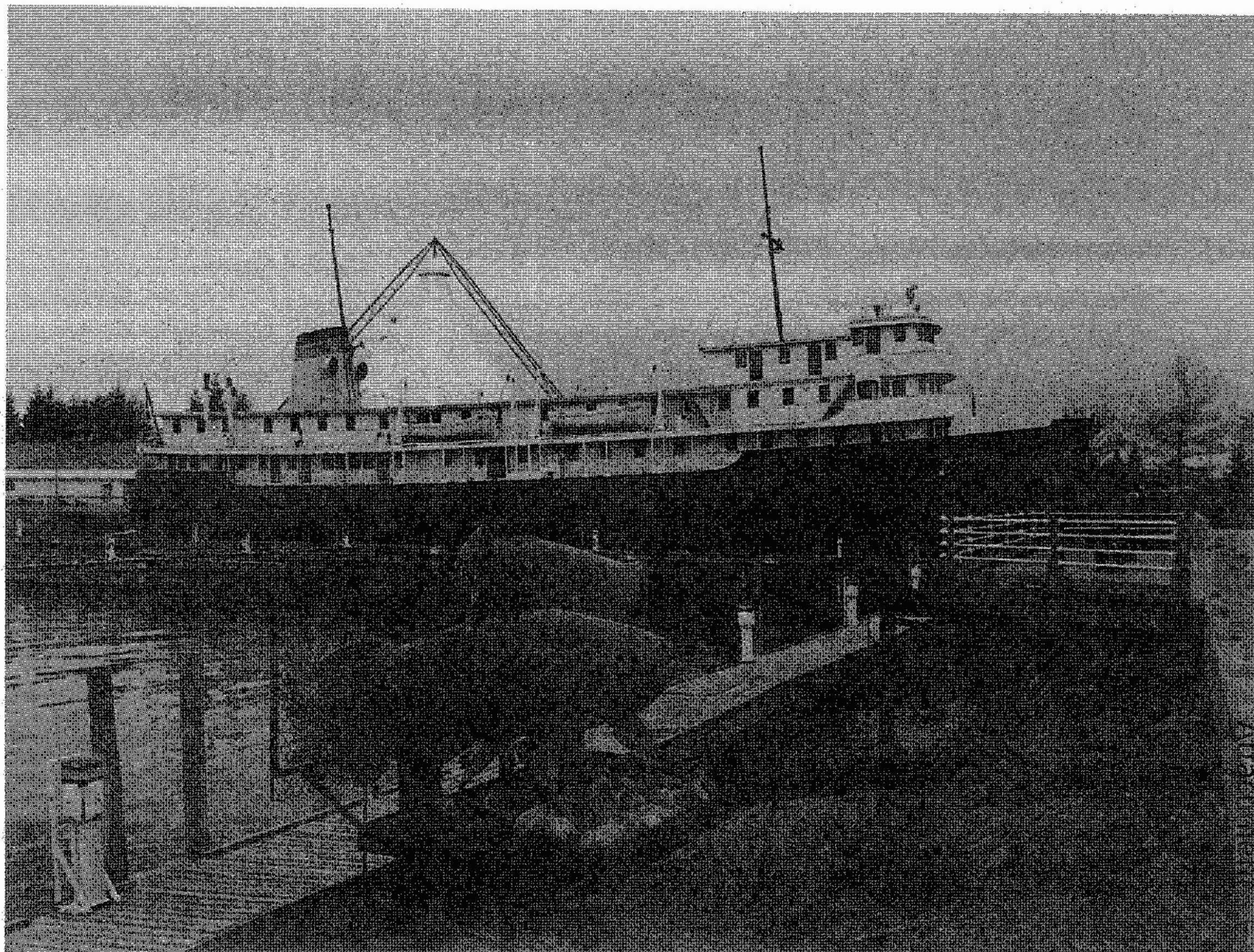


ST MARY'S RIVER MARINE HERITAGE CENTRE



**RETAIN , ENHANCE AND
PROMOTE OUR RICH
MARITIME HERITAGE**







THE NORGOMA
BACKGROUND AND RECOMMENDATIONS
A REPORT TO CITY COUNCIL

January 2007

Executive Summary

Recommendations

It is recommended that the St. Mary's River Marine Centre (SMRMC) be provided with a viable opportunity to pursue their desire to provide SSM with a Great Lakes Heritage tourist attraction that could compliment the existing waterfront and downtown tourism infrastructure.

1. It would be clearly understood by all parties that the Norgoma would not be subsidized by City funding for more than five years.
2. The City would provide SMRMC with an annual subsidy of \$15,000¹/yr. to operate the Norgoma as a Museum ship and tourist attraction for up to five years. With this funding the SMRMC would be expected to operate and maintain the Norgoma. Income from visitation, along with other grants, contributions or partnerships would be used to subsidize any additional costs including capital maintenance and development.
3. During year one the SMRMC, working with the SSMECD would explore the viability and interest of a possible restaurant partnership e.g. this type of partnership exists elsewhere with respect to chain restaurants and heritage railway stations.
4. SMRMC would strengthen and broaden their board membership and implement administrative procedures that ensure adequate governance, management and decision-making.
5. SMRMC would work with Tourism SSM and other community tourism organizations to strengthen marketing and promotion of Norgoma. This could include a Norgoma Advisory Committee to advise the Board on tourism development opportunities and relevant management of the Norgoma. Members could include key funding, education and tourism organizations.
6. During year one, through a community consultative process SMRMC would develop a vision and five year strategic plan clearly outlining where the ship is going²!
7. SMRMC would enter into a contract with the city that would identify specific annual commitments and measurement criteria associated with the allocation of the annual subsidy. SMRMC would be expected to provide an annual report to the Commissioner of Community Services.

The Alternative

In the event that City Council is unwilling to make the above commitment it is recommended that the City reclaim and dismantle the ship. Estimated cost would be \$100,000.

¹ The Norgoma Board requested \$20,000. It is anticipated that additional funding could come from increased marketing and other avenues.

² E.g. working with tourism organizations, historical associations, youth and the educational community among others.

Rationale for the Recommendation

- The Norgoma is part of the history of the North Channel and SSM. The volunteer SMRMC Board should be provided with a viable opportunity to make the Norgoma a positive aspect of the SSM waterfront.
- Over the past year the SMRMC, with assistance from Service Canada has undertaken improvements to the vessel at a total cost of \$160,000.
- It is estimated to cost \$100,000 to dismantle the Norgoma and considerably more to relocate it (should a new site be found).
- The existing approach to managing the Norgoma requires strengthening, including a clearly articulated vision/direction and assistance and support from the broader community including Tourism SSM and city staff.

Introduction

On November 14, 2005 SSM City Council: *"Resolved that the report of the Commissioner Community Services dated 2005 11 14 concerning M.S. Norgoma Status Report be accepted and the recommendation that Council authorize appropriate staff to meet with the St. Mary's River Marine Heritage Centre Board."*

On May 29th, 2006 SSM City Council passed a resolution stating: *"Be it resolved that Destiny SSM be requested to conduct an objective evaluation of the Norgoma and provide Council with recommendations as to next steps;*

Recommendations should consider the benefits and associated costs concerning options evaluated and the recommended option;

It is understood that Destiny would establish an advisory committee and that city staff along with other key players will participate"

Subsequent to the latter motion an advisory committee was established consisting of:

- Bill Therriault, (then Managing Director of SSM) - chair
- Nick Apostle, City Commissioner of Community Services
- Bill Shepherd, SSM Chamber of Commerce
- Ian McMillan, Tourism SSM
- John Bain, St. Mary's Marine Heritage Centre (Norgoma)

The committee met several times. Although the committee was unable to reach consensus on a recommended approach they did provide solid information and feedback. Using this information this report was prepared by Bill Therriault.

The recommendations contained in this report have been endorsed by the Destiny SSM Steering committee.

History and Ownership

The Norgoma was launched from the Collingwood shipyards in 1950. Her name was taken from the prefix "Nor" used by the Owen Sound Transportation Company for ships of her fleet and "Goma" which refers to the Algoma District. From 1950 to 1963 the Norgoma carried equipment, supplies and passengers on the east-west water route from Georgian Bay to Lake Superior known as the "Turkey Trail". The Norgoma is the last vessel of the eighty year marine lifeline to the North Channel communities.

From 1964 to 1974 the Norgoma operated as an automobile ferry between Tobermory and South Baymouth.

In 1975 the City of SSM purchased the Norgoma with the intent of operating it as a museum ship and tourist attraction.

In 1981 the City transferred ownership of the Norgoma to the St. Mary's River Marine Centre (SMRMC), a non profit group interested in operating it as a museum ship and tourist attraction. Conditions for this transfer included that the ship be operated as a museum ship and tourist attraction and that it be maintained in a safe and attractive condition. In the event that the SMRMC did not meet these conditions the City could demand the re-conveyance of the Norgoma to the City for \$1.

Issues and Concerns

Mandate

Two feasibility studies have been conducted to help determine the mandate and needs of the Norgoma (1994 and 2001). The 2001 study indicated that the current location was the best fit if a bed and breakfast was going to be developed along with a land based visitor centre. If this development was not going to occur then the ship would be better located at the Canal. This study also indicated the possibility of establishing a restaurant on board. It is generally acknowledged that the immediate needs are the development of an acceptable museum and tourist attraction. The SMRMC has not discarded the possibility of additional developments but they are unlikely to occur for the next three or four years.

Although the SMRMC Board has indicated that they have a plan that is consistent with the recommendations of the feasibility study, to date there has been no articulated vision and strategy that clearly sets the desired direction for the ship and how it is going to get there. Without this strategic direction and associated measurement criteria the best one could hope for is a somewhat uncoordinated and haphazard progress.

Condition

The ship has not been well maintained and until recently there has been no significant upgrading.

- In the spring and early summer of 2006 (with funding from Service Canada and private contributions totaling \$75,000) the exterior was painted and some deck repairs undertaken.
- An additional \$85,000 is to be spent between October 2006 and January 2007 to complete exterior work and begin interior maintenance and repair
- A website has been developed to promote the vessel.
- The Board has applied for designation of the vessel as a nationally significant heritage artifact and anticipates designation in the spring of 2007.

Operations Funding

Over the past decade the ship has operated as a museum attraction. However the board experienced funding and administration challenges and in 2005 the ship did not open as a tourist attraction. With a \$10,000 one-time grant from City Council it was able to open for the 2006 season. Visitation for 2006 was 1740 with total revenue of \$6532.

Recently the Board identified a need for a contribution from the City of \$20,000/yr. plus annual revenues for five years. Their perception is that this funding would enable them to operate and *"refurbish the vessel, develop programs and achieve sustainability i.e. sufficient revenue to cover operating costs."*

Governance and Administration

The existing non profit board acknowledges that they do not have the skills or resources to manage the SMRMC. They have requested City staff assistance to help insure the appropriate administrative functions are carried out. City staff have pointed out that this is not the normal process in dealing with non profit organizations. However, they are available as advisors and will be represented on the Norgoma Board of Directors.

SSM Waterfront/Downtown

In 2005 Destiny SSM developed a SSM Downtown Waterfront Vision that outlined key components of the City's waterfront. Although the Norgoma was recognized in this document as a contributor to the overall waterfront picture it was not considered to be a key/essential component. However, if the ship is to remain anywhere on the waterfront it must be maintained, attractive and a positive contribution to the waterfront/downtown area.

Tourism SSM has indicated that if the ship is operating in an acceptable manner they are prepared to work with the Board to help market it to visiting tourists.

Options

A number of options were evaluated, of which the following are most plausible:

1. Relocation of Norgoma

- Relocation options are limited
- Cost to move ship is estimated to be in excess of \$100,000 plus construction of new docking facilities etc.
- Does not solve the operating cost dilemma
- May reduce opportunities to attract visitors

2. Scrap Norgoma

- Preliminary cost estimates are \$100,000

3. Do Nothing

- SMRMC would proceed to operate in current floundering manner
- Highly probable that the SMRMC would either collapse or become so ineffective that the city would be forced to reclaim ownership of the Norgoma
- City would then be faced with the dilemma of either maintaining or scrapping the Norgoma

4. Subsidize and Strengthen Existing Norgoma Operations

- Council would commit to provide a fixed amount for a prescribed time period with specific parameters around funding allocations
- SMRMC would commit to ensure effective governance practices are implemented including strengthening and diversifying their board membership and administration procedures
- SMRMC would work with City staff and Tourism SSM to strengthen and promote Norgoma image and opportunities
- SMRMC would explore opportunities for long term partnerships e.g. a partnership with a restaurant chain wherein the restaurateur would maintain the essential historic integrity of the ship.

Recommendations

Option #4 is recommended. Under this option the SMRMC would be provided with a viable opportunity to pursue their desire to provide SSM with a Great Lakes Heritage tourist attraction that could compliment the existing waterfront and downtown tourism infrastructure.

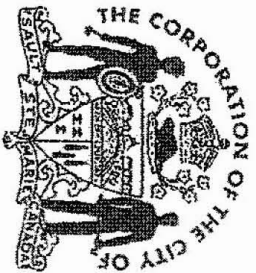
1. It would be clearly understood by all parties that the Norgoma would not be subsidized by City funding for more than five years.
2. The City would provide SMRMC with an annual subsidy of \$15,000³/yr. to operate the Norgoma as a Museum ship and tourist attraction for up to five years. With this funding the SMRMC would be expected to operate and maintain the Norgoma. Income from visitation, along with other grants, contributions or partnerships would be used to subsidize any additional costs including capital maintenance and development.
3. During year one the SMRMC, working with the SSMEDC would explore the viability and interest of a possible restaurant partnership e.g. this type of partnership exists elsewhere with respect to chain restaurants and heritage railway stations.
4. SMRMC would strengthen and broaden their board membership and implement administrative procedures that ensure adequate governance, management and decision making.
5. SMRMC would work with Tourism SSM and other community tourism organizations to strengthen marketing and promotion of Norgoma. This could include a Norgoma Advisory Committee to advise the Board on tourism development opportunities and relevant management of the Norgoma. Members could include key funding, education and tourism organizations.
6. During year one, through a community consultative process SMRMC would develop a vision and five year strategic plan clearly outlining where the ship is going⁴!
7. SMRMC would enter into a contract with the city that would identify specific annual commitments and measurement criteria associated with the allocation of the annual subsidy. SMRMC would be expected to provide an annual report to the Commissioner of Community Services.

The Alternative

In the event that City Council is unwilling to make the above commitment it is recommended that the City reclaim and dismantle the ship (Option #2 above). Estimated cost would be \$100,000.

³ Although the Norgoma Board requested \$20,000, \$5,000 was for capital support. It is anticipated that this funding could come from increased marketing and other avenues.

⁴ E.g. working with tourism organizations, historical associations, youth and the educational community among others.



CITY COUNCIL RESOLUTION Attachment

3

Date: May 29, 2006

Agenda Item

MOVED BY
SECONDED BY

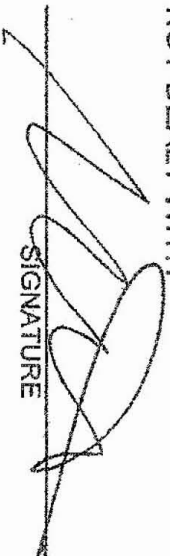
Councillor S. Butland
Councillor P. Mick

Be it resolved that Destiny SSM be requested to conduct an objective evaluation of the Norgoma and provide Council with recommendations as to next steps; Recommendations should consider the benefits and associated costs concerning options evaluated and the recommended option; It is understood that Destiny would establish an advisory committee and that city staff along with other key players will participate.

☒ CARRIED
☐ REFERRED

☐ DEFEATED
☐ OFFICIALLY READ NOT DEALT WITH

☐ AMENDED
☐ DEFERRED


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
☒ **B. Theriault**

March 20, 2013

To: Mayor and Sault Ste. Marie City Council
Board of Directors

From: Tom Dodds,
Chief Executive Officer

Re: **ST. MARY'S RIVER MARINE HERITAGE CENTRE (M.S. NORGOMA)**

This report is in response to the Council resolution dated January 21, 2013:

"Resolved that the presentation of the St. Mary's River Marine Heritage Centre (M.S. Norgoma) be referred to Destiny Sault Ste. Marie, the Economic Development Corporation and appropriate staff for review and report back to Council."

BACKGROUND

A presentation was made to City Council by the SMRMHC Board of Directors on January 21, 2013. In their presentation the Board specifically requested continued funding and sharing of resources.

The St. Mary's River Marine Heritage Centre (SMRMHC) is a Corporation that was formed to operate the M.S. Norgoma. The SMRMHC has a Board of Directors.

Based upon a January 2007 report to City Council from Destiny SSM (Attachment B), SMRMHC was provided with \$15,000 annually for five (5) years on the understanding that the City would not continue to subsidize the Norgoma beyond 2012.





On January 31st, Michael Marinovich, Chair of the Destiny Committee, received an email from Gord Smedley, a SMRMHC Board member requesting a meeting with the committee to discuss the future of the Norgoma.

On February 25, 2013, the Destiny Committee met to review the Norgoma situation. As part of the review, the Committee examined the original seven recommendations made by Destiny Committee in 2007. Refer to Attachment A.

"Resolved that the report of Destiny Sault Ste. Marie dated January 2007 entitled 'The Norgoma - Background and Recommendations - A Report to City Council' be accepted and the recommendation to Council to approve Option #4 Subsidize and Strengthen Existing Norgoma Operations including the 7 recommendations contained therein under Option #4, BE REFERRED to the 2007 Budget Deliberations."

Their preliminary conclusion was that the SMRMHC had not fully addressed these recommendations. The general consensus appeared to be that the City had no obligation nor should it provide any further financial assistance to the SMRMHC for the operation of the Norgoma. However, in light of the request for meeting noted above, the committee decided to defer any decision until such time, as they had met with representatives of the SMRMHC.

The Destiny Committee met with SMRMHC representatives on March 6, 2013 during its regularly scheduled meeting. These representatives described how they sought to address the recommendations made by the Destiny Committee as part of the original Council resolution which committed funding for five years. While the Committee recognized the SMRMHC had continued to operate the museum and made some physical improvements to the Norgoma, the Centre has been unable to adequately address the seven recommendation that formed the basis of the 2007 Council Resolution that supported a limited, five year funding term.

The conclusion of the Destiny Committee was that the SMRMHC had not fully addressed these





recommendations, which explicitly stated that it was ... "clearly understood by all parties that the Norgoma would not be subsidized by City funding for more than five years." The Destiny Committee consensus and recommendation is the City has no obligation nor should it provide any further financial assistance to the SMRMHC for the operation of the Norgoma.

ANALYSIS AND RECOMMENDATION:

The SMRMHC Board of Directors has been provided five years to address the recommendations prepared by the Destiny Committee. It has been unsuccessful in achieving them. They have asked the City to continue funding and to provide support to help operate the Norgoma, citing significant challenges in managing, maintaining and operating the museum with volunteers and summer students. Therefore, in light of these considerations, the absence of a strategic plan, a contract with the city and the absence of a sustainability strategy, only peripheral tourism benefits, and in light of the fact that the previous Council resolution has stipulated that there would be no future funding, continuation of City financial support is not recommended.

Tom Dodds





March 20, 2013

To: Mayor and City Council

From: Michael Marinovich, Chair of the Destiny Committee

Re: **ST. MARY'S RIVER MARINE HERITAGE CENTRE (M.S. NORGOMA)**

This report is in response to the Council resolution dated January 21, 2013:

"Resolved that the presentation of the St. Mary's River Marine Heritage Centre (M.S. Norgoma) be referred to Destiny Sault Ste. Marie, the Economic Development Corporation and appropriate staff for review and report back to Council."

The Destiny SSM Committee met with SMRMHC representatives on March 6, 2013 during its regularly scheduled meeting. These representatives described how they sought to address the recommendations made by the Destiny Committee as part of the original Council resolution which committed funding for five years. Refer to Attachment A.

As part of the review, the Committee examined the original seven recommendations made by Destiny SSM Committee in 2007. While the Committee recognized the SMRMHC had made physical improvements to the Norgoma, the Centre has been unable to adequately address the seven recommendation that formed the basis of the 2007 Council Resolution that supported limited five year funding term.

The conclusion of the Destiny Committee was that the SMRMHC had not fully addressed these recommendations, which explicitly stated that it was ... "clearly understood by all parties that the Norgoma would not be subsidized by City funding for more than five years." The Destiny Committee consensus and recommendation is that the City has no further obligation to provide any further financial assistance to the SMRMHC for the operation of the Norgoma. The Destiny Committee thanks the SMRMHC for its efforts over the last five year, encourages them examine alternative revenues sources.

MM/td



REPORT TO COUNCIL

ST. MARY'S RIVER MARINE CENTRE 2 APRIL 2013

Financial statement for 2012 (appended)

Destiny comments:

1. Original request was for \$20000, reduced to \$15000, a serious handicap to our progress. No museum operates without subsidies from some level of government.
2. Successfully operated the museum ship for these 5 years, completely painted the hull, continued waterproofing decks, constructed new entrance kiosk, new professionally designed displays, met new safety rules, built an audio tour, built 3 new washrooms, paid our liability insurance.
3. Attempts to develop restaurant partnerships were not successful due to lack of washrooms and a short season..
4. Our board has been recently revitalized, but lack resources.
5. Limited success. Presently taking part in the Cultural Corridor concept.
6. Our original vision as presented in our Feasibility Study & Business Plan (the Tourism Company 2000) remains the same. Any strategy depends on available resources.
7. Continuous reports were made to the Department of Community Services through the attendance of a municipal staff member at our board meetings as a non voting member. No further liaison was proposed.

Comments on moving the ship (appended)

REPORT TO COUNCIL

ST. MARY'S RIVER MARINE CENTRE 2 APRIL 2013

Financial statement for 2012 (appended)

Destiny comments:

1. Original request was for \$20,000, reduced to \$15,000, a serious handicap to our progress. No museum operates without subsidies from some level of government.
2. Successfully operated the museum ship for these 5 years, completely painted the hull, continued waterproofing decks, constructed new entrance kiosk, new professionally designed displays, met new safety rules, built an audio tour, built 3 new washrooms, paid our liability insurance.
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7. Continuous reports were made to the Department of Community Services through the attendance of a municipal staff member at our board meetings as a non voting member. No further liaison was proposed.

ST MARYS RIVER MARINE HERITAGE CENTRE

FINANCIAL STATEMENTS

(Unaudited - Prepared for Management Use)

YEAR ENDED DECEMBER 31, 2012

ST MARYS RIVER MARINE HERITAGE CENTRE

YEAR ENDED DECEMBER 31, 2012

CONTENTS

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FINANCIAL STATEMENTS	
Balance Sheet	2.
Income Statement	3.

NOTICE TO READER

To the Directors of
ST MARYS RIVER MARINE HERITAGE CENTRE

On the basis of information provided by the Directors, I have compiled the Balance Sheet and Statement of Income of St. Marys River Marine Heritage Centre as at December 31, 2012. I have not performed an audit or a review engagement in respect of these Financial Statements and, accordingly, I express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

Sault Ste. Marie, Ontario
March 15, 2012

Marian's Bookkeeping & Tax Service

Marian Okmanas

St. Marys River Marine Heritage Centre

3

ST MARYS RIVER MARINE HERITAGE CENTRE

BALANCE SHEET

(Unaudited)

As At DECEMBER 31, 2012

ASSETS

	2012	2011
CURRENT		
Cash on Hand & in Bank	\$ 21,907.55	\$ 5,285.14
Accounts Receivable	\$ -	\$ 14,019.20
HST Receivable	\$ 2,535.02	\$ 2,056.91
Inventory	\$ 100.00	\$ 100.00
Total Current Assets	\$ 24,542.57	\$ 21,461.25
 FIXED ASSETS		
Vessel	\$ 117,783.96	\$ 117,783.96
Furniture & Equipment	\$ 2,618.53	\$ 2,618.53
	\$ 120,402.49	\$ 120,402.49
TOTAL ASSETS	<u><u>\$ 144,945.06</u></u>	<u><u>\$ 141,863.74</u></u>

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable & Accrued Liabilities	\$ 1,932.41	\$ 2,953.52
TOTAL LIABILITIES	\$ 1,932.41	\$ 2,953.52

MEMBERS EQUITY

CAPITAL		
Members Equity at end of Previous Year	\$ 138,910.22	\$ 129,193.37
Current Year Surplus/(Deficit)	\$ 4,102.43	\$ 9,716.85
Total Equity		
	\$ 143,012.65	\$ 138,910.22
TOTAL LIABILITIES & EQUITY	<u><u>\$ 144,945.06</u></u>	<u><u>\$ 141,863.74</u></u>

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ST MARYS RIVER MARINE HERITAGE CENTRE
INCOME STATEMENT
(Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
REVENUE		
Federal Government	\$4,209.00	\$4,305.00
Provincial Government	\$0.00	\$0.00
Municipal Government	\$15,000.00	\$17,000.00
YMCA Wage Subsidy	\$0.00	\$0.00
NOHFC Wage Subsidy	\$11,942.42	\$18,512.49
Tours, Admissions, Sales & Donations	\$6,583.84	\$7,174.97
Total Revenue	<u>\$37,735.26</u>	<u>\$46,992.46</u>
OPERATING EXPENSES		
Wages & Benefits	\$ 23,081.84	\$ 29,648.49
Repairs & Maintenance	\$ 4,479.52	\$ (243.42)
Bookkeeping	\$ 2,537.38	\$ 4,310.76
Supplies	\$ -	\$ -
Advertising	\$ 619.53	\$ 230.74
Interest and bank charges	\$ 214.41	\$ 287.10
Office supplies	\$ 302.28	\$ 657.33
Insurance	\$ 1,023.30	\$ 780.30
Utilities	\$ 464.56	\$ 742.70
Telephone	\$ 828.65	\$ 715.71
Penalties & Non-Deductible Interest	\$ 81.36	\$ 145.90
TOTAL OPERATING EXPENSE	<u>\$ 33,632.83</u>	<u>\$ 37,275.61</u>
NET SURPLUS/(DEFICIT)	<u>\$ 4,102.43</u>	<u>\$ 9,716.85</u>

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gjsmmed@shaw.ca

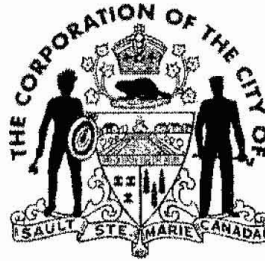
From: "jerry masson" <anchorline@shaw.ca>
To: "Gord Smedley" <gjsmmed@shaw.ca>; "louis Muio" <muio_L@hotmail.com>
Sent: Thursday, March 28, 2013 4:31 PM
Subject: Purvis Marine

Was at Purvis Marine today talking to Jack Purvis regarding Norgoma's future. Jack says the ships scrap value is on the low side due to the three upper decks made of wood and low grade metal covering. Purvis Marine dredged Bondar Marina few years ago but not at the depth required for Norgoma's removal. Heavy rock or shale rock under the marina basin could halt digging in the marina. All docks are wired for lights & plugins, coupled with water pipes for hot & cold water for removal. Anchors and chain would also have to be lifted for removal. Dredging cost are not available at this time. The ship sits in its own pocket below water, dug out by Avery Construction, restricting a strait pull from the stern. Due to low water tables in Soo Harbor dredging would be 10 to 12 feet. Jack Purvis says If Councillor Susan Myers or Brian Watkins are interested they are welcome to drop in at the Pim Street dock with any questions they may have.

JM

4/2/2013

William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

2013 04 08

Mayor Debbie Amaroso and
Members of City Council

RE: YEAREND RESERVE TRANSFERS

PURPOSE

The purpose of this report is to provide a list of recommended 2012 yearend transfers to reserves as prepared by Jacob Bruzas, Manager of Audits and Planning.

Included on the list is the 2012 yearend reserve balance after the transfer.

RECOMMENDATION

That the report of the Commissioner of Finance and Treasurer concerning 2012 yearend transfers to reserves be received and the recommendations contained therein be approved.

Respectfully submitted,

W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl
attachment

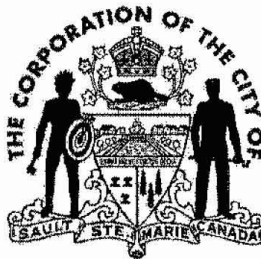
RECOMMENDED FOR APPROVAL

Joseph M. Provencher
Chief Administrative Officer

CORPORATION OF THE CITY OF SAULT STE. MARIE
RESERVE TRANSFERS TO BE APPROVED BY COUNCIL
DECEMBER 31, 2012

<u>Details</u>	<u>From Reserve</u> \$	<u>To Reserve</u> \$
Asbestos Abatement Reserve Funds budgeted in 2012 and not expended		28,757.60
Conference & Special Events Reserve Funds budgeted in 2012 and not expended (Ongoing transfer requested)		10,000.00
Celebrate 100! Reserve Funds budgeted in 2011 but not used until 2012	30,150.27	
Parks & Recreation Reserve Donation from citizen's estate to reserve for future use by seniors' centres		11,119.89
Computer Software Reserve Email Upgrade/Migration Project budgeted in 2012 but to be completed in 2013		35,000.00
Fire Equipment Reserve Remaining commitment for soil testing at #1 Fire Hall transferred to reserve for use in 2013		14,977.68
Misc Construction Reserve Transfer minor leftover balances from 3 related reserves to misc construction reserve		
Reserve- Dryden Bridge	10,316.19	
Reserve- Seawall Study	15,000.00	
Reserve- EA North/Sackville/GNR	25,000.00	
Reserve- Misc Construction		50,316.19
Total	80,466.46	150,171.36
net		<u>69,704.90</u>

Shelley J. Schell, CPA, CA
Manager of
Finance and Budgets



Finance Department

2013 04 08

Mayor Debbie Amaroso and
Members of City Council

RE: ONTARIO REGULATION 284/09

PURPOSE

This report is presented in accordance with Ontario Regulation 284/09.

BACKGROUND

Ontario Regulation 284/09 allows municipalities to exclude amortization expenses, post-employment benefit expenses, solid waste landfill closure and post-closure expenses from the annual budget. If municipalities do not budget for these expenses a report is to be submitted to Council with respect to the exclusions.

ANALYSIS

The effect of the excluded expenses from the City's budget is as follows:

- 1) Amortization is the asset cost allocated to the periods in which it is used. It is partially funded by reserve and capital transfers included in the levy. This allows for current and future asset replacement. A capital allocation is provided in the operating budget to fund capital road construction/improvement, capital equipment replacement and sanitary sewer capital repairs.
- 2) Post employment benefits are based upon an actuarial valuation. The City budgets for the current year actual cost in the operating budget. These costs will fluctuate based upon the average age of our workers.
- 3) The landfill closure and post closure costs are being partially funded through a reserve transfer included in the levy. This will be evaluated each year at budget. Future costs will be levied as required. The City has a net reserve of \$10.5 million available for these expenses as of December 31, 2012.

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IMPACT

The effect of excluding these expenses in the budget is an increase in the City's accumulation net surplus. Attached to this report is a schedule outlining the effect of each of the excluded expenses.

STRATEGIC PLAN

Not applicable

RECOMMENDATION

That the report of the Manager of Finance and Budgets concerning Ontario Regulation 284/09 be approved for the budget year 2013.

Respectfully submitted,



Shelley J. Schell, CPA, CA
Manager of Finance and Budgets

Recommended for approval,



W. Freiburger, CMA
Commissioner of Finance and Treasurer

attachment

RECOMMENDED FOR APPROVAL


Joseph M. Pyles
Chief Administrative Officer

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Ontario Regulation 284/09: Budget Restatement
Year ended December 31, 2013

Amortization:

Amortization estimate for 2013	\$ (15,412,530)
Capital Fund Revenues not included in budget	4,598,060
Reserve/Capital Fund transfers included in budget	18,482,483
Increase to 2013 accumulated net revenue	<u>7,668,013</u>

Landfill Closure/Post Closure Expenses:

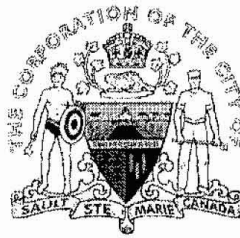
Increase to Landfill Closure Liability	\$ (2,106,259)
Reserve transfer included in budget	1,182,650
Decrease to 2013 accumulated net revenue	<u>(923,609)</u>

Post Employment Benefits Expense:

Decrease to 2013 accumulated net revenue	<u>(1,690,087)</u>
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Total increase/(decrease) to accumulated net revenue	<u>5,054,317</u>
---	-------------------------

Joseph M. Fratesi, B.A., J.D. (LL.B.)
Chief Administrative Officer



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P.O. Box 580, Civic Centre
Sault Ste. Marie, Ontario
Canada, P6A 5N1
(705) 759-5347
(705) 759-5952 (Fax)
E-Mail:
j.fratesi@cityssm.on.ca
b.berlingieri@cityssm.on.ca

2013 04 08

Mayor Debbie Amaroso
and Members of City Council

RE: 2013 BUDGET

Dear Council:

We are pleased to submit to you the 2013 Budget which has been prepared by Bill Freiburger, Commissioner of Finance and Treasurer and Shelley Schell, Manager of Finance and Budgets. As in previous years, all City budgets were to be prepared based on a global allocation approach that has been in use now for many years. Instructions were given to each department that there would be no increases over the 2012 allocations, save and except for wage increases negotiated/awarded or anticipated, as well as benefit cost increases. Staff continues to be very mindful of the fairly significant factors currently at play in our community, not the least of which is the continued struggling rebound in the world economy.

No one is ever happy about tax increases. However, most ratepayers understand that in order to maintain existing levels of service and quality of life, increases in taxes are inevitable to meet increasing costs. Again, in this year's message, I spent a bit of time reconfirming the manner in which municipal taxes are calculated in all Ontario municipalities.

How Municipal Taxes are Calculated

Local governments are in place to provide a host of important services to members of the community who would otherwise be unable to enjoy these services, were it not for a collective effort. Individually, we could not afford to provide police, fire or ambulance services to ourselves. We could not build, maintain or snow plough roadway systems which connect us to each other. We could not build and maintain safe sewage and water systems or handle refuse on an individual basis. Individually, we could not provide ourselves with recreational and cultural opportunities for our enjoyment.

Municipal Councils, therefore, are in place so that collectively we can have these services that individually we could not physically or financially otherwise have. These elected Councils determine what services and what level of services the community

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needs, wants and can afford. Many of these services are mandated by law. Many, though not mandated, are considered essential. Others are discretionary and deemed to be important in achieving a desirable quality of life for our residents. The money we pay in municipal realty taxes helps to pay for some of these services. Some of our services are paid in whole or in part by the people who use them, through user fees.

In Ontario, municipal tax is not based on the income of individuals or corporations, but is based on the value of the real property owned by these individuals or corporations. All of the land in our cities is divided into different classes, such as single family residential, multi-residential/condos, commercial such as stores and malls, industrial/factories, etc. While some of these properties are exempt from paying taxes (i.e. schools and hospitals), most are, in fact, considered taxable properties.

These form the tax base of our City. A dollar value is placed on each and every property that appears on our tax rolls. That dollar value attempts to reflect current market value for the land and building(s) which comprise that property (for purposes of the 2013 budget, the market value was set as of January 1, 2012). Determining the current market value of all properties throughout Ontario is the responsibility of the Municipal Property Assessment Corporation (MPAC) and not each individual community. The result of MPAC's work results in "assessments" for each property and represents current market value.

As one might expect, the higher a property is assessed by MPAC, in comparison to other properties in the same class, the more that property owner will pay in municipal taxes. For example, a person owning a single family residence, assessed at \$200,000 in Sault Ste. Marie should expect to pay exactly two times what a person would pay for a single family home assessed at \$100,000 in Sault Ste. Marie.

Notwithstanding, that these two houses may be on the same size of property, on the same street and getting exactly the same services from our municipality, one will pay twice as much as the other, based on the assessments. This is how the government of Ontario has determined that municipal property tax should work throughout the whole of the province.

While the same tax rate is applied to the assessments of every property within the same class (i.e. single family), different tax rates are applied to different classes of properties. As a result, Sault Ste. Marie, like most other Ontario communities, receives a higher level of taxes from every dollar of industrial assessments (with alternative ratio rates recommended about 4 to 1) and commercial assessments (about 2 to 1) than it does with every dollar of residential assessment. This is very important to note when changes in assessment brought on by reassessment, result in significantly different changes in each class. This, in fact, is what is currently occurring in our community and will be discussed further in this report and others that will be brought forward to Council.

Once a Municipal Council has determined those services that it wishes to provide to its ratepayers in the current year and calculates its expenditures to do so, it will firstly reduce this amount by sources of revenue such as grants from the senior levels of

government. In Sault Ste. Marie, the OMPF grant has played a prominent role in determining the outcome of our municipal tax rates.

The expenditures to operate the municipality are also reduced by revenues that we expect to collect from user fees (i.e. tipping fees, cemetery fees, sewer levy, parking, etc.). Council, earlier this year, approved increases to such user fees. Other smaller sources of revenue such as licensing fees, permit fees and charges to other municipalities for providing services, are also used and applied towards the expenditures.

After all of the above sources of revenue are applied to the total expenditure amount, the difference is then deemed to be the "levy" which is the amount that must be collected by way of property taxes to balance our total revenues against our total expenditures. As referred to earlier, how a levy is divided amongst the various properties and taxpayers in any given community in Ontario is stipulated by Provincial legislation. MPAC, in consultation with the Provincial government, decides when and how assessments for property are calculated. If all classes were to be taxed at the same rate, the calculations would be simple. If all properties in our community, regardless of class, had assessment changes which were the same throughout, the calculation would be very simple.

Unfortunately, the rates charged to various classes of properties, differs greatly. The changes in assessment brought on by the 2012 reassessment and the four-year phased in implementation are also significantly different among the various classes. In Sault Ste. Marie, at the same time as we see the average residential property increase in assessed value by about 6.7% per year in 2013, we see commercial assessments increasing by significantly less (between .88 and 3.98%, depending on class). Worse yet, as a result of the reassessment, we see existing large industrial assessments actually declining over that same period by as much as 23.88%. Though we experienced some new assessment brought on by growth, (1.13% in 2012), those values are significantly overshadowed by the decline in current industrial and commercial values.

At the risk of being repetitive, it is important again to note this point as our total tax revenue is calculated on the basis of different rates where each dollar of industrial and commercial assessment brings in significantly more revenue than each dollar of residential assessment.

In previous years, staff has always presented the budget with calculations and recommendations that have focused on what the "average" residential taxpayer in Sault Ste. Marie (property value restated at \$137,000 in 2012 and \$146,260 in 2013) could expect as a result of both the combined effect of the new budget and expected increases in assessment brought on by reassessment. Most other communities in Ontario have focused on only that portion over which they have control, i.e. the tax rates or the tax levy. They take the position that because assessment changes are in fact beyond their control and because they do not affect property taxpayers within the same class equally, they are not even referred to. This appears to have worked well in those communities so that when Council passes its budget, it communicates the changes (increase or decrease) in reference to the tax rate that each class can expect and which will

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consistently be applied to all properties in that particular class. For example, they do not attempt to explain how the municipal budget will affect a residential property owner who has a 2% increase in assessment and compare it to how that same budget will affect another residential property owner who has an 8% increase in assessment. They simply clearly state that the budget increase/decrease that they announce is with respect to the municipal tax rate only and does not take into account any assessment related increases/decreases.

For Sault Ste. Marie, the urban residential tax rates have been consistently reduced for the last four years (- 4.67% in 2009, - 3.77% in 2010, - 2.83% in 2011 and - 3.7% in 2012). You will note later in this report that the staff recommendation is a further tax rate decrease for 2013.

While we should continue to include in our information to Council, how a budget will impact the "average" residential taxpayer in our community, it is again recommended that our focus should shift to changes in our expenditures and our tax rates.

The Provincial government expects communities to view new assessment brought on by new development or other growth as a source of new revenue for the municipality. In Southern Ontario, where assessments have increased by as much as 10% in many communities annually for the last twenty years, the tax increases announced were modest because new assessments and significantly increasing market values were more than enough to make up the new revenues which were required to support increasing costs. No reference was ever made to assessment related increases. For these communities and for many Northern Ontario communities, the reported increases are related to rates only.

In order to ensure that municipalities take advantage of increased assessments in their communities, the Province has a formula which results in the reduction of OMPF grant funding to those communities who are experiencing assessment increases on the assumption that those communities will take advantage of those assessment increases. The Province has clearly indicated that its formula was intended to assist communities who have either stagnant or declining assessments. Our community enjoyed such assistance for that reason up until several years ago. However, more recently, our assessments have appreciable increases due to market changes and assistance from the Province began to decline significantly. The Province currently is reviewing its formula for OMPF and is treating 2013 as a transition year. While there is a reduction in the OMPF in 2013 in the amount of \$202,700 compared to 2012, this reduction is significantly lower than was originally expected. A new funding model will be developed by the Province in 2014.

Hopefully this explanation will assist in better understanding the budget which is presented this year, which has some very different variables applied.

2013 Assessment

Residential real estate values in Sault Ste. Marie have significantly increased over the last several years. **Residential assessments** have increased by an average of 28% as a result of the 2012 reassessment. These increases are being phased in over a four-year period, starting in 2013 and continuing in 2014 and 2015 and 2016. The average residential property increase for 2013 is about 6.7%

Industrial assessments, however, did not increase as a result of the 2012 reassessment. In fact assessed values in the large industrial class decreased by almost 23%. Staff did not expect the large decrease in the large industrial sector, especially in light of the many previous years of reductions due to appeals. **Commercial assessments** increased 11.3% as a result of reassessment.

Therefore, in 2013, even though our total phased-in assessment increased by 5.03% shifting in the burden among assessment classes did not produce any significant new net revenue for the City. Staff and previous Councils are on record in making a commitment to the residential taxpayers of this community to attempt to mitigate as much as possible against assessment related increases. This includes a commitment to lowering the tax rate, at least in part, to offset these assessment increases. This is mandated by legislation. This rate reduction occurred in the last four budgets as earlier set out and is repeated in this budget, as the **urban residential tax rate is actually reduced again, for the fifth consecutive year by a further 3.6% for 2013.**

Council is again reminded that every dollar of commercial and industrial assessment provides a much higher level of revenue to the municipality than does every dollar of residential assessment. With the large increases in residential assessments and the stagnated industrial and commercial assessments, there will be a **significant shift in the tax burden from industrial and commercial taxpayers onto residential taxpayers**, with this trend continuing throughout the balance of the reassessment period. Staff continually recommends the use of the "revenue neutral tax ratios", which were implemented in the 2009 budget and continued in 2010, 2011 and 2012 to mitigate against this shift to residential taxpayers.

2013 Expenditures and Revenues

There are several major factors which affect this year's budget. **Expenditures, excluding budget allocations of surplus to Capital & Reserves will increase by \$4,058,260 or 2.2% for 2013. (3.6% in 2012, 1.0% in 2011 and 0.1% in 2010)**

NOTE: The uploading of ODSP in 2010, 2011 significantly impacted the total expenditures in the budget for those years.

Revenues (excluding the tax levy and prior years' surplus) have increased by \$574,300 or 0.7% (compared to an increase of 2.7% in 2012 and decreases in 2011 of 2.8% and 2010 of 3.9%). Up until this year, the revenue decreases were primarily as a result of the consecutive annual reductions in the OMPF grant from the

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Province. As stated earlier herein, the 2013 reduction was only \$202,700 from the previous year.

Included in the expenditures increase for 2013 budget is about \$2,090,000 under "contingencies". Amongst other things, included in this provision, are the wage increases of about 2.0%, including annual wage and benefit increases for most employees, with slightly higher amounts Police and Fire (at 3%). These represent settlements negotiated in previous years.

Finance staff has once again done a great job of presenting to Council a summary of those items which are impacting the levy, both as it pertains to expenditures and revenue. The largest item impacting the budget obviously is with respect to wage and benefit increases which have been negotiated and which in fact are lower than the increases of past years. There is a net increase in the DSSAB levy. After factoring in revenue adjustments for services which the City will be providing, there is an increase of \$255,240. The City's share of the levy is determined by assessment and as a result of the 2012 reassessment the City's share has increased by \$161,565. This amount represents 63% of the total DSSAB levy increase.

Another factor which is contributing to our current budget expenditure increase is related to Police and Fire costs over and above the amount which is included in the budget for general increases. These amounts represent wage increases, 3/6/9 experience pay and rank movements.

While there are other several smaller amounts affecting the levy as detailed in the budget presentation, the only other large items to be mentioned is the \$1 million amount which Council directed from the 2011 surplus to be applied to reducing the levy in 2012 (\$500,000 in 2010 and 2011).

It will be again necessary to either raise the levy by this \$1 million amount or find some other source of funding such as the 2012 surplus to replace this amount in the current budget. We continue to caution Council in this regard and recommend in future years that Council wean itself from reliance on the surplus.

Global Allocation Approach

The global allocation approach to budgeting has served 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.

As in past years, City departments have again done an excellent job in adhering to this approach to the budget and they are thanked for their hard work, cooperation and diligence that has gone into the preparation of this difficult budget. For the most part, non-wage components of the budget continue to be held to the same level as in previous

years. Given that this approach has been used for many years now, we will need to look at specific problems which some departmental budgets may be experiencing, from time to time.

In past years and because of the difficulty with budgets, staff did not recommend, nor did Council approve many of the items which found themselves on the "supplementary" list, especially when approval would mean ongoing budget implications. In the 2013 budget, we are only recommending very minor supplementary items which would increase the levy marginally as they reflect expenses which are already being incurred or which are required to satisfy legislative requirements.

Capital Spending

The City continues to take significant pride in recently completed projects. The annual Federal gas tax funds plus the current City allocation has allowed us to reconstruct many of our main streets. We will proceed with the 2013 construction program as approved by Council on June 25, 2012, of more than \$11 million, which includes the following:

- Queen St. East – Phase 2 – Simpson to Pine
- Marett Street - Wallace Terrace to Henrietta Street
- Kohler Street - Queen Street to Wellington Street

Over the last several years, we have significantly **increased the amount of roadwork** that we are able to do in each season. It is apparent, based on the number of projects that are undertaken each year that Council is serious about addressing our road deficiencies over a reasonable period of time.

"Capital from Current"

Council will recognize that many demands have been made on the "Capital from Current" portion of the budget. This amount had remained at \$500,000 for many years. In accordance with a recommendation by staff, in 2007 Council agreed that this amount would be increased by \$100,000 per year for the following five years until it grew to \$1million per year to satisfy these demands. The list of capital purchases/projects being now requested is significant. It is **recommended that we increase the "Capital from Current" in the current budget to the \$1,000,000** as part of the levy. We would further recommend that Council consider, in future years to increase Capital to Current a further \$100,000 annually to help in addressing our growing infrastructure deficit. The Capital to Current account has allowed us to address many of the outstanding needs of the various departments and agencies of the City.

Council will note that the list of outstanding requests as provided by staff continues to grow, well beyond the \$1 million which is recommended and that for the most part, we are covering items of health and safety and other unavoidable expenditures. Where alternative sources of funding are appropriate such as existing reserves, these are recommended to Council, as well. Finance staff will continue to review the outstanding

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list and bring forward to Council recommendations with respect to those items which need to be addressed.

Use of Reserves

Council will note that for several past years (except for \$100,000 in 2010) no reserve funds were used to assist in lowering the levy. This year, again, **no reserve funds are recommended to reduce the levy**. This is in keeping with a financial plan originally presented in the year 2000. Prior to that, 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. It also gives Council the ability to address future capital needs.

2013 Surplus

Turning to the surplus from the 2012 budget, the **adjusted year-end surplus stands at \$3,158,355** (compared to \$2,174,205 from 2011, 925,347 from 2010 and \$500,000 from 2009). For many years now, the Treasurer has been recommending that we move away from our reliance on the previous year's surplus as revenue in the current year's budget. This had been accomplished in 2008. In 2009, contrary to Finance staff's advice, Council opted to use \$500,000 of the surplus from the previous year to reduce the tax levy. This was repeated by Council in 2010 and 2011 budgets. In the 2012 budget, Council increased the amount of surplus from the previous year's budget to \$1million to help reduce the levy. This now results in Council being required to find either by way of levy increase or from other ongoing source of funds, revenue to make up this contribution in the 2013 budget.

As a principle for future budgets, staff continues to recommend that any surplus from previous years, be allocated for one-time only expenditures or dedicated to a reserve account for future projects or to a contingency reserve. These funds could be made available to assist in paying for unforeseen expenditures such as large industrial assessment appeal refunds, wage/benefit or WSIB matters, or as a buffer to potential increased costs associated with the many City projects planned over the next few years.

The preliminary budget that was presented to Council at the meeting of March 18, 2013 showed none of the surplus from 2012 being applied in the 2013 budget to reduce the levy. Staff has assumed that Council will wish to use \$1million of the surplus to reduce the levy again this year, given the size of the surplus and the need to bring the levy down as low as possible.

Assuming that Council is in agreement with using \$1million of the surplus to reduce the levy, it is recommended that the balance of \$2,158,355 be allocated as follows:

- Retire the balance of the City's commitment to Algoma University and Sault College in the amount of \$500,000. Council was committed to pay this balance prior to the end of its term in 2014.

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- Set aside into the Transit Equipment Reserve account, the further sum of \$450,000 which represents the purchase price of one new full service bus. This amount would be available to Council in 2014 or beyond to assist in its commitment to acquire one new bus per year until the fleet is fully renewed.
 - Set aside into a Tax Stabilization Reserve, the balance of approximately \$1,208,355 to assist in dealing with the uncertainties of the future because of new assessments and assessment appeals as well as being in a position to act on the recommendations of the Asset Management Plan which is currently underway to deal with the City's larger infrastructure needs.

Using the surplus in this way, not only returns to the taxpayers some of the money that was unspent in 2012, but it also allows us to properly prepare for future expenses.

Physician Recruitment and Retention

Council has had several presentations and discussions regarding the Physician Recruitment & Retention Program which the City has co-sponsored for several years, using for the most part surplus casino revenues. Given the decline in casino revenue, the City has continued to use the interest which was earned on our new Sault Area Hospital construction reserve, (the principle amount which has now been paid over). This funding source will be exhausted by the end of 2014. Therefore, in 2014, Council will need to have discussions with respect to a new source of funding for this initiative, should Council deem it to continue to be a priority. The commitment for the hospital funding will be satisfied in 2014 and both the levy amount and the casino proceeds can be considered for Physician Recruitment, as well as other items such as Asset Management.

Levels of Service

The City of Sault Ste. Marie provides directly or indirectly a wide range of services and at a very high level to its citizens. During each budget, elected members of Council are challenged to review these services to review firstly, if each of the many services we provide is necessary to be continued and secondly, whether the level at which these services are provided, could or should be scaled back. Every service that is provided has a cost and as new services or facilities are brought on stream or existing ones enhanced, there is an impact to our budget.

There really is no magic as to our budget works. We certainly can trim our budget, if that is the wish of Council. However, that will involve the cutting of services either in their entirety or by a reduction to the levels we currently provide. These are decisions that Council would have to make and they would not be easy decisions as every service we currently do provide is relied on or expected by any given number of our taxpayers.

As in previous years, the budget material contains a listing of the various cost centres (services) that make up our total annual budget (see blue pages). These are broken down into several categories. The amounts of money expended in each of these

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areas, as well as what percentage of the total budget, set amount represents is shown in that material under "Budget Structure".

These categories and amounts are provided in the budget to help Council in assessing whether there are any services or areas where cuts/reductions can be made to realize savings which will reduce our overall expenditures.

Current services and levels of service are in place because of public expectation. While taxpayers do not want to pay higher taxes, generally speaking, they also do not want service reductions. This continues to be confirmed in public surveys and input sessions which have been conducted recently.

Council is reminded that if it wishes to add or subtract further items in this budget, every \$100,000 of spending represents a change in the tax rate (*residential urban rate only*) of about .11% (\$1,000,000 representing 1.08% increase/decrease). Should Council wish to further reduce the levy, some minor adjustments can be made by staff to some of the projected increases in expenditures and other revenue adjustments. To make any significant reductions, however, Council will be required to direct staff regarding service reductions.

SUMMARY AND RECOMMENDATIONS

The Senior Management Team believes that the 2013 Budget as presented continues to provide a **very high level of service** to the citizens of our community in an effective and efficient manner. This budget and the resulting municipal taxes continue to compare very favourably with other cities in Northern Ontario. The taxes paid by the average homeowner are quite low by comparison. This favourable position 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 many 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 the remaining balance of the City's contribution to our new hospital which has recently been completed and occupied. It continues to fund a significantly higher level of road improvements on a "pay as you go basis". It continues to provide snow removal at a very high level. It does not rely to any great extent on reserves and previous years' surpluses as revenue. It continues to set aside significant annual amounts for future major sewage infrastructure improvements. The Engineering Department is currently studying the need for improvements in our system, including the West End Sewage Treatment Plant. It covers the debt re-payment for the new Essar Centre and West End Community Centre, as well as other major works. It allows for the renewal and enhancement of our public Transit system.

We will continue to take full advantage of Provincial/Federal government programs which have provided further opportunities for infrastructure improvement under such programs as the Federal Gas Tax Program, the Provincial Gas Tax Program, and improved roadwork grants.

Ratepayers will want to know how the budget affects them on their individual properties. This is difficult to answer without having specifics about their assessment, changes to their assessment and the classification of their property. However, as in the past, we have presented the budget on the basis of how it will affect the "average" residential property. The "average residential property" has increased because of assessment changes from \$108,000 in 2009 to \$116,000 in 2010, \$124,000 in 2011, \$132,000 in 2012 and \$146,260 in 2013.

The "average" residential property in Sault Ste. Marie will experience an assessment increase of about 6.7% in 2013 (28.04% over a four year period). If the City were to leave the tax rate at its current level, that property would pay 2.9% more in municipal taxes. **With the recommendation that \$1 million of the 2012 surplus be applied to reduce the levy**, the budget as recommended reduces the tax rate (for the fifth year in a row), with the combined effect of the proposed reduced tax rate and assessment increases for the "average residential property" who has the 6.7% assessment increase, will mean the following in 2013:

- **reduction of 3.6% in tax rate**
- **increase of 2.9% in taxes paid**
- **increase of \$ 75.00 in taxes paid**

Comparison to other Northern Ontario Cities

In previous years, we presented to City Council, information on what other cities in Northern Ontario have done by way of their budgets. Though all other municipalities have certainly started their budgets, not all have completed them at this point in time with tax bylaws. We repeat below, our best information regarding tax changes for Northern Ontario cities from 2009, 2010, 2011 and 2012 information. As discussed earlier in this report, not all municipalities report the changes in their budget in the same manner. Some report a percentage which represents a change, (usually an increase to the levy). Some report the change (this year both increases and decreases) to the tax rate. Few do as we do in our community and report the increase to the "average homeowner". Many simply do not make reference to assessment increases. It, therefore, makes it very difficult to compare what other municipalities have done or will be doing in 2013 with their municipal taxes. Council has previously been provided with statistics from the BMA Reports which makes annual comparisons amongst Ontario municipalities for municipal taxes. The City of Sault Ste. Marie continues to be amongst the lowest in Ontario for cities our size or larger and certainly the lowest amongst the Northern Ontario cities. This can be seen in the information which is provided here.

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City	BMA-2009 Average Home Municipal Taxes (Estimated)	BMA-2010 Average Home Municipal Taxes (Estimated)	BMA-2011 Average Home Municipal Taxes (Estimated)	BMA-2012 Average Home Municipal Taxes (Estimated)
Sudbury	\$2,477	\$2,523	\$2,656	\$2,714
Thunder Bay	\$2,923	\$3,042	\$3,096	\$3,162
North Bay	\$2,833	\$3,105	\$3,207	\$3,390
Timmins	\$2,700	\$2,840	\$2,956	\$3,165
Sault Ste. Marie	\$2,274	\$2,402	\$2,528	\$2,609

Because "average" house values differed greatly from community to community, it would be incorrect, given the vast difference in these values to use a common assessment for comparison purposes. Using the "average" home value is a more realistic way to compare municipal taxes from one community to another.

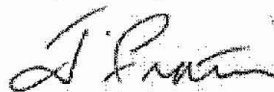
Conclusion

As can be seen from the information above, we remain **very favourable in comparison to other communities in Northern Ontario**. 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 is among the highest**.

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 an improved credit rating from our bond raters.** Our current capital plans for future spending will be discussed with our Bond Raters later this year and we expect to continue to enjoy their full confidence.

Our 2013 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.

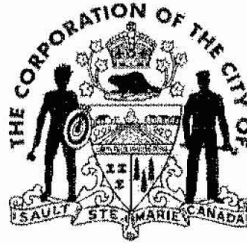
Respectfully submitted



Joe Fratesi
Chief Administrative Officer

JMF:bb

William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

2013 04 08

Mayor Debbie Amaroso
and Members of City Council

RE: 2013 BUDGET

This report will highlight a number of important budget issues for 2013.

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 will pay 89.14% of the total DSSAB levy in 2013 as compared to 88.3% in 2012 due to the property reassessment. The City provides administrative services to the DSSAB on a contractual basis.

Municipalities had been responsible for 20% of the benefit costs under the Ontario Disability Support Program (ODSP). In 2010, one-half of the municipal share of ODSP or 10% was uploaded to the Province and in 2011 the remaining 10% was uploaded. Also, between 2010 and 2018 the municipal share of the Ontario Works Benefits program will be gradually reduced from 20% to 0%. For 2013, the municipal share of Ontario Works will be reduced from 17.2% to 14.2%.

Comparison of the 2013 and 2012 City DSSAB Levy

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Ontario Works	6,023,174	6,534,750	(511,576)
Housing Programs	8,508,583	8,071,564	437,019
Community Childcare	1,258,158	1,248,118	10,040
Land Ambulance	2,012,644	1,916,589	96,055
DSSAB Executive	<u>214,137</u>	<u>212,185</u>	<u>1,952</u>
Subtotal	18,016,696	17,983,206	33,490
Surplus	<u>(952,998)</u>	<u>(1,174,748)</u>	<u>221,750</u>
Total City DSSAB Levy	<u>17,063,698</u>	<u>16,808,458</u>	<u>255,240</u>

DSSAB Levy Based on Property Assessment

City Share of the DSSAB Levy	89.14%	88.30%	.84%
Prince Township	1.77	1.60	.17
Townships With Out Municipal Organization	<u>9.08</u>	<u>10.10</u>	<u>(1.02)</u>
Total	100.00%	100.00%	100.00%

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The 2013 City DSSAB levy benefitted from the Provincial upload of Ontario Works costs. These savings were offset by higher costs for housing programs and land ambulance. A reduced DSSAB surplus in 2012 as compared to 2011 contributed to the higher 2013 DSSAB levy.

The property tax reassessment impacted the 2013 City DSSAB Levy. The City's share of the DSSAB levy increased due to our increased share of the total assessment that increased by .84%. Of the \$255,240 increase in the DSSAB levy, \$161,564 relates to our higher share of DSSAB cost's due to reassessment. The Province funds the Townships With Out Municipal Organization share of the DSSAB levy.

The City will receive an additional \$44,034 from the DSSAB for overhead costs that will result in a net DSSAB levy increase of \$211,206 in 2013 (\$255,240 – \$44,034).

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 was 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.

Historical Comparison of Ontario Municipal Partnership Funding

<u>Year</u>	<u>Grant</u>	<u>Increase/ (Decrease)</u>
2004	21,448,000	
2005	25,529,651	4,081,651
2006	25,941,091	411,440
2007	26,403,830	462,739
2008	28,835,600	2,431,770
2009	27,883,300	(952,300)
2010	23,813,600	(4,069,700)
2011	19,603,400	(4,210,200)
2012	18,431,700	(1,171,700)
2013	18,229,000	(202,700)

The City had benefited from low property assessments as the OMPF grant provided relief for municipalities with lower than average assessment bases. This trend changed in 2009 with the 2008 reassessment that became the base for the 2009 tax year. The above reductions from 2009 to 2012 reflect the uploading of Provincial social service costs and reduced equalization grants.

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A detailed OMPF 2012 grant calculation is listed below for information.

<u>OMPF Programs</u>	<u>2012</u>
Social Program Grant	\$ 2,923,700
Equalization Grant	7,527,800
Northern Communities Grant	<u>7,980,200</u>
Total	<u>\$ 18,431,700</u>

For 2013, the OMPF formula has changed. The Ministry of Finance is merging the above OMPF programs into a single municipal allocation. A new funding concept known as the Municipal Fiscal Circumstances Index (MFCI) was developed to measure the relative fiscal circumstances of municipalities. The MFCI will measure such factors as weighted assessment per household, median household income and employment rates.

Northern Ontario municipalities received 95% of their 2012 OMPF allocation, plus the MFCI calculation for their community. For our 2013 grant, Sault Ste. Marie will receive 98.9% of the 2012 allocation resulting in a grant of \$18,229,000 comprised of a base funding of 95% plus an additional 3.9% resulting from the MFCI calculation.

Attached in Appendix A is a report to City Council dated November 19, 2012 detailing the 2013 Provincial Allocation OMPF Grant.

The Province announced the results of the Provincial – Municipal Fiscal Service Delivery Review in 2008.

The following social service uploads will occur over the next 10 years.

2009 – Upload administration costs for the Ontario Disability Support Program. This upload has been estimated at \$1,191,200 by the Province and will be offset against other changes in the OMPF grant.

2010 – Upload 10% of the total cost for the Ontario Disability Support Program. Currently, municipalities pay 20% of total program costs. In 2010, the City share will be reduced to 10%.

2010 – Begin a 9 year phase in process to upload Ontario Works benefit costs. Currently, municipalities fund 20% of the cost of Ontario Works benefits. The phase in begins in 2010 with 3% of municipal costs being uploaded and the future years are uploaded as follows:

- 2011 – 6%
- 2012 – 14%
- 2013 – 29%
- 2014 – 43%
- 2015 – 57%
- 2016 – 71%
- 2017 – 86%
- 2018 – 100%

2011 – Ontario Disability Support Program – upload remaining 10% of the total cost.

2012 – Court Security – begin 7 year phase in process to upload costs.

2013 Budget Process

The City has utilized a global budget allocation system. Departments were asked to submit a 2013 budget based on the approved 2012 allocation. Additional requests are included in a list of supplementary items.

The City website was open for public input for the 2013 Budget along with two public meetings.

Surplus included in the Budget as 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>
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
2007	530,000
2008	0
2009	500,000
2010	500,000
2011	500,000
2012	1,000,000

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.

Long Term Debt

2012 Net Long Term Liabilities	\$ 14,569,474
2011 Net Long Term Liabilities	<u>16,718,442</u>
Net Decrease in Long Term Liabilities	\$ <u>2,148,968</u>

Total Year End Debt

2012	14,569,474
2011	16,718,442
2010	17,936,258
2009	20,440,876
2008	23,376,288
2007	26,586,752
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

A Long Term Debt Projection Schedule is attached as Appendix B.

Debt Strategy

We are maintaining our strategy of a Pay As You Go program to finance capital road reconstruction. The 2013 capital roadway construction program will be financed by the capital levy.

Credit Rating

On September 7, 2011 the City's credit rating was revised from an A stable rating to an A Positive rating.

On November 5, 2012, the City's credit rating was upgraded to A + (plus) stable from A (positive).

The City's credit rating from Standard & Poor's is attached as Appendix C.

Total Debt Requirements in 2013

On February 22, 2010 Council approved the construction of the West End Community Centre.

We expect to issue a debenture in 2013 for approximately \$4.3 million to complete the financing of the West End Community Centre.

The Sault Ste. Marie Public Utilities Commission had requested \$6.2 million of long term debt to finance water infrastructure projects. At the March 5, 2012 Council meeting, the PUC Water Utilities Commission presented a financial plan that requires only a \$3 million line of credit that will be repaid by 2015. Therefore, based on this update, the City will not be required to issue debt for PUC Water operations.

No debt provisions have been made for the Historic Sites Heritage Discovery Centre.

No debt provisions have been made at this time for the \$1.8 million owing for the purchase of the Gateway Site property. Our financial plan has been to sell the property to a developer and recover our land purchase costs.

Staff are currently preparing an Asset Management Plan that includes a facility condition assessment of our major buildings. Based on the Asset Management Plan, staff will prepare a long term financing plan.

The Engineering Department is undertaking a study to determine costs relating to major upgrades to the West End Sewage Treatment Plant. The project will be funded by sewer surcharge revenues.

Reserves

Reserves provide liquidity for operations along with a form of security for long term debt.

Reserve Funds – 2012 Total	\$ 7,539,026
Reserve Funds – 2011 Total	<u>6,790,925</u>
Increase in 2012	\$ <u>748,101</u>

Reserves – 2012 Total without commitments	\$ 23,854,297
Reserves – 2011 Total without commitments	<u>21,221,682</u>
Increase in 2012	\$ <u>2,632,615</u>

The major increase in the reserves was due to an increase of \$1,190,000 for the waste disposal site and \$500,000 for the 2013 post-secondary education donation.

A summary of reserve and reserve funds is included in Appendix D.

The attached Appendix E 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

Major projects will be presented individually to Council for approval. The City is currently undertaking an Asset Management Plan that will be the basis of a new 10 year capital budget.

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

1. Capital from Current

A budget allocation of \$1,000,000 was increased from \$900,000 in 2012 to address continued demands for capital repairs and improvements. Staff will continue to recommend an increase of \$100,000 per year to the capital from current allocation to fund equipment and facility maintenance.

2. Sanitary Sewer Surcharge

Attached in Appendix F is the budget for the 2013 sanitary sewer surcharge.

The Engineering Department is currently studying two major capital projects which include major upgrades to the West End Sewage Treatment Plant and a Biosolids Management Plan to dewater sewage sludge. We are allocating funds in the sewer surcharge budget to finance these future upgrades. The West End Sewage Treatment Plant upgrades will be included in our Asset Management Plan.

3. 2013 Road Construction Program

Council approved the 2013 Capital Road Construction Plan on June 25, 2012 (Appendix G) and it will be financed by the following allocations in the 2013 budget. Also included in Appendix G is a summary of the 2011 – 2012 Construction Program. Costs for sewer construction is fully funded by the sewer surcharge which is in addition to the below listed costs.

City Financing –

2013 Federal Gas Tax		\$ 4,598,060
2013 Capital Levy – Overall	4,500,005	
2013 Capital Levy – Urban only	<u>1,755,025</u>	<u>6,255,030</u>
Total		10,853,090
2013 Sewer Surcharge		<u>945,000</u>
Total		<u>\$11,798,090</u>

There will be an estimated \$2.2 million remaining in the overall capital funding as a result of previous capital programs. Recommendations for these funds will be provided to Council by the Engineering Department at a future date.

Federal Gas Tax

On March 8, 2010 Council approved an agreement with the Association of Municipalities of Ontario for receipt of gas tax revenues.

The City receives \$4,598,059.80 per year from the Federal Gas Tax program.

The staff recommendation was to continue to use gas tax funding towards an enhanced level of roadwork unless otherwise directed by Council.

The 2013 allocation has been included in the City's 2013 road construction program. The March 21, 2013 Federal Budget continued the Gas Tax funding for 2014 and beyond. The amount of future Gas Tax funding will be provided at a future date.

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 were held in a Hospital Reserve Fund.

On July 7, 2003, Council passed a resolution to increase the City commitment to \$29.5 million with funding completed in 2014.

6

Summary of Casino Revenues

<u>Revenue</u>	<u>Police and Fire Costs</u>	<u>Doctor Recruitment</u>	<u>Hospital</u>	<u>Other</u>	<u>Total Revenue</u>
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
2007	383,643	146,564	1,000,000		1,530,207
2008	403,527	113,513	1,000,000		1,517,040
2009	423,554	48,745	1,000,000		1,472,299
2010	441,500	21,585	1,000,000		1,463,085
2011	406,507	0	1,000,000		1,406,507
2012	<u>339,332</u>	<u>0</u>	<u>1,000,000</u>		<u>1,339,332</u>
Total	\$ <u>4,770,203</u>	\$ <u>2,826,244</u>	\$ <u>13,509,101</u>	\$ <u>55,524</u>	\$ <u>21,161,072</u>

Hospital Levy

2001	\$ 1,100,000
2002	1,100,000
2003	1,100,000
2004	1,100,000
2005	1,100,000
2006	1,100,000
2007	1,100,000
2008	1,100,000
2009	1,100,000
2010	1,100,000
2011	1,100,000
2012	<u>1,100,000</u>
Total Hospital Levy	<u>13,200,000</u>
Total Casino and Hospital Levy	\$ 26,709,101

Application of Hospital Donation

SAH access road 2005	(15,556)	
SAH access road 2006	(458,523)	
SAH access road 2007	(674,389)	
SAH access road 2008	(38,398)	
SAH access road 2008	<u>(10,073)</u>	
Total SAH access road	(1,196,939)	
SAH Building Permit	<u>(1,627,210)</u>	(2,824,149)
Cash Paid to Sault Area Hospital – October 2010	(19,684,952)	
2011 Hospital Contribution	(2,100,000)	
2012 Hospital Contribution	<u>(2,100,000)</u>	
	\$ <u>0</u>	

Interest in Reserve

Interest earned on Reserve to 2008	2,636,930
Interest earned in 2009	125,926
Interest earned in 2010	60,677
Interest earned in 2011	18,146
Interest earned in 2012	<u>15,509</u>
Total Interest Earned	2,857,188
Allocated to 2008 Doctor Recruiting	(430,000)
Allocated to 2009 Doctor Recruiting	(56,265)
Allocated to 2010 Doctor Recruiting	(452,689)
Allocated to 2011 Doctor Recruiting	(372,123)
Allocated to 2012 Doctor Recruiting	<u>(419,207)</u>
Reserve Total December 31, 2012	\$ <u>1,126,904</u>

The 2013 Doctor Recruitment budget is recommended to be funded from the Hospital Reserve Fund.

On September 25, 2006, City Council approved a contract with Mid Canada Construction for the construction of an access road. On April 30, 2007 City Council approved the payment from the hospital reserve for the hospital building permit.

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 partial payment of \$693,000 in 2014	<u>14,993,000</u>
Total Hospital Contribution	\$ <u>29,502,101</u>

At December 31, 2012, the City has funded \$26,709,101 or 91% of the total contribution of \$29,502,101.

When the new Sault Area Hospital was commissioned in October of 2010, the City paid all funds held for the City donation. The City now makes quarterly payment for the \$2,100,000 annual donation until the obligation is completed as per the above schedule.

Tax Capping

Municipalities rely on the On-line Property Tax Analysis System (OPTA) for tax billing calculations and tax analysis that was developed by the Ministry of Finance and Ministry of Municipal Affairs and Housing.

In accordance with the Province's tax reform legislation, municipalities are required to provide tax capping protection to properties in the commercial, industrial and multi-residential tax classes.

Tax capping reduces the impacts of assessment related increases by limiting the property tax increase to a minimum increase of 5%. The range of tax capping is from 5% to 10%. Tax capping does not apply to municipal levy increases.

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

In previous years staff had recommended a 10% capping rate and a capping exemption for properties that were impacted by plus or minus \$250. The goal of these policies was to reduce the number of taxpayers exposed to tax capping and move as many taxpayers to the full current value assessment as soon as possible and minimize the number of taxpayers that have their tax reductions clawed back due to tax capping. Staff recommends the minimum tax capping of 5% for 2013 to slow the property tax impact of the reassessment on taxpayers. This will be reviewed each year.

Staff recommends the 2013 tax capping rate for all capped classes be set at the minimum required rate of 5%.

Assessment

The Province of Ontario implemented a property reassessment in 2013 based on a valuation date of January 1, 2012. The assessment increases will be phased in over four years (2013 – 2016) based on a 25% phase in per year.

Appendix H lists the full impact of the reassessment when properties reach their full current value assessment (CVA) in 2016. The residential property class will increase 28.04% by 2016 while the 2013 impact is 6.7%.

Appendix I is a comparison of 2012 and 2013 Taxable Property Assessment which includes growth.

2009 – 2012 Assessment Growth (taxable only)

<u>Property Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	23,412,359	22,262,710	43,583,773	41,437,591
Multi-Residential	(3,125,487)	(552,970)	3,029,694	2,125,540
Commercial	9,507,948	10,546,730	1,791,437	5,940,427
Industrial	5,555,295	(139,449)	645,913	3,226,392
Other	<u>235,667</u>	<u>61,449</u>	<u>(10,706)</u>	<u>417,900</u>
Total	35,585,782	32,178,470	49,040,111	53,147,850

Based on 2012 tax rates, the growth assessment generated approximately \$1,059,399 of revenue (2012 – \$870,846) as listed in Appendix J.

6

Tax Policy Options – Revenue Neutral Tax Ratios

Revenue neutral tax ratios are the tax ratios that if adopted would ensure that each property class generates the same amount of tax revenue after a reassessment as it did before the reassessment.

In the 2012 reassessment, the residential class increased by 28.04%, commercial increased by 11.34% and the large industrial class decreased by 22.91%. Under reassessment, increases are phased in over 4 years while decreases are applied immediately.

While the City's assessment base has increased due to reassessment, this does not result in an increase in the overall property tax revenue received.

A tax shift occurs when a property tax class experiences overall valuation increases more than another property tax class, this reallocates a greater burden of taxes from one class to another.

Municipalities are allowed to protect residential taxpayers from shifts in the tax burden by adopting revenue neutral tax ratios.

Tax ratios represent the amount of taxation to be borne by each property class in relation to the residential class. The ratios reflect how the tax rate of a property class compares to the residential tax rate, with the residential class tax ratio being equal to one.

A tax ratio adjustment is required to mitigate shifts in taxation resulting from the reassessment of properties in order to restore the relative proportion of taxes collected from each property class to the level prior to reassessment.

As listed below, revenue neutral ratios from 2009 – 2012 have maintained the relative proportion of the tax levy for each tax class and the adoption for 2013 would continue that direction.

Summary of 2009 – 2013 % of City Taxes Levied Using Revenue Neutral Ratios

<u>Tax Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	Alternative <u>2013</u>
Residential	62.83	62.74	62.66	62.84	62.87	63.13
Multi- Residential	4.83	4.69	4.64	4.66	4.66	4.68
Commercial	21.60	21.81	22.07	21.95	22.01	22.10
Industrial/Large Industrial	10.12	10.13	10.01	9.93	9.85	9.48
Other Classes	<u>.62</u>	<u>.63</u>	<u>.62</u>	<u>.62</u>	<u>.61</u>	<u>.61</u>
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Attached in Appendix K are the revenue neutral tax ratios to achieve the same proportional weighting of the tax levy. Revenue neutral tax ratios are based on the total tax class. A 23% tax reduction in the large industrial tax class has a negative impact on the industrial tax class. Staff recommends an alternative tax ratio for the industrial class. The result would be that the industrial tax class (excluding large industrial) and all commercial tax classes have the same percentage tax ratio increase for 2013. This is a benefit to the industrial tax class that will result in approximately \$400,000 of the tax levy from the industrial tax class being reallocated to all other tax classes as listed in Appendix L.

To protect tax classes other than residential, the province has set a Provincial Threshold for tax ratios that once they exceed an amount, a levy restriction is imposed and only a maximum of 50% of the increased tax levy can be passed onto the class, transferring this tax burden to all other classes. For 2013, a levy restriction will apply to the commercial and industrial tax classes.

After review with City staff and MTE Consultants in 2009, we recommend the revenue neutral tax ratios for all classes to maximize the benefit to the residential tax class. This policy was followed in 2009 and we recommend that tax neutral ratios be continued for 2013 with an alternative lower ratio for the industrial tax class.

Education Tax Rates

The residential education tax rates as set by the Province were reduced from the 2012 level of .00221 to the 2013 rate of .00212. Appendix M lists the education levy, and Appendix N lists the education tax rates.

Investment Policy

The attached Appendix O is a list of investments held at yearend 2012 as required by the City's investment policy. The investments relate to funds held in the Perpetual Care Trust Fund.

Financial Reporting

The budget revenues and expenditures are being presented in the budget blue pages in a net levy format. This is the same methodology as our financial reporting system where we present reports after the second, third and fourth quarters. The 2012 gross budget and actual expenditures are attached in Appendix P along with a reconciliation to illustrate that we have included such items as PWT internal equipment charges in our 2013 gross revenue and expense budgets in order to compare with our actual results in our financial reporting format.

Financial Assistance Policy

Attached in Appendix Q is a list of In-Kind services the City will provide for events.

Economic Diversification Fund

A summary of the 2012 Economic Development Fund appears in Appendix R along with commitments on the 2013 EDF fund.

The 2013 budget includes an allocation of \$500,000 of which \$25,000 has been allocated, resulting in a remaining balance of \$475,000 to be allocated by Council.

There remains \$175,207 from Council's allocation of unspent funds from the Huron Central Railway project for the development of a port facility. In addition to this commitment, there still remains \$314,804 to be allocated from past years EDF funds.

Sault College and Algoma University Donation

Council approved a donation of \$1 million to both Algoma University and Sault College. Council has funded \$1,500,000 (2011-2013) of the \$2,000,000 donation. A final allocation of \$500,000 (2014) requires funding and staff recommends utilizing surplus in 2012 to complete the financing of this obligation.

P.U.C. Interest Payment

The City receives \$2,545,000 of interest and dividend payments annually from the PUC.

Doctor Recruitment

The Doctor Recruitment Program for 2013 was approved by Council on March 4, 2013 at a cost of \$464,850.

Since 2011, no Casino proceeds have been allocated to Doctor Recruitment. Due to increases in other commitments on casino proceeds, staff will continue to recommend the interest on the Hospital Reserve Fund be used to fund Doctor Recruitment.

The value of the unallocated interest at December 31, 2012 was \$1,126,904. The Hospital Reserve Fund will generate funding for 2013 and 2014 and then other funding options will be required.

The allocation of Hospital Reserve Fund interest to the Doctor Recruitment Program will not impact the hospital donation and will allow the program to be funded without a direct impact on the tax levy.

Staff recommends the interest from the Hospital Reserve Fund be dedicated to the Doctor Recruitment Program.

2012 Surplus

The surplus for 2012 is \$3,158,355 subject to the completion of our external audit. A comparison of budget and actual results for 2012 is included in Appendix P.

Staff recommends the establishment of a Tax Stabilization Reserve to be used to offset extraordinary and unforeseen expenditure requirements, one-time expenditures, revenue shortfalls and to minimize fluctuations on the general tax levy. This reserve could also be used for such costs as asset management and assessment appeals.

6

Recommendations

Listed below is a summary of staff budget recommendations.

1. Staff recommends the following allocation of the 2012 surplus of \$3,158,355;

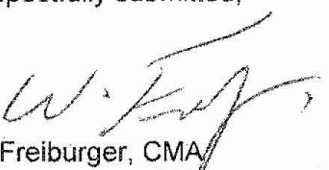
i)	Education Donation Reserve To complete the remaining funding of a donation to Algoma University and Sault College (2014).	\$ 500,000
ii)	Surplus from 2012 Continue using \$1,000,000 surplus as revenue in 2013 budget. The 2012 budget also used \$1 million of surplus as revenue.	\$ 1,000,000
iii)	Transit Equipment Allocate funds towards future acquisitions	\$ 450,000
iv)	Tax Stabilization Reserve	<u>\$ 1,208,355</u>
	Total	\$ 3,158,355

2. The 2012 Doctor Recruitment budget is recommended to be funded from the Hospital Reserve Fund.

The allocation of Hospital Reserve Fund interest to the Doctor Recruitment Program will not impact the hospital donation and will allow the program to be funded without a direct impact on the tax levy.

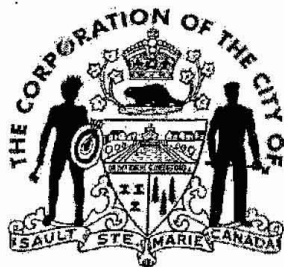
3. Staff recommends the tax capping percentage of 5% for multi-residential, commercial and industrial tax classes.

Respectfully submitted,


W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl

attachments



CITY COUNCIL RESOLUTION

Appendix A

Agenda Item

Date: November 19, 2012

MOVED BY
SECONDED BY

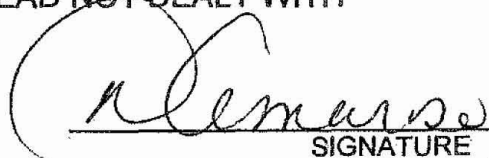
Councillor
Councillor

M. Bruni

S. Myers

Resolved that the report of the Manager of Budgets and Revenue dated 2012 11 19 concerning 2013 grant allocation under the Ontario Municipal Partnership Fund (OMPF) from the Province of Ontario be received as information.

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


SIGNATURE

☐ C.A.O.	☐ Comm. Community Services	☐ Mayor
☒ City Solicitor	☐ Comm. P.W. & Transportation	☐ Dir. Libraries
☒ Comm. Finance/Treasurer	☐ City Clerk	☐ E.D.C.
☒ Comm. Eng. & Planning	☐ Fire Chief	☐ Cons. Authority
☐ Comm. Human Resources	☐ Police Chief	☐

2013
6+S-omPF

Scott McLellan
Manager of Budgets &
Revenue



Finance Department

2012 11 19

Mayor Debbie Amaroso and
Members of City Council

RE: 2013 ONTARIO MUNICIPAL PARTNERSHIP FUND (OMPF) GRANT

PURPOSE

This report will provide information on the 2013 grant allocation under the Ontario Municipal Partnership Fund (OMPF) from the Province of Ontario.

BACKGROUND

The City received the 2013 OMPF allocation late last week. On a Province wide basis, the total funding for this program will be reduced from \$598 million in 2012 to \$575 million in 2013. The program will experience additional reductions until 2016 when the annual Province wide allocation will be \$500 million.

The original intent of the OMPF was to assist municipalities with social program costs, provide equalization measures, address challenges faced by northern and rural communities as well as policing costs in rural communities.

ANALYSIS

The Province has signaled that 2013 is a transition year for the OMPF. For 2013, the Ministry of Finance is merging the five individual grant components (social program, equalization, northern and rural communities, police service, transition assistance) of the OMPF into a single municipal allocation.

The Ministry of Finance's intent for 2013 is to try to moderate any significant funding shifts as a result of the reduced funding envelope. The Ministry is also introducing a new funding concept to measure the relative fiscal circumstances of municipalities. A Municipal Fiscal Circumstances Index (MFCI) will measure such factors as weighted assessment per household, median household income, and employment rates among others, on a relative basis for municipalities that have been receiving OMPF. The degree of funding cuts to municipalities will be determined in part by the use of this measure.

—More—

The Corporation of the City of Sault Ste. Marie
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Telephone: (705) 705-759-5357 ~ Fax: (705) 759-8447
www.cityssm.on.ca ~ s.mclellan@cityssm.on.ca

For 2013 the City will receive \$18,229,000 as our 2013 allocation. This represents a reduction of \$ 202,700 or 1.10 % from the 2012 grant of \$18,431,700.

The attached 2013 OMPF allocation indicates a combined benefit of \$550,800. This number is a Provincial calculation based on anticipated uploading for Social Service costs. Their position is that these items should assist the DSSAB in reducing their levy.

IMPACT

The impact of the recent Provincial announcement will be a \$202,700 decrease in the OMPF grant. Included in the summary is an additional \$123,500 in revenue for Court Security and Prisoner Transport costs. These two items are part of many changes that will impact the 2013 Budget.

STRATEGIC PLAN

No strategic plan impacts.

RECOMMENDATION

That the report of the Manager of Budgets & Revenue concerning 2013 grant allocation under the Ontario Municipal Partnership Fund (OMPF) from the Province of Ontario be received as information.

Respectfully submitted,



Scott McLellan,
Manager of Budgets & Revenue

SM/kl
attachments

RECOMMENDED FOR APPROVAL



Joseph M. Pratesi
Chief Administrative Officer

Ontario Municipal Partnership Fund (OMPF)
2013 Transition-Year Stable Funding Allocation Notice



City of Sault Ste Marie

80101

2013 Highlights for the City of Sault Ste Marie

- The City of Sault Ste Marie's 2013 combined benefit totals \$31,277,200 and includes:
 - \$18,229,000 in OMPF Transition-Year Stable Funding, and
 - \$13,048,200 benefit from the provincial uploads.
- This exceeds your municipality's 2012 combined benefit by \$550,800 and payments received under the previous program in 2004 by \$9,829,200.

A. 2013 Transition-Year Stable Funding Allocation (Line A1 x Line A2)		\$18,229,000
1. 2013 OMPF Transition-Year Stable Funding Level (Line E)		98.9%
2. 2012 OMPF (Line C from 2012 Allocation Notice)		\$18,431,700

B. 2013 Combined Benefit of OMPF Transition-Year Stable Funding and Provincial Uploads (Line B1 + Line B2)		\$31,277,200
1. OMPF Transition-Year Stable Funding (Equal to Line A)		\$18,229,000
2. Provincial Uploads (Sum of Lines 2a through 2f)		\$13,048,200
a. Ontario Drug Benefits (Uploaded in 2008)	\$1,638,800	
b. Ontario Disability Support Program - Administration Component (Uploaded in 2009)	\$1,070,900	
c. Ontario Disability Support Program - Benefits Component (Phased Upload Completed in 2011)	\$7,810,400	
d. Ontario Works - Benefits Component (Phased Upload Continues in 2013)	\$917,500	
e. Ontario Works - Administration Component (Additional Support Beginning in 2011)	\$1,363,700	
f. Court Security and Prisoner Transportation (Phased Upload Continues in 2013)	\$246,900	

C. Other 2013 Ongoing Provincial Support / Uploads		\$1,970,300
1. Public Health		\$52,600
2. Land Ambulance		\$706,600
3. Provincial Gas Tax Revenue		\$1,211,100

D. Key OMPF Data Inputs		
1. Municipal Own-Source Revenue		\$146,768,019
2. 2012 OMPF Compared to Municipal Own-Source Revenue (Line A2 / Line D1)		12.6%
3. Rural Designation Based on Rural and Small Community Measure		Non-Rural
4. Northern and Rural Municipal Fiscal Circumstances Index		6.8

E. 2013 OMPF Transition-Year Stable Funding Level (Line E1 + Line E2)		98.9%
1. 2013 Minimum Funding Level		95.0%
2. Enhancement Based on Northern and Rural Municipal Fiscal Circumstances Index		3.9%

Issued: November 2012

Ontario Municipal Partnership Fund (OMPF)
2013 Transition-Year Stable Funding Allocation Notice



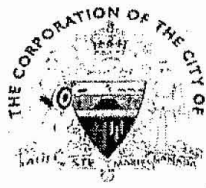
City of Sault Ste Marie

80101

2013 Transition-Year Stable Funding Allocation Notice - Line Item Descriptions

A	The 2013 Transition-Year Stable Funding Allocation ensures that in 2013 municipalities will receive a guaranteed level of support based on their 2012 OMPF allocation.
A1	The 2013 Transition-Year Stable Funding Level applicable to the municipality. In 2013, municipalities in the north will receive at least 95 per cent of their 2012 OMPF allocation.
A2	2012 OMPF Allocation.
B1	Equal to line A.
B2a to B2d	Estimated 2013 benefit of the Province's upload of social assistance benefit program costs. For further details see the 2013 Upload Benefit Report.
B2e	Reflects additional incremental funding provided to municipalities to support Ontario Works administration costs. Calculated as the difference between 2007 final Ontario Works administration cost and the estimated 2013 allocation. For further details see the 2013 Upload Benefit Report.
B2f	Estimated funding provided to the municipality by the Ministry of Community Safety and Correctional Services with respect to the Province's phased upload of court security and prisoner transportation costs in 2013.
C1	The estimated municipal benefit of the Province's 75 per cent share of public health funding relative to its 50 per cent share in 2004. Actual municipal savings may not correspond with the Allocation Notice due to budget approvals made by the local Boards of Health. Municipalities may provide additional funding beyond their obligated cost share. Any additional municipal funding is not included in the calculation of the public health figure.
C2	The estimated municipal benefit of the Province's 50 per cent share of land ambulance funding is relative to its share in 2005. This incremental increase in land ambulance funding delivers on the Province's commitment to strengthen land ambulance services and maintain the 50:50 sharing of land ambulance costs.
C3	Estimated provincial gas tax revenue based on the municipality's funding through the 2011-12 provincial gas tax program.
D1	Municipal Own-Source Revenue is composed of own-purpose taxation, payments in lieu of taxation, user fees and service charges, licenses, permits and rents, as reported by municipalities through the Financial Information Returns (FIRs).
D2	Compares a municipality's 2012 OMPF allocation to its municipal own-source revenue.
D3	For the 2013 transition year, a municipality with a Rural and Small Community Measure (RSCM) greater than 25 per cent will be considered a rural municipality.
D4	The northern and rural Municipal Fiscal Circumstances Index (MFCI) measures a municipality's fiscal circumstances relative to other municipalities in the province, and ranges from 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances.
E1	The 2013 minimum level of support. Municipalities in the north will receive at least 95 per cent of their 2012 OMPF allocation.
E2	Enhancement based on the municipality's northern and rural Municipal Fiscal Circumstances Index.

Note: Provincial funding and other ongoing provincial support initiatives rounded to multiples of \$100.



CITY OF SAULT STE. MARIE

Finance Department

Summary of 2013 OMPF Grants

	<u>2012 Grant</u>	<u>2013 Grant</u>	<u>\$ Change</u>	<u>% Change</u>
Sault Ste. Marie	18,431,700	18,229,000	(202,700)	(1.10)
North Bay	8,609,200	8,488,700	(120,500)	(1.40)
Sudbury	35,439,600	34,341,000	(1,098,600)	(3.10)
Thunder Bay	26,241,800	25,900,700	(341,100)	(1.30)
Timmins	11,035,800	10,870,300	(165,500)	(1.50)

The Corporation of the City of Sault Ste. Marie

Summary of Debt By Function

March 11, 2013

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Roadways	0	0	0	0	0	0	0	0	0
Recreation - John Rhodes Centre	3,276,685	3,051,257	2,807,636	2,544,351	2,259,818	1,952,320	1,620,005	1,260,869	873,748
Industrial Land Development - NOHFC	1,123,145	1,123,145	1,123,145	1,123,145	1,123,145	1,123,145	1,123,145	1,123,145	1,123,145
Davey Home	4,190,000	3,225,000	2,210,000	1,135,000	0	0	0	0	0
Essar Centre	9,346,428	8,655,593	7,928,693	7,163,847	6,359,072	5,512,285	4,621,292	3,683,785	2,697,337
West End Community Centre - NOHFC		663,447	500,000	500,000	444,321	386,818	327,430	266,097	202,754
Total City Debt Issued to Date	17,936,258	16,718,442	14,569,474	12,466,343	10,186,356	8,974,568	7,691,872	6,333,896	4,896,984
West End Community Centre - \$4.3 million for 7 years				4,300,000	3,739,205	3,161,460	2,566,252	1,953,054	1,321,323
Total Debt	17,936,258	16,718,442	14,569,474	16,766,343	13,925,561	12,136,028	10,258,124	8,286,950	6,218,307
Per Capital based on a population of	75141	239	222	194	223	185	162	137	83

Notes - PUC debt and interest costs are fully recoverable from PUC water revenues.

PUC Water Operations has a line of credit of \$6,200,000.

PUC provided a 10 year water plan to the City on March 5, 2012 that indicated they will access up to \$3 million of the line of credit and will not require long term debt.

Other Possible Debt Issues

The City has not funded the \$2 million purchase of the Gateway property. A debenture issue is an option.

The City is currently undertaking a Environmental Assessment relating to the future disposal of waste at the landfill site due to the site limitations.

The City is undertaking an Asset Management Plan which includes a facilities condition assessment that has not been factored into the above estimates.

The City is currently undertaking a study for possible upgrades to the West End Sewage Treatment Plant, costs are not known at this time.

The City will consider in 2013 the construction of a Historic Sites Heritage Discovery Centre.

The total debt of \$14,569,474 in 2012 is composed as follows:

70% debentures, 11% Provincial loans and, 18% leases.

RatingsDirect®

Research Update:

City of Sault Ste. Marie Rating Raised To 'A+' On Strong Liquidity And Modest Capital Needs; Outlook Stable

Primary Credit Analyst:

Adam J Gillespie, Toronto (1) 416-507-2565; adam_gillespie@standardandpoors.com

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Research Update:

City of Sault Ste. Marie Rating Raised To 'A+' On Strong Liquidity And Modest Capital Needs; Outlook Stable

Overview

- We are raising our long-term issuer credit rating on the City of Sault Ste. Marie to 'A+' from 'A'.
- We are also assigning our 'A+' senior unsecured debt rating to the city.
- The upgrade reflects our view of Sault Ste. Marie's strong liquidity position and modest capital needs, which we believe will keep its debt burden very low relative to that of similarly rated international and domestic peers.
- The stable outlook reflects Standard & Poor's expectations that within the two-year outlook horizon, Sault Ste. Marie's tax-supported debt will not materially surpass 15% of its operating revenue, its liquidity position will remain strong, and budgetary performance will not erode such that operating balances fall below 5% of operating revenues or after-capital deficits exceed 10% of total revenues.

Rating Action

On Nov. 5, 2012, Standard & Poor's Ratings Services raised its long-term issuer credit rating on the City of Sault Ste. Marie, in the Province of Ontario (AA-/Negative/A-1+), to 'A+' from 'A'. The outlook is stable. At the same time, Standard & Poor's assigned its 'A+' senior unsecured debt rating to the city.

The upgrade reflects our view of Sault Ste. Marie's strong liquidity position and modest capital needs, which we believe will keep its debt burden very low relative to that of similarly rated international and domestic peers.

Rationale

The rating on Sault Ste. Marie reflects Standard & Poor's view of the city's very low debt burden, which is lower than many of its similarly rated international and domestic peers, and its strong liquidity position. We believe that the weakening of budgetary performance in the past three years and Sault Ste. Marie's slow population growth and low levels of household income, which constrain its economic prospects, mitigate these strengths somewhat.

In our view, the city's credit profile continues to be supported by its very

low debt burden. Total tax-supported debt at the end of 2011 was C\$19.7 million, equal to 11.0% of operating revenue (all figures Standard & Poor's-adjusted). This is down from 17.7% in 2005 and we do not believe that it will materially exceed 15% during the next two years as Sault Ste. Marie's capital plan requires only modest debt-financing.

The city has maintained what we view as a strong liquidity position, similar to most Canadian municipalities, and has been a net creditor since 2006. Free cash and liquid assets of about C\$43 million at year-end 2011 were sufficient to cover more than 11x the estimated debt service for 2012. We believe that Sault Ste. Marie will maintain its solid liquidity and net creditor positions during our two-year outlook horizon.

The city's budgetary performance has weakened in the past three years as declining provincial grants have pressured operating budgets and resulted in operating surpluses declining to about 10% of operating revenues in 2009-2011 from more than 15% in previous years. This has also pushed after-capital balances into slight deficits in two of the past three years. We expect that this trend will continue during the next several years but that operating balances will remain above 5% of operating revenues and after-capital deficits could reach 5% of total revenues.

In our opinion, Sault Ste. Marie's slow population growth and low household income levels constrain its economic growth prospects. The city's economy has been slowly diversifying away from mature steel and resource sectors but its unemployment rate remains above the provincial rate and was 8.9% in 2011, down from 10% in 2010.

Outlook

The stable outlook reflects Standard & Poor's expectations that within the two-year outlook horizon, Sault Ste. Marie's tax-supported debt will not materially surpass 15% of its operating revenue, its liquidity position will remain strong, and budgetary performance will not erode such that operating balances fall below 5% of operating revenues or after-capital deficits exceed 10% of total revenues. We could revise the outlook to positive or raise the rating if there were a material improvement in budgetary performance, in particular a return to steady after-capital surpluses, and the economy showed measurable signs of robust growth. We could revise the outlook to negative or lower the rating if Sault Ste. Marie were to issue considerably more debt than expected, liquidity were to erode meaningfully, or there was a significant decline in budgetary performance.

Related Criteria And Research

- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology For Rating International Local And Regional Governments,

Sept. 20, 2010

Ratings List

Sault Ste. Marie (City of)

New Rating

Senior unsecured debt A+

Rating Raised

	To	From
Issuer credit rating	A+/Stable/--	A/Positive/--

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

THE CORPORATION OF THE CITY OF SAULT STE MARIE
RESERVES, RESERVE FUNDS AND TRUST FUND BALANCES
AS OF DECEMBER 31, 2012

	2011	2012	Commitments	Available Reserve Balance	2013 Recommended	
RESERVES:						
WORKING FUND	(1,081,007)	(1,081,007)		(1,081,007)		
COUNCIL COMMUNICATION	(31,717)	(31,717)		(31,717)		
CLERKS HANDBOOKS	(5,208)			-		
EXPERIENCE REFUND	(50,209)	(50,209)		(50,209)		
OMERS PREM REDUCTION	(146,323)	(146,323)		(146,323)		
CONTINGENCY	(1,754,638)	(1,754,638)		(1,754,638)		
ELECTRONIC OFFICE EQUIP	(13,337)	(13,337)		(13,337)		
COMPUTER SOFTWARE	(30,000)	(35,000)	35,000	-		
ELECTION EXPENSE	(60,000)	(120,000)	120,000	-		
H R TRAINING	(1,143)	(1,143)		(1,143)		
ASBESTOS ABATEMENT	(35,275)	(64,033)		(64,033)	25,000	Council Chambers asbestos removal
FACILITIES MAINTENANCE	(398,355)	(582,619)	121,000	(461,619)	334,500	Memorial Tower inspection/Manzo Pool roof replacement/Bellevue Marina upgrades/Jessie Irving roof replacement/Civic Centre carpet replacement
ARENAS IMPROVEMENT	(5,428)	(5,428)		(5,428)	5,425	John Rhodes banquet tables & chairs
ARENA EQUIPMENT	(2,100)	(2,100)		(2,100)	2,100	John Rhodes banquet tables & chairs
JOHN RHODES CENTRE	(8,840)	(8,840)	8,840	-		
ESSAR CEN CAPITAL	(53,249)	(76,162)		(76,162)	38,000	Electrical surge protection/black out fabric
MARINA RESERVE	(252)	(252)		(252)		
BONDAR PARK EQUIPMENT	(56,072)	(56,072)		(56,072)		
BONDAR PARK IMPROVEMENT	(17,614)	(14,694)		(14,694)		
PARKS & RECREATION	(233,718)	(262,793)	107,120	(155,673)		
COMMUNITIES IN BLOOM	(21,988)	(4,378)		(4,378)		
SKATEBOARD PARK	(12,828)	(12,828)		(12,828)		
HISTORIC SITES	(3,259)	(51)		(51)		
HERITAGE PROPERTY GRNT	(28,850)	(37,550)		(37,550)		
HERITAGE DISCOVERY CENTRE	(89,487)	(88,487)	88,487	-		
WALK OF FAME	(1,709)	(1,712)		(1,712)		
WAR OF 1812	(10,200)			-		
ENGINEERING EQUIPMENT	(308,030)	(356,456)		(356,456)		
CIVIC CENTRE EQUIPMENT	(45,884)	(45,884)		(45,884)	40,000	Council Chambers PA system
CONNECTING LINKS	(244,803)	(242,999)		(242,999)		
SEWER/BRIDGE INSPECT	(81,248)	(81,248)		(81,248)		
DRYDEN BRIDGE	(10,316)	(10,316)		(10,316)		
PWT EQUIPMENT	(1,870,487)	(1,768,394)	725,000	(1,043,394)		
WASTE DISPOSAL SITE	(9,564,427)	(10,976,964)	531,382	(10,445,581)	40,000	Landfill surface treatment of roadways
HAZARDOUS WASTE DEPOT	(222,192)			-		
WINTER CONTROL	(900,000)	(900,000)		(900,000)		
TRANSIT GARAGE	(41,512)	(41,512)		(41,512)	30,000	Transit service truck
TRANSIT EQUIPMENT	(48,538)	(178,538)		(178,538)	155,968	Parital funding of parabuss and 40' buss
PARKING WORKING FUND	(3,614)	(3,614)		(3,614)		
FIRE CAPITAL EQUIP	(761,688)	(998,386)		(998,386)	41,700	Platoon Chief vehicle
FIRE SPECIAL TRAINING	(14,450)	(17,084)		(17,084)		
POLICE CAPITAL	(362,735)	(450,259)		(450,259)		
POLICE TRAFFIC SCHOOL	(46,556)	(22,047)		(22,047)		
BARRIER REMOVAL	(93,176)	(83,679)	45,996	(17,683)		

	2011	2012	Commitments	Available Reserve Balance	2013 Recommended
DAYCARE GRANTS	(45,139)	(12,587)		(12,587)	
LIBRARY EXPANSION	(222,955)	(302,955)		(302,955)	
EDUCATION DONATION		(500,000)		(500,000)	
ECONOMIC DEVELOPMENT FUNDS	(1,060,716)	(1,379,567)	1,064,763	(314,804)	
SERVICED INDUSTRIAL LAND	(492,908)	(492,908)		(492,908)	
LEIGHS BAY RAIL	(64,900)	(64,900)		(64,900)	
HUB TRAIL	(84,307)	(74,041)	59,778	(14,263)	
MISC CONSTRUCT CARRYOVER	(131,411)	(131,411)		(131,411)	
SEAWALL STUDY	(15,000)	(15,000)		(15,000)	
EA NORTH/SACKVILL/GNR	(25,000)	(25,000)		(25,000)	
GREEN COMMITTEE	(135,532)	(117,302)		(117,302)	50,000 Rhodes rink & condensor control upgrades
COUNCIL TRAVEL	(21,365)	(10,832)		(10,832)	
COMMUNITY DEVELOP FUND	(20,000)	(20,000)	20,000	-	
CIP ELECTRICAL	(72,378)	(59,383)	51,063	(8,320)	
CONFERENCES/SPEC EVENT	(12,500)	(22,500)		(22,500)	
CELEBRATE 100	(47,310)	(17,160)		(17,160)	
	<u>(21,221,682)</u>	<u>(23,854,297)</u>	<u>2,978,430</u>	<u>(20,875,867)</u>	<u>732,893</u>

RESERVE FUNDS:

*denotes obligatory reserve funds

* 5% SUBDIVIDERS	(316,918)	(429,617)		(429,617)	
CEMETERY	(1,257,397)	(939,532)		(939,532)	
INDUSTRIAL PARK	(44,259)	(44,748)		(44,748)	
HOSPITAL	(1,530,603)	(1,126,905)		(1,126,905)	
* DEVELOPMENT CHARGES	(350,905)	(357,702)		(357,702)	
PROPERTY PURCHASE	(936,815)	(1,268,378)		(1,268,378)	
POLICE OMERS	(10,037)	(10,147)		(10,147)	
SEWAGE PLANTS	(470,183)	(483,821)		(483,821)	
CONNECTING LINK	(92,555)	(93,577)		(93,577)	
* PROVINCIAL GAS TAX	(22,763)	(61,183)		(61,183)	
* FEDERAL GAS TAX		(1,436,590)		(1,436,590)	
WEB PORTAL	(71,470)	(75,094)		(75,094)	
* BLDG PERMIT	(1,687,020)	(1,211,730)		(1,211,730)	
	<u>(6,790,925)</u>	<u>(7,539,026)</u>	<u>-</u>	<u>(7,539,026)</u>	<u>-</u>

TRUST FUNDS:

CARE & MAINTENANCE	(4,665,442)	(4,828,055)		(4,828,055)	
PRENEED ASSURANCE	(2,119,418)	(2,142,592)		(2,142,592)	
TRANSIT PENSION	(71,894)	(72,575)		(72,575)	
POA TRUST	(2)	(2)		(2)	
HISTORIC SITES	(95,919)	(111,445)		(111,445)	
HERITAGE SSM	(58,414)	(58,270)		(58,270)	
OHRP HOMEOWNER PROGRAM	(25,400)	(20,934)		(20,934)	
CULTURAL ENDOWMENT	(10,000)	(10,000)		(10,000)	
	<u>(7,046,489)</u>	<u>(7,243,873)</u>	<u>-</u>	<u>(7,243,873)</u>	<u>-</u>

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CORPORATION OF THE CITY OF SAULT STE. MARIE
Development Charges

Appendix E

December 31, 2012

	<u>Sewer Charge</u>	<u>Parkland Charge</u>	<u>Lot Severance Charge</u>	<u>Total</u>
Balance January 1, 2011	332,503.54	0.00	5,121.08	337,624.62
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	19,709.06	0.00	368.71	20,077.77
Balance December 31, 2012	352,212.60	0.00	5,489.79	357,702.39

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THE CORPORATION OF THE CITY OF SAULT STE MARIE
CAPITAL SEWER SURCHARGE BUDGET 2013

Appendix F

		2013 Budget
Sewage Surcharge Revenue		14,922,000
Operating Expenditures		
Operating costs of Sewage Treatment Plants	4,465,000.00	
PWT sewage operations	1,435,930.00	
GIS funding for sewage system data	187,610.00	6,088,540
Balance of Revenue for Capital Expenditures		8,833,460
2013 Capital Expenditures		
- Clark Creek SPS valves	1,800,000	
- Capital maintenance/repairs waste treatment plants	1,000,000	
- East End Plant - Fermenter Recycle project	120,000	
- Capital roads construction	945,000	
- Small pump station upgrade	600,000	
- Infiltration elimination/flow monitoring	100,000	
- Woodward siphon at Queen/Fort Creek	555,000	
- Emergency repairs-PWT	250,000	
-Sewer flusher truck for PWT	400,000	
-Heritage Discovery Centre	150,000	
-Forcemain inspection study	100,000	
- Capital Reserve for West End Plant/Biosolids Mgmt	2,813,460	8,833,460
Total Unallocated Sewer Surcharge Revenue		-

Summary of 2012 Sewer Surcharge Yearend Balance

Outstanding Commitments

2009 Budget projects

- Sewer Diversion Project/SCADA	150,000	
- West End Capital Upgrade Study	86,742	236,742

2010/11 Budget

- Clark Creek SPS valves	1,100,000	
- Biosolids management	500,000	1,600,000
		1,836,742

Capital Reserve for West End Plant Upgrade
and Biosolids Management Plan

2011	1,848,275	
2012	3,956,180	5,804,455

OSTAR additional funds received in 2011 for the
East End Sewage Treatment Plant from Canada - 4,821,858
to be allocated to the West End Sewage Treatment Plant Upgrade

Uncommitted funds 2,446,311

Sewage Surcharge Balance December 31, 2012 14,909,366

Jerry D. Dolcetti, RPP
Commissioner

Don Elliott, P. Eng.
Director of Engineering Services



Appendix G

ENGINEERING & PLANNING
DEPARTMENT

Engineering & Construction Division

2012 06 25

Our File: B-97-09

Mayor Debbie Amaroso
Members of Council

**RE: 2013 CAPITAL ROAD RECONSTRUCTION PLAN
AND UPDATE ON 2011/2012 PLAN**

PURPOSE

The purpose of this report is to obtain Council approval for the 2013 capital works reconstruction program. This will permit pre-engineering and local improvement process to be well underway in the fall.

BACKGROUND

Road improvements for the City of Sault Ste. Marie are carried out under a number of programs. These programs include capital road construction, infrastructure improvement programs, connecting links, and miscellaneous construction. The capital road construction plan emphasizes the reconstruction of arterial and collector streets, which are critical to the City's movement of traffic while at the same time attempting to address the needs of local/residential streets.

Funding for capital reconstruction comes from our \$6,300,000 annual budget; \$1,800,000 from the urban only levy for storm sewers, and \$4,000,000 from the general levy for capital roadwork. In addition, \$500,000 is allocated for the City's portion of the annual MTO connecting link project, leaving a budget of \$5,800,000 for capital reconstruction. Further, the sanitary sewer costs are funded from the sewer surcharge. This budget has not been increased for many years. Fortunately the gas tax rebate has increased the capital budget for the last several years. This plan assumes that the AMO approved gas tax amount of \$4,598,000 will be allocated in full to the capital program for 2013 bringing the total budget to \$10,898,000, excluding sanitary sewer costs.

ANALYSIS

In the preparation of this Capital Plan, the priority is to complete the roads listed in the 5 year capital plan approved by Council at the 2011 06 27 meeting. That plan mixes arterial/collector and local streets. It should be understood, however, that arterial/collectors are usually emphasized due to the fact that they have the greatest need and their reconstruction benefits the most people. All roads are evaluated and scored based on many factors, including but not limited to road surface condition, road structure, drainage, condition of sanitary and storm sewers, level of required maintenance and traffic volume.

Update on 2012 Capital Program

The progress on the 2012 capital program and carryover work from the 2011 program is progressing well, and tracking on budget. The following project specific information is provided for Council's information.

Pine Street/Second Line

At the 2012 05 14 meeting, Council approved the second phase of the Pine Street project, which is the intersection and approach grade improvements on Second Line. Some of the work is shareable with MTO under the connecting link program. Council was advised that under runs on other tenders would compensate for the 2012 connecting link grant if it was not provided by MTO. The City was advised on May 22 by MTO that there would be no connecting link grant for 2012 due to budget constraints. Staff recommends we proceed with the project based on its need, and MTO will be asked to fund its share out of future allocations.

The project should also include the widening of Second Line to 5 lanes westerly to Old Garden River Road. MTO was asked for approval to apply the approximate \$700,000 2011 connecting link surplus to this project, to cover most of the cost of the widening. The City has now been advised that a grant of \$700,000 has been approved for the widening to be completed this year.

Fort Creek Aqueduct

A \$2M allowance was approved in the 2012 program for the first phase of the replacement of the Fort Creek Aqueduct. The design of this project has not progressed to the point where a project of this size can be completed this year. The hydrological design is still underway, including some flow monitoring for design purposes. Further, the design criteria has not been established pending finalization of the Stormwater Management Investigative Study. We have also learned from the Conservation Authority that the project is not eligible for the 50% Water Erosion Control Infrastructure program through the MNR, as the Fort Creek Aqueduct is not owned by the Authority. For these reasons, staff recommends a smaller aqueduct replacement project for the small Central Creek aqueduct on Central Street. The intention would be to complete a project in the \$1M range, and carry the balance of the 2012 allocation over to 2013 for the Fort Creek Aqueduct.

Other current projects include Queen Street - Pim to Simpson; John Street - Bloor to Elm; White Oak Drive - North to Carmen; Euclid - Pim to Wemyss and the Transportation Master Plan update. Resurfacing projects include People's Road - Everett to Third Line, Bruce

Street – Salisbury to Wellington, Airport Road – Base Line to airport entrance; and Allen's Side Road – Third Line northerly. Almost all tender prices have come in under the project budget. In summary, the 2012 program is on budget, and projects are currently on schedule for completion in the fall, with the exception of the first phase of the Fort Creek aqueduct replacement as noted above. The piping of the ravine at the west limit of McNabb Street near Rosedale was added to the capital plan, and that project is substantially complete.

Recommended 2013 Program

The attached recommended 2013 program is identical to that approved in the 2011-2015 five year capital plan with one exception. It is recommended that the reconstruction of Upton Road (2013) be substituted with Kohler Street (2015). With the exception of McGregor Avenue, all of the streets in the block bounded by Queen, Church, Wellington and Pine are now deficient. The reconstruction of Queen Street between Church and Pine establishes the drainage points and new piping for all of these streets. In 2013, Queen will be complete at Kohler, but not at Upton, therefore it is recommended that they be exchanged in the schedule.

At the 2012 04 02 meeting, the Engineering Department was asked by resolution to review the status of Kohler with a view to reconstructing it earlier. The recommendation to move Kohler from 2015 to 2013 addresses that resolution.

The following are comments on specific projects recommended for 2013.

1) Queen Street – Simpson to Pine

This project is the second phase of the Queen Street reconstruction as scheduled in the approved five year plan. It will consist of full reconstruction to a class A urban cross section. It will include the Hub Trail along the south boulevard. It is anticipated that the three versus four lane environmental assessment will be complete well in advance of project completion.

2) Maretta Street – Wallace Terrace to Henrietta

This project was scheduled in the 5 year plan for 2013. Maretta requires full reconstruction to a class A urban standard cross section.

3) Kohler Street – Queen to Wellington

Kohler requires full reconstruction to a class A urban standard cross section. PWT has replaced a deficient sanitary sewer on a portion of Woodward Avenue. It is recommended that the remaining 200m portion be replaced under the 2013 Kohler reconstruction contract. Funds for this will be budgeted in the 2013 sanitary sewer surcharge budget.

4) Connecting Link Allowance

It is an annual routine to allocate the City's 25% share of the annual MTO connecting link project. That project is tentatively scheduled to be the resurfacing of Great Northern Road between Second and Third Lines, pending MTO approval.

5) Bridges and Aqueducts

Council is aware that considerable capital spending has had to be directed to bridges and aqueducts over the past several years. While some of the funding was provided by grants from senior levels of government, it has become necessary to divert capital road reconstruction dollars to bridges and aqueducts.

Biennial inspections of aqueducts are carried out in odd numbered years, and bridge inspections in even numbered years. In order to better forecast major capital expenditures to this infrastructure, the Engineering Division is developing 5 to 10 year capital forecasts for bridges and aqueducts. As noted above, the intention is to reconstruct a portion of the Fort Creek Aqueduct in 2013.

6) Resurfacing Various Roads

A portion of the 2013 capital budget is allocated to road resurfacing, and the miscellaneous budget for resurfacing is rapidly becoming insufficient to meet the demand.

IMPACT

The 2013 capital program has been recommended in accordance with the anticipated budget levels, and predesign estimates are based on current prices with an allowance for inflation. Each project will be back to Council individually for approval prior to construction. There is no additional budgetary impact anticipated.

STRATEGIC PLAN

The reconstruction of city roads is related to Objective 1B, Transportation Network Improvements under the Developing Solid Infrastructure strategic direction.

RECOMMENDATION

It is recommended that:

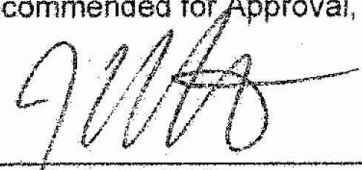
- Council approve the attached 2013 capital works program
- Engineering Department proceed with any remaining local improvement rolls and notices for 2013 works.
- The Engineering Division report back to Council with a recommendation for retaining consulting engineers for the projects that will not be completed in house in order to ensure a timely construction start.

Respectfully Submitted,

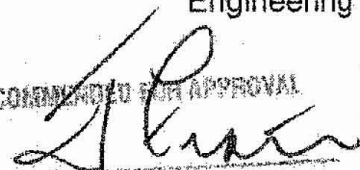

Don J. Elliott, P. Eng.
Director of Engineering Services

Attach.

Recommended for Approval,


Jerry Dolcetti, RPP
Commissioner
Engineering & Planning Department

RECOMMENDED FOR APPROVAL


Joseph M. Fratesi

2011/15 FIVE YEAR CAPITAL WORKS PROGRAM				(Updated June 2012 for 2013 Plan)	
Year	Street	From	To	Cost	Comments
2011-12	John Street - Ph 1	Wellington Street	Bloor Street		Reconstruction
2011-12	John Street - Ph 2	Bloor Street	Elm Avenue		Reconstruction
2011-12	Pine Street - Ph 1	Northern Avenue	Second Line		New road construction
2011-12	Pine Street - Ph 2	Northern Avenue	Second Line		Intersection of Pine & Second Line
2011	Glenholm/Arthur	Wellington Street	Retta Street		Reconstruction
2011	Connecting Link	Recon two bridges	Root River @ GNR		City \$700k 25% share carried forward from 2010
2012	Connecting Link	Resurface 2nd Line	OGRR to Pine		Subject to EA and 2012 C-link grant
2012	Queen St E Phase I	Pim Street	Simpson Street		Reconstruction
2012	Euclid Road	Wemyss Street	Pim Street		Reconstruction
2012	Bridges & Aqueducts				Fort Creek aqueduct rehabilitation
2012	Transp'n Master Plan				Update Transportation Master Plan
2012	White Oak Drive	John Street	North Street		Reconstruction
2012	People's Road	Everett Street	Third Line		Resurface - includes Airport Rd - Base Ln to airport
2012	Various Roads				Road resurfacing allowance
			Subtotal	\$ 24,350,000	(\$24,396,000 budget** - two yrs, including sanitary*)
2013	Queen St E Phase II	Simpson Street	Pine		Reconstruction - bad watermain
2013	Maretta	Wallace Terrace	Henrietta Avenue		Reconstruction
2013	Kohler Street	Queen Street	Wellington Street		Reconstruction
2013	Connecting Link	Great Northern Road	2nd Line to 3rd Line		City 25% Share of resurfacing
2013	Bridges & Aqueducts				Fort Creek Aqueduct
2013	Various Roads				Road resurfacing allowance
			Subtotal	\$ 11,623,000	(\$11,698,000 budget* including sanitary)
2014	Queen St E Phase III	Pine Street	200 m east of Gravelle		Resurface, sidewalk and possible lane reconfiguration
2014	Forest Avenue	Putney Road	Upton Road		Reconstruction
2014	St. Andrew's Terrace	John Street	North Street		Reconstruction
2014	London	North Street	Tancred Street		Reconstruction
2014	March Street	Queen Street	Wellington Street		Reconstruction
2014	Connecting Link	Second Line	Pine to bottom of hill		City 25% Share- widening
2014	Bridges & Aqueducts				Road resurfacing allowance
2014	Various Roads				
			Subtotal	\$ 11,666,000	(\$11,698,000 budget* including sanitary)

Continued...				
2015	Bay Street	Andrew Street	Pim Street	Resurface, likely reduce to three lanes max
2015	Huron Street	Bridge Plaza	Cathcart	Reconstruction
2015	McMeeken Street	Churchill Boulevard	Elizabeth Street	Reconstruction
2015	Upton Road	Queen Street	Wellington Street	Reconstruction
2015	Connecting Link	Second Line	bottom of hill to Black	City 25% Share- widening
2015	Bridges & Aqueducts			
2015	Various Roads			Road resurfacing allowance
			Subtotal \$	11,645,000 (\$11,698,000 budget* including sanitary)
			Total \$	59,284,000 \$
				Total Budget 59,490,000

Notes:

* Annual budget includes \$4,598,000 gas tax, \$4.5M capital, \$1.8M urban-only and sanitary surcharge

** 2011/12 budget includes a \$2M surplus from the 2009/10 program

- Estimated costs are very preliminary and could differ considerably from detailed design cost estimates, consequently the timing of some projects may have to change once accurate estimates are available

- No allowance has been provided for the projects resulting from the Great Northern Road or Third Line/Black Road Environmental Assessments

Resurfacing

The following roads will be resurfaced using recycled asphalt techniques. Asphalt from urban roads is donated to rural roads.

Funding will come from the annual capital reconstruction program surplus, if any, and the miscellaneous reconstruction budget.

Class A Urban Roads Resurfacing short list

Street	From	To	Comments
Wellington Street	Lake Street	Hugill Street	Resurface
Pine Street	McNabb Street	Willoughby	Resurface
Queen Street	Pim Street	Andrew Street	Resurface
Northern Avenue	Reid Street	Pine Street	Resurface
John Street	Elm Street	Carmen's Way	Resurface
Pim Street	Summit Avenue	McNabb Street	Resurface
Wallace Terrace	Korah Road	Goulais Avenue	Resurface

Class B Rural Roads Resurfacing short list

Street	From	To	Comments
Allen's Side Road	Fourth Line West	Third Line West	Resurface
Fourth Line West	Allen's Side Road	Goulais Avenue	Resurface
Base Line Road	Carpin Beach Road	Airport Road	Resurface

2011 2012 ROAD CONSTRUCTION PROGRAM SUMMARY
DECEMBER 31, 2012

Project	Total Expenditures to Dec 31, 2012	Original Budget	Est to complete	Est Total Cost	Budget to Actual Variance
John St (Wellington to Elm)	\$ 5,162,688	\$ 5,750,000	\$ 500,000	\$ 5,662,688	(87,311.54)
Glenholme Dr & Arthur St	\$ 1,024,718	\$ 1,250,000	\$ 5,000	\$ 1,029,718	(220,282.49)
Queen St E Phase 1: Pim St to Simpson St	\$ 3,129,661	\$ 3,350,000	\$ 220,339	\$ 3,350,000	-
Euclid Rd: Wemyss St to Pim St	\$ 685,124	\$ 946,000	\$ 100,000	\$ 785,124	(160,876.31)
White Oak Drive-John to North	\$ 1,969,067	\$ 3,600,000	\$ 300,000	\$ 2,269,067	(1,330,933.27)
People's Road- Everett to Third Line	\$ 1,703,499	\$ 1,800,000		\$ 1,703,499	(96,500.83)
Misc Road Resurfacing	\$ 600,000	\$ 600,000		\$ 600,000	-
Connecting Link- Root River @GNR	\$ 1,727,481	\$ 2,803,500	\$ -	\$ 1,727,481	(1,076,018.55)
Connecting Link-OGRR to Pine /2nd line	\$ 5,129,591	\$ 4,804,000	\$ 960,000	\$ 6,089,591	1,285,591.02
				\$ -	
Bridges & Aqueducts	\$ 628,573	\$ 2,050,000	\$ 1,421,427	\$ 2,050,000	-
Transportation Master Plan	\$ 84,134	\$ 200,000	\$ 115,866	\$ 200,000	-
				\$ -	
Rosedale Ravine	\$ 743,187	\$ -	\$ 100,000	\$ 843,187	843,187.20
Totals	\$ 22,587,723	\$ 27,153,500	\$ 3,722,632	\$ 26,310,355	(843,144.77)

under

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**City of Sault Ste. Marie
2012 Year End Roll vs 2012 CVA**

PROPERTY CLASS		Total 2012 Year End Assessment Roll	Total 2012 CVA	Change in Value	% Change in Value
TAXABLE					
RESIDENTIAL		3,695,216,126	4,731,470,052	1,036,253,926	28.04%
MULTI-RESIDENTIAL		217,294,010	267,245,600	49,951,590	22.99%
COMMERCIAL		523,075,985	591,534,288	68,458,303	13.09%
SHOPPING CENTRES		131,463,250	138,541,680	7,078,430	5.38%
OFFICE BUILDINGS		9,762,190	11,512,210	1,750,020	17.93%
INDUSTRIAL		39,147,751	45,458,499	6,310,748	16.12%
LARGE INDUSTRIAL		135,903,253	104,767,621	(31,135,632)	-22.91%
OTHER		24,135,800	26,107,600	1,971,800	8.17%
TOTAL TAXABLE		4,775,998,365	5,916,637,550	1,140,639,185	23.88%

**CITY OF SAULT STE MARIE
ASSESSMENT CHANGE SUMMARY**

Columns Calculation	Column 1 1	Column 2 2	Column 3 3	Column 4 2 - 1	Column 5 3 - 2	Column 6 3 - 1	Column 7 4 / 1	Column 8 5 / 2
PROPERTY CLASS	Total 2012 Returned Roll	Total 2012 Year End Roll	Total 2013 Phased In Assessment	\$ Change 2012 Returned Roll vs 2012 YE Roll (Growth)	\$ Change 2012 YE Roll vs 2013 Phased In Assessment	\$ Change 2012 Returned Roll vs 2013 Phased In Assessment	% Change (Growth)	% Change 2012 YE 2013 PI
TAXABLE								
RESIDENTIAL	3,653,778,535	3,695,216,126	3,942,765,001	41,437,591	247,548,875	288,986,466	1.13%	6.70%
MULTI-RESIDENTIAL	215,168,470	217,294,010	229,594,723	2,125,540	12,300,713	14,426,253	0.99%	5.66%
COMMERCIAL	516,647,958	523,075,985	532,797,156	6,428,027	9,721,171	16,149,198	1.24%	1.86%
SHOPPING CENTRES	132,813,420	131,463,250	132,623,847	(1,350,170)	1,160,597	(189,573)	-1.02%	0.88%
OFFICE BUILDINGS	8,899,620	9,762,190	10,150,288	862,570	388,098	1,250,668	9.69%	3.98%
INDUSTRIAL	36,355,859	39,147,751	40,102,923	2,791,892	955,172	3,747,064	7.68%	2.44%
LARGE INDUSTRIAL	135,468,753	135,903,253	103,443,456	434,500	(32,459,797)	(32,025,297)	0.32%	-23.88%
OTHER	23,717,900	24,135,800	24,520,600	417,900	384,800	802,700	1.76%	1.59%
TOTAL TAXABLE	4,722,850,515	4,775,998,365	5,015,997,994	53,147,850	239,999,629	293,147,479	1.13%	5.03%

**2012 Additional Revenue from 2012 Assessment Growth
Sault Ste Marie City, 5761**

Class	2012 Total Taxation Based on Returned Roll		2012 Total Year End Taxation (1)		Difference Between Returned Roll and Year End			
	CVA	Municipal	CVA	Municipal	CVA		Municipal	
					\$	%	\$	%
Taxable								
Residential	3,653,778,535	59,947,530	3,695,216,126	60,620,658	41,437,591	1.13%	673,128	1.12%
Multi-residential	215,168,470	4,444,956	217,294,010	4,488,867	2,125,540	0.99%	43,911	0.99%
Com. Occupied	500,467,691	15,725,737	506,886,830	15,927,472	6,419,139	1.28%	201,735	1.28%
Com. Exc. Land	4,007,997	87,997	4,436,925	97,441	428,928	10.70%	9,444	10.73%
Shopping Occ.	132,813,420	4,434,720	131,463,250	4,389,637	-1,350,170	-1.02%	-45,083	-1.02%
Office Occupied	8,899,620	408,851	9,762,190	448,478	862,570	9.69%	39,627	9.69%
Parking/Vac. Land	12,172,270	282,934	11,752,230	273,153	-420,040	-3.45%	-9,780	-3.46%
Ind. Occupied	32,161,811	1,338,655	35,047,065	1,456,628	2,885,254	8.97%	117,972	8.81%
Ind. Exc. Land	624,948	16,963	662,086	17,975	37,138	5.94%	1,011	5.96%
Ind. Vac. Land	3,569,100	96,936	3,438,600	93,448	-130,500	-3.66%	-3,487	-3.60%
Large Ind. Occ.	132,409,859	7,905,392	132,844,359	7,931,333	434,500	0.33%	25,941	0.33%
Large Ind. Exc.	3,058,894	118,708	3,058,894	118,708	0	0.00%	0	0.00%
Pipelines	20,684,000	576,562	20,823,000	580,434	139,000	0.67%	3,872	0.67%
Farm	1,489,100	5,936	1,729,100	6,889	240,000	16.12%	953	16.06%
Managed Forests	1,544,800	6,169	1,583,700	6,324	38,900	2.52%	154	2.50%
Commercial Total Taxable	658,360,998	20,940,238	664,301,425	21,136,180	5,940,427	0.90%	195,943	0.94%
Industrial Total Taxable	171,824,612	9,476,654	175,051,004	9,618,092	3,226,392	1.88%	141,438	1.49%
Total Taxable	4,722,850,515	95,398,045	4,775,998,365	96,457,444	53,147,850	1.13%	1,059,399	1.11%

Appendix K

2013 Comparison of Starting and Revenue Neutral Ratios

Property Class	2013 Unadjusted Tax Ratios	Revenue Neutral Ratios	Change Percentage	Alternative Ratio Industrial	Change Percentage	Provincial Threshold
Residential	1.000000	1.000000	0.00%			
Farm	0.250000	0.250000	0.00%			
Managed Forests	0.250000	0.250000	0.00%			
Specified Res. Classes - Total	1.000000	1.000000	0.00%			
Multi-residential	1.253599	1.265828	0.98%			2.74
Com. Occupied	1.908684	2.035800	6.66%			
Com. Exc. Land	1.336079	1.425060	6.66%			
Shopping Occ.	2.026193	2.161135	6.66%			
Shopping Exc.	1.418335	1.512794	6.66%			
Office Occupied	2.787726	2.973385	6.66%			
Office Exc. Land	1.951408	2.081369	6.66%			
Parking/Vac. Land	1.411149	1.505130	6.66%			
Commercial Classes - Total	1.966246	2.097195	6.66%			1.98
Ind. Occupied	2.542595	3.380161	32.94%	2.712084383	6.67%	
Ind. Exc. Land	1.652687	2.197105	32.94%	1.762854849	6.67%	
Ind. Vac. Land	1.652687	2.197105	32.94%			
Large Ind. Occ.	3.622994	4.816459	32.94%			
Large Ind. Exc.	2.354946	3.130698	32.94%			
Industrial Classes - Total	3.326872	4.422790	32.94%			2.63
Pipelines	1.753516	1.835962	4.70%			

Summary

Residential - Total	1.000000	1.000000	0.00%			
Multi-residential	1.253599	1.265828	0.98%			2.74
Commercial Classes - Total	1.966246	2.097195	6.66%			1.98
Industrial Classes - Total	3.326872	4.422790	32.94%	4.239638	27.44%	2.63
Pipelines	1.753516	1.835962	4.70%			

Ratios in bold are recommended

Revenue neutral tax ratios are based on the total tax class. A 23% assessment reduction in the large industrial class has a negative impact on the industrial tax class. Staff recommends an alternative tax ratio for the industrial class to make the ratio increase equal to the increase calculated for the entire commercial class.

Provincial Threshold

Since the Commercial and Industrial ratios as listed in the Summary section are above the Provincial Threshold, only 50% of the municipal tax levy can be allocated to those classes.

CITY OF SAULT STE MARIE

2013 REVENUE NEUTRAL TAX RATIOS COMPARED TO STARTING TAX RATIOS

Columns Calculation	Column 1	Column 2	Column 3	Column 4 1 - 2	Column 5 1 - 3	Column 6 2 - 3
PROPERTY CLASS	2013 REVENUE NEUTRAL TAX RATIOS	2013 STARTING TAX RATIOS	2013 ALTERNATIVE TAX RATIOS	\$ CHANGE REV. NEUTRAL VS STARTING	\$ CHANGE ALTERNATIVE VS REV. NEUTRAL	\$ CHANGE ALTERNATIVE VS STARTING
TAXABLE						
RESIDENTIAL	62,624,520	64,968,354	62,880,135	(2,343,834)	255,615	(2,088,219)
MULTI-RESIDENTIAL	4,640,822	4,768,131	4,659,752	(127,309)	18,930	(108,379)
COMMERCIAL	16,929,195	16,677,383	16,997,184	251,812	67,989	319,801
SHOPPING CENTRES	4,519,501	4,451,905	4,537,649	67,596	18,148	85,744
OFFICE BULDINGS	475,901	468,783	477,812	7,118	1,911	9,029
INDUSTRIAL	2,037,903	1,593,477	1,641,598	444,426	(396,305)	48,121
LARGE INDUSTRIAL	7,773,618	6,078,539	7,804,833	1,695,079	31,215	1,726,294
OTHER	608,835	603,723	611,332	5,112	2,497	7,609
TOTAL TAXABLE	99,610,295	99,610,295	99,610,295	0	0	0
*ALTERNATIVE RATIO						
INDUSTRIAL RESIDUAL RATIO CHANGED TO 2.711931 FROM 3.380161						
Column 6 is the net result of approving revenue neutral tax ratios and an alternative tax ratio for the industrial tax class.						

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Appendix M

2012 Education Tax Levy				
vs				
2013 Education Tax Levy				
Tax Class	2012 Education Levy	2013 Education Levy	Difference	Percentage Change
Residential	8,074,851	8,358,666	283,815	3.51%
Multi-Residential	475,522	486,741	11,219	2.36%
Commercial	5,664,876	5,700,415	35,539	0.63%
Commercial-Excess Land	32,968	36,972	4,004	12.15%
Commercial-Vacant land	132,131	131,765	(366)	-0.28%
New Commercial Constuction-Excess Land	2,383	8,293	5,910	248.01%
New Commercial Constuction	623,377	772,741	149,364	23.96%
General Rate Only	-	-	-	
Shopping Centres	1,673,449	1,671,060	(2,389)	-0.14%
Office Buildings	112,135	127,894	15,759	14.05%
Parking Lots	21,239	25,358	4,119	19.39%
Industrial	360,218	404,046	43,828	12.17%
New Industrial Construction	45,021	46,753	1,732	3.85%
Industrial Vacant and Excess Land	32,778	33,786	1,008	3.08%
New Industrial Construction- Excess Land	1,572	1,638	66	100.00%
Large Industrial	1,668,364	1,264,197	(404,167)	-24.23%
Large Industrial Vacant and Excess Land	25,052	25,474	422	1.68%
Pipelines	260,618	267,356	6,738	2.59%
Farm	823	924	101	12.27%
Managed Forest	854	826	(28)	-3.28%
Totals	19,208,231	19,364,905	156,674	0.82%

Appendix N

	2012 Education Tax Rates		
	vs		
	2013 Education Tax Rates		
Tax Class	2012 Education Rate	2013 Education Rate	Percentage Change
Residential	0.00221000	0.00212000	-4.07%
Multi-Residential	0.00221000	0.00212000	-4.07%
Commercial	0.01260000	0.01260000	0.00%
Commercial-Excess Land	0.00882000	0.00882000	0.00%
Commercial-Vacant land	0.01260000	0.01260000	0.00%
New Commercial -Excess Land	0.00882000	0.00882000	0.00%
New Commercial Construction	0.01260000	0.01260000	0.00%
Shopping Centres	0.01260000	0.01260000	0.00%
Office Buildings	0.01260000	0.01260000	0.00%
Parking Lots	0.01260000	0.01260000	0.00%
Industrial	0.01260000	0.01260000	0.00%
New Industrial Construction	0.01260000	0.01260000	0.00%
Industrial Vacant and Excess Land	0.00819000	0.00819000	0.00%
New Construction Industrial-Excess Land	0.00819000	0.00819000	0.00%
Large Industrial	0.01260000	0.01260000	0.00%
Large Industrial Vacant and Excess Land	0.00819000	0.00819000	0.00%
Pipelines	0.01260000	0.01260000	0.00%
Farm	0.00055250	0.00053000	-4.07%
Managed Forest	0.00055250	0.00053000	-4.07%

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RBC Dominion Securities Inc.
CANADIAN DOLLAR
ACCOUNT STATEMENT

Appendix O
DEC. 31
2012

Your Account Number: 615-14269-1-0

ASSET REVIEW

(Exchange rate 1USD = 0.99286 CAD as of DEC. 31, 2012)

SECURITY SYMBOL	QUANTITY/ SEGREGATED	MKT. PRICE	BOOK VALUE	MARKET VALUE
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FIXED INCOME

CPN PROVINCE OF BRITISH COLUMBIA BOOK ENTRY ONLY DUE 05/19/2013 YTM AT PURCHASE DATE 4.200%	200,000 200,000	99.570	160,020.00	\$199,140.00
ONTARIO SAVINGS BOND STEPUP 2.60%-4.00% SER 2008 ANNUAL DUE 06/21/2013 4.000%	95,800 95,800	100.550	96,049.00	\$98,353.14 ¹
CPN PROVINCE OF ONTARIO BOOK ENTRY ONLY DUE 11/03/2013 YTM AT PURCHASE DATE 4.030%	121,500 121,500	98.930	91,768.95	\$120,199.95
CPN PROV OF BRITISH COLUMBIA DUE 11/30/2013 YTM AT PURCHASE DATE 4.260%	108,806 108,806	98.840	84,999.24	\$107,543.85
CPN PROVINCE OF ONTARIO DUE 05/03/2014 YTM AT PURCHASE DATE 4.300%	110,203 110,203	98.120	84,371.41	\$108,131.18
ONTARIO SAVINGS BOND STEPUP SER 2009 ANNUAL 0.75,1.50,2.50,3.50,4.50% DUE 06/21/2014 3.500%	1,118,900 1,118,900	100.000	1,118,914.79	\$1,139,607.31 ¹
ONTARIO SAVINGS BOND STEPUP SER 2009 COMPOUND 0.75,1.50,2.50,3.50,4.50% DUE 06/21/2014 3.500%	350,000 350,000	109.090	350,000.00	\$381,815.00
CPN PROVINCE OF ONTARIO BOOK ENTRY ONLY DUE 12/02/2014 YTM AT PURCHASE DATE 4.710%	78,782 78,782	97.170	55,950.97	\$76,552.47
ONTARIO SAVINGS BOND STEP UP ANNUAL SER 2010 1.00%-4.25% DUE 06/21/2015 3.000%	147,400 147,400	100.000	147,400.00	\$149,738.21 ¹
FARM CREDIT CANADA DUE 10/15/2015 4.100% AO 15	30,000 30,000	106.320	32,628.00	\$32,155.48 ¹
GOVERNMENT OF CANADA PKG 5.25% S/A 06/01/03-12/1/15 DUE 12/01/2015 5.250% JD 01	62,000 62,000	111.045	70,410.30	\$69,115.43 ¹
CANADA HOUSING TRUST NO.1 CMBS SERIES 37 DUE 12/15/2015 2.450% JD 15	100,000 100,000	103.028	104,364.00	\$103,135.40 ¹

- CONTINUED ON NEXT PAGE -



RBC Wealth Management
Dominion Securities

RBC Dominion Securities Inc.

**CANADIAN DOLLAR
ACCOUNT STATEMENT**

**DEC. 31
2012**

Your Account Number: 615-14269-1-0

ASSET REVIEW

(Exchange rate 1USD = 0.99286 CAD as of DEC. 31, 2012)

SECURITY SYMBOL	QUANTITY/ SEGREGATED	MKT. PRICE	BOOK VALUE	MARKET VALUE
CPN PROVINCE OF ONTARIO GLOBAL BOOK ENTRY DUE 08/07/2016 YTM AT PURCHASE DATE 4.030%	132,399 132,399	93.430	100,000.96	\$123,700.39
CPN PROVINCE OF ONTARIO BOOK ENTRY ONLY DUE 12/02/2018 YTM AT PURCHASE DATE 3.700%	211,215 211,215	87.000	160,164.33	\$183,757.05
REGIONAL MUNICIPALITY OF OTTAWA-CARLETON DUE 09/10/2019 6.200% MS 10	137,000 137,000	121.686	170,845.85	\$169,316.20
CITY OF VANCOUVER SINKING FUND DEBS DUE 12/02/2019 4.900% JD 02	61,000 61,000	114.518	70,723.40	\$70,093.46
ONTARIO SAVINGS BOND 10YR ANNUAL FIXED SER 2010 DUE 06/21/2020 4.250%	139,500 139,500	100.000	139,500.00	\$142,634.93
CPN PROVINCE OF BRITISH COLUMBIA BOOK ENTRY ONLY DUE 08/23/2020 YTM AT PURCHASE DATE 4.480%	219,344 219,344	81.670	138,778.94	\$179,138.24
Total Value of Fixed Income			3,176,890.14	\$3,454,127.69

THE CORPORATION OF THE CITY OF SAULT STE MARIE
 2012 BUDGET VARIANCE
 NET (REVENUE) EXPENSE
 FOR THE YEAR ENDING DECEMBER 31, 2012

PAGE		ACTUAL	BUDGET	VARIANCE	%
A	Mayor and Council	693,031	756,330	63,299	8.4%
B	Chief Administrative Officer	439,283	443,525	4,242	1.0%
C	Human Resources	1,438,962	1,451,735	12,773	0.9%
D	City Clerk	897,448	960,955	63,507	6.6%
E	Finance Department	6,355,661	6,675,880	320,219	4.8%
F	Legal Department	1,412,873	813,140	(599,733)	-73.8%
G	Fire Services	12,439,705	12,671,360	231,655	1.8%
H	Police Services	22,576,046	22,759,080	183,034	0.8%
I	Engineering & Planning	12,436,009	12,861,040	425,031	3.3%
J	Public Works & Transportation	30,291,721	31,421,385	1,129,664	3.6%
K	Community Services Department	4,771,813	5,007,755	235,942	4.7%
L	Social Services Department	16,212,866	16,231,350	18,484	0.1%
M	Public Health Unit-Levy Board	2,118,345	2,139,115	20,770	1.0%
N	Outside Agencies	4,287,068	4,261,755	(25,313)	-0.6%
O	Outside Agencies - Other	1,965,880	2,035,295	69,415	3.4%
P	Economic Development Fund	500,000	500,000	-	0.0%
Q	Corporate Financials	(131,447,618)	(130,443,828)	1,003,790	-0.8%
R	Capital & Long Term Debt	9,452,551	9,454,128	1,577	0.0%
S	Education Levy	-	-	-	0.0%
		(3,158,356)	-	3,158,356	

City of Sault Ste Marie
CURRENT FUND
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Taxation	(\$118,156,716.57)	(\$117,271,913.00)	\$884,803.57	(0.75%)	(\$114,941,923.72)
Payment in Lieu of taxes	(4,665,890.24)	(\$4,553,690.00)	\$112,200.24	(2.46%)	(\$4,643,591.51)
Fees and user charges	(43,790,371.49)	(\$45,179,300.00)	(\$1,388,928.51)	3.07%	(\$41,954,026.26)
Government grants	(22,363,162.99)	(\$21,235,880.00)	\$1,127,282.99	(5.31%)	(\$23,208,288.95)
Investment income	(4,490,072.66)	(\$4,275,000.00)	\$215,072.66	(5.03%)	(\$4,695,784.74)
Contribution from own funds	(1,972,862.60)	(\$710,495.00)	\$1,262,367.60	(177.67%)	(\$3,015,398.22)
Other income	7,000,156.85	(\$6,408,855.00)	\$591,301.85	(9.23%)	(\$6,853,140.49)
Prior year surplus	(2,174,205.00)	(\$2,174,205.00)	\$0.00		(\$925,347.00)
	(204,613,438.40)	(\$201,809,338.00)	\$2,804,100.40	(1.39%)	(\$200,237,500.89)
EXPENDITURES					
Salaries	68,557,798.69	\$69,257,160.00	\$699,361.31	1.01%	\$67,229,613.00
Benefits	16,812,847.20	\$17,877,465.00	\$1,064,617.80	5.96%	\$16,509,997.10
Travel and training	468,175.80	\$841,895.00	\$373,719.20	44.39%	\$414,955.76
Vehicle allowance, maintenance and repairs	8,283,734.59	\$8,828,120.00	\$544,385.41	6.17%	\$8,186,941.35
Utilities and Fuel	7,886,561.01	\$7,854,070.00	(\$12,491.01)	(0.16%)	\$7,286,743.43
Materials and supplies	8,379,505.80	\$6,815,080.00	(\$1,564,425.80)	(22.96%)	\$7,668,889.09
Maintenance and repairs	2,404,219.93	\$2,187,150.00	(\$217,069.93)	(9.92%)	\$2,181,156.20
Program expenses	184,637.75	\$82,950.00	(\$101,687.75)	(122.59%)	\$97,369.72
Goods for resale	702,286.58	\$604,720.00	(\$97,566.58)	(16.13%)	\$708,863.34
Rents and leases	496,782.87	\$525,955.00	\$29,172.13	5.55%	\$431,854.19
Taxes and licenses	2,162,315.87	\$2,042,970.00	(\$119,345.87)	(5.84%)	\$2,000,966.94
Financial expenses	2,615,940.13	\$2,716,855.00	\$100,914.87	3.71%	\$5,778,262.60
Purchased and contracted services	9,751,437.66	\$10,942,685.00	\$1,191,247.34	10.89%	\$11,042,883.43
Grants to others	46,885,786.38	\$46,580,165.00	(\$305,621.38)	(0.66%)	\$46,098,953.59
Long term debt	9,112,748.97	\$9,804,128.00	\$691,379.03	7.05%	\$9,133,037.26
Transfer to own funds	16,685,197.30	\$14,338,470.00	(\$2,346,727.30)	(16.37%)	\$12,612,964.86
Capital expense	875,271.93	\$831,645.00	(\$43,626.93)	(5.25%)	\$1,282,293.96
Depreciation		\$0.00	\$0.00		\$14,158,462.66
Gain/Loss on Disposal of Capital Assets		\$0.00	\$0.00		(\$45,328.07)
Clearing accounts		\$0.00	\$0.00		\$0.00
Less: recoverable costs	(790,166.04)	(\$322,145.00)	\$468,021.04	(145.28%)	(\$502,450.12)
	201,455,082.42	\$201,809,338.00	\$354,255.58	0.18%	\$212,176,430.29
NET (REVENUE)/EXPENDITURE	(3,158,356.02)	\$0.00	(\$3,158,356.02)		\$11,938,929.40

Expenses per financial report 201,809,338.00
Less: equipment rental credits reflected in Other Income (4,730,625.00)
Less: Capital levy revenue net in Long Term Debt (630,253.00)
Less: Education Levy (19,208,230.00)

Expenses as presented in 2012 budget 177,240,230.00

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City of Sault Ste Marie
MAYOR & COUNCIL
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Government grants	(\$27,185.67)	\$0.00	\$27,185.67		\$0.00
Contribution from own funds		\$0.00	\$0.00		(\$5,000.00)
	-----	-----	-----	-----	-----
	(\$27,185.67)	\$0.00	\$27,185.67		(\$5,000.00)
	=====	=====	=====	=====	=====
EXPENDITURES					
Salaries	469,281.10	\$438,275.00	(\$31,006.10)	(7.07%)	\$407,364.94
Benefits	56,443.97	\$51,840.00	(\$4,603.97)	(8.88%)	\$42,500.63
Travel and training	19,755.53	\$68,710.00	\$48,954.47	71.25%	\$22,338.67 (1)
Vehicle allowance, maintenance and repairs	30,907.52	\$35,210.00	\$4,302.48	12.22%	\$30,291.22
Materials and supplies	52,042.96	\$65,945.00	\$13,902.04	21.08%	\$46,734.89
Maintenance and repairs		\$250.00	\$250.00	100.00%	\$0.00
Purchased and contracted services	6,480.38	\$6,100.00	(\$380.38)	(6.24%)	\$7,555.52
Grants to others	75,000.00	\$90,000.00	\$15,000.00	16.67%	\$7,500.00
Transfer to own funds	10,000.00	\$0.00	(\$10,000.00)		\$32,400.00
Capital expense	305.74	\$0.00	(\$305.74)		\$0.00
Depreciation		\$0.00	\$0.00		\$2,910.58
	-----	-----	-----	-----	-----
	720,217.20	\$756,330.00	\$36,112.80	4.77%	\$599,596.45
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	693,031.53	\$756,330.00	\$63,298.47	8.37%	\$594,596.45

Explanation of Major Variances:

1) Travel budget not utilized

48,955

6
A

City of Sault Ste Marie
CHIEF ADMIN OFFICER
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Government grants		\$0.00	\$0.00		(\$8,706.08)
Other income		\$0.00	\$0.00		(\$2,000.00)
		\$0.00	\$0.00		(\$10,706.08)
EXPENDITURES					
Salaries	335,910.20	\$331,595.00	(\$4,315.20)	(1.30%)	\$310,588.06 (1)
Benefits	75,862.52	\$69,035.00	(\$6,827.52)	(9.89%)	\$66,284.54 (2)
Travel and training	(425.92)	\$10,715.00	\$11,140.92	103.97%	\$4,207.17 (3)
Vehicle allowance, maintenance and repairs	4,515.75	\$5,480.00	\$964.25	17.60%	\$4,380.02
Materials and supplies	21,796.27	\$23,450.00	\$1,653.73	7.05%	\$13,728.08
Maintenance and repairs		\$150.00	\$150.00	100.00%	\$0.00
Purchased and contracted services	1,624.15	\$2,900.00	\$1,275.85	43.99%	\$2,150.83
Capital expense		\$200.00	\$200.00	100.00%	\$6,405.10
Depreciation		\$0.00	\$0.00		\$1,816.15
	439,282.97	\$443,525.00	\$4,242.03	0.96%	\$409,559.95
NET (REVENUE)/EXPENDITURE	439,282.97	\$443,525.00	\$4,242.03	0.96%	\$398,853.87

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City of Sault Ste Marie
HUMAN RESOURCES DEPARTMENT
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Government grants	(\$2,513.70)	(\$20,625.00)	(\$18,111.30)	87.81%	(\$16,372.48)
	-----	-----	-----	-----	-----
	(2,513.70)	(\$20,625.00)	(\$18,111.30)	87.81%	(\$16,372.48)
	=====	=====	=====	=====	=====
EXPENDITURES					
Salaries	629,866.78	\$662,200.00	\$32,333.22	4.88%	\$630,802.13
Benefits	489,773.10	\$426,130.00	(\$63,643.10)	(14.94%)	\$391,439.38
Travel and training	32,726.70	\$47,915.00	\$15,188.30	31.70%	\$33,055.35
Vehicle allowance, maintenance and repairs	838.87	\$1,000.00	\$161.13	16.11%	\$609.88
Materials and supplies	83,676.74	\$66,340.00	(\$17,336.74)	(26.13%)	\$83,719.00
Maintenance and repairs	1,300.01	\$4,500.00	\$3,199.99	71.11%	\$1,416.46
Purchased and contracted services	169,402.78	\$252,775.00	\$83,372.22	32.98%	\$177,097.41
Transfer to own funds	28,757.60	\$0.00	(\$28,757.60)		\$35,275.00
Capital expense	5,132.73	\$11,500.00	\$6,367.27	55.37%	\$8,370.87
Depreciation		\$0.00	\$0.00		\$2,467.35
	-----	-----	-----	-----	-----
	1,441,475.31	\$1,472,360.00	\$30,884.69	2.10%	\$1,364,252.83
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	1,438,961.61	\$1,451,735.00	\$12,773.39	0.88%	\$1,347,880.35

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2

City of Sault Ste Marie
CLERK'S DEPARTMENT
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$45,960.00)	(\$48,000.00)	(\$2,040.00)	4.25%	(\$44,200.00)
Government grants	(1,256.85)	\$0.00	\$1,256.85		(\$980.00)
Contribution from own funds	(35,358.31)	\$0.00	\$35,358.31		\$0.00
Other income	(6,473.05)	(\$1,800.00)	\$4,673.05	(259.61%)	(\$543.81)
	(89,048.21)	(\$49,800.00)	\$39,248.21	(78.81%)	(\$45,723.81)
	=====	=====	=====	=====	=====
EXPENDITURES					
Salaries	575,539.31	\$564,755.00	(\$10,784.31)	(1.91%)	\$553,865.23
Benefits	134,183.31	\$131,155.00	(\$3,028.31)	(2.31%)	\$121,723.43
Travel and training	6,447.32	\$5,790.00	(\$657.32)	(11.35%)	\$7,224.22
Vehicle allowance, maintenance and repairs	566.12	\$550.00	(\$16.12)	(2.93%)	\$471.88
Materials and supplies	168,276.89	\$96,355.00	(\$71,921.89)	(74.64%)	\$110,353.96
Maintenance and repairs	1,791.44	\$1,400.00	(\$391.44)	(27.96%)	\$1,031.93
Goods for resale	19,200.00	\$19,200.00	\$0.00		\$19,200.00
Rents and leases	4,551.72	\$10,000.00	\$5,448.28	54.48%	\$6,139.54
Financial expenses	454.44	\$0.00	(\$454.44)		\$380.72
Purchased and contracted services	77,808.31	\$115,050.00	\$37,241.69	32.37%	\$109,416.86
Grants to others	1,997.18	\$2,000.00	\$2.82	0.14%	\$1,073.87
Transfer to own funds	60,002.82	\$60,000.00	(\$2.82)	(0.00%)	\$60,926.13
Capital expense	677.25	\$4,500.00	\$3,822.75	84.95%	\$3,891.13
Depreciation		\$0.00	\$0.00		\$2,928.46
Less: recoverable costs	(65,000.00)	\$0.00	\$65,000.00		\$0.00
	986,496.11	\$1,010,755.00	\$24,258.89	2.40%	\$998,627.36
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	897,447.90	\$960,955.00	\$63,507.10	6.61%	\$952,903.55

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D

City of Sault Ste Marie
FINANCE DEPARTMENT
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$277,466.13)	(\$273,625.00)	\$3,841.13	(1.40%)	(\$280,818.66)
Government grants	(117,285.00)	(\$50,000.00)	\$67,285.00	(134.57%)	(\$103,141.00)
Contribution from own funds	(40,532.09)	\$0.00	\$40,532.09		(\$1,090,913.00)
Other income	(99,475.01)	(\$98,730.00)	\$745.01	(0.75%)	(\$102,931.58)
	(534,758.23)	(\$422,355.00)	\$112,403.23	(26.61%)	(\$1,577,804.24)
EXPENDITURES					
Salaries	2,826,763.88	\$2,824,110.00	(\$2,653.88)	(0.09%)	\$2,749,588.76
Benefits	623,046.83	\$631,170.00	\$8,123.17	1.29%	\$571,234.14
Travel and training	9,596.37	\$12,040.00	\$2,443.63	20.30%	\$11,454.27
Vehicle allowance, maintenance and repairs	851.77	\$1,450.00	\$598.23	41.26%	\$746.10
Materials and supplies	214,501.36	\$220,480.00	\$5,978.64	2.71%	\$256,214.57
Maintenance and repairs	503,195.83	\$537,100.00	\$33,904.17	6.31%	\$442,267.98
Financial expenses	2,467,010.69	\$2,670,125.00	\$203,114.31	7.61%	\$5,722,612.43 (1)
Purchased and contracted services	103,623.69	\$86,060.00	(\$17,563.69)	(20.41%)	\$100,080.41
Transfer to own funds	40,212.06	\$0.00	(\$40,212.06)		\$32,277.91
Capital expense	106,159.39	\$115,700.00	\$9,540.61	8.25%	\$85,151.07
Depreciation		\$0.00	\$0.00		\$574,328.63
Less: recoverable costs	(4,543.10)	\$0.00	\$4,543.10		\$0.00
	6,890,418.77	\$7,098,235.00	\$207,816.23	2.93%	\$10,545,956.27
NET (REVENUE)/EXPENDITURE	6,355,660.54	\$6,675,880.00	\$320,219.46	4.80%	\$8,968,152.03

Explanation of Major Variances:

- | | |
|---|---------|
| 1) Short term borrowing costs budget not required | 100,000 |
| Assessment appeals lower than budget and tax assistance grants not issued in 2012 | 103,780 |

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M

City of Sault Ste Marie
LEGAL DEPARTMENT
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$2,036,090.72)	(\$1,999,260.00)	\$36,830.72	(1.84%)	(\$2,371,872.70)
Investment income	(8,878.20)	\$0.00	\$8,878.20		(\$104,035.08)
Other income	(100.00)	(\$100.00)	\$0.00		\$0.00
	-----	-----	-----	-----	-----
	(2,045,068.92)	(\$1,999,360.00)	\$45,708.92	(2.29%)	(\$2,475,907.78)
	=====	=====	=====	=====	=====
EXPENDITURES					
Salaries	791,390.97	\$737,860.00	(\$53,530.97)	(7.25%)	\$681,708.71
Benefits	186,968.87	\$159,060.00	(\$27,908.87)	(17.55%)	\$144,894.12
Travel and training	7,529.54	\$16,210.00	\$8,680.46	53.55%	\$8,185.88
Vehicle allowance, maintenance and repairs		\$2,040.00	\$2,040.00	100.00%	\$0.00
Materials and supplies	154,139.37	\$77,220.00	(\$76,919.37)	(99.61%)	\$44,765.55
Maintenance and repairs	2,391.24	\$12,080.00	\$9,688.76	80.20%	\$78,813.89
Rents and leases	52,274.86	\$13,700.00	(\$38,574.86)	(281.57%)	\$8,982.99
Taxes and licenses	1,681,024.78	\$1,561,900.00	(\$119,124.78)	(7.63%)	\$1,534,777.16
Purchased and contracted services	267,677.64	\$225,230.00	(\$42,447.64)	(18.85%)	\$298,308.23
Transfer to own funds	305,392.24	\$0.00	(\$305,392.24)		\$313,600.42
Capital expense	9,152.25	\$7,200.00	(\$1,952.25)	(27.11%)	\$9,328.68
Depreciation		\$0.00	\$0.00		\$4,065.30
Gain/Loss on Disposal of Capital Assets		\$0.00	\$0.00		(\$5,896.60)
	-----	-----	-----	-----	-----
	3,457,941.76	\$2,812,500.00	(\$645,441.76)	(22.95%)	\$3,121,534.33
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	1,412,872.84	\$813,140.00	(\$599,732.84)	(73.76%)	\$645,626.55

Explanation of Major Variances:

- 1) POA budget shortfall due to lower fine revenue and renovation costs (398,760)
- 2) Insurance claim over budget \$137,380 (137,380)

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City of Sault Ste Marie
FIRE SERVICES
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$4,546,482.93)	(\$4,799,440.00)	(\$252,957.07)	5.27%	(\$4,384,643.79) (1)
Government grants		\$0.00	\$0.00		(\$980.00)
Contribution from own funds		\$0.00	\$0.00		(\$3,049.45)
Other income	(3,877.65)	\$0.00	\$3,877.65		(\$13,791.10)
	(4,550,360.58)	(\$4,799,440.00)	(\$249,079.42)	5.19%	(\$4,402,464.34)
EXPENDITURES					
Salaries	12,542,955.84	\$12,768,285.00	\$225,329.16	1.76%	\$12,339,831.93 (1), (2)
Benefits	3,068,706.27	\$3,220,405.00	\$151,698.73	4.71%	\$3,007,874.29 (2)
Travel and training	22,875.69	\$38,385.00	\$15,509.31	40.40%	\$26,053.27
Vehicle allowance, maintenance and repairs	153,416.15	\$175,715.00	\$22,298.85	12.69%	\$170,263.61
Utilities and Fuel	286,459.58	\$298,310.00	\$11,850.42	3.97%	\$314,641.51
Materials and supplies	288,526.11	\$398,825.00	\$110,298.89	27.66%	\$317,923.37
Maintenance and repairs	127,598.77	\$125,075.00	(\$2,523.77)	(2.02%)	\$116,486.07
Rents and leases	2,429.04	\$2,500.00	\$70.96	2.84%	\$2,429.04
Taxes and licenses	55,819.64	\$63,600.00	\$7,780.36	12.23%	\$52,000.00
Financial expenses	1,711.59	\$0.00	(\$1,711.59)		\$0.00
Purchased and contracted services	95,589.69	\$94,325.00	(\$1,264.69)	(1.34%)	\$77,085.32
Transfer to own funds	315,719.52	\$252,500.00	(\$63,219.52)	(25.04%)	\$299,416.54
Capital expense	28,257.55	\$32,875.00	\$4,617.45	14.05%	\$12,940.67
Depreciation		\$0.00	\$0.00		\$391,687.64
	16,990,065.44	\$17,470,800.00	\$480,734.56	2.75%	\$17,128,633.26
NET (REVENUE)/EXPENDITURE	12,439,704.86	\$12,671,360.00	\$231,655.14	1.83%	\$12,726,168.92

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02

City of Sault Ste Marie
POLICE SERVICES
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$404,029.76)	(\$293,005.00)	\$111,024.76	(37.89%)	(\$396,890.40) (1)
Government grants	(1,125,820.21)	(\$1,142,990.00)	(\$17,169.79)	1.50%	(\$1,322,342.99)
Contribution from own funds	(101,985.54)	\$0.00	\$101,985.54		(\$413,280.75) (10)
Other income	(212,122.98)	\$0.00	\$212,122.98		(\$266,235.41) (11)
	(1,843,958.49)	(\$1,435,995.00)	\$407,963.49	(28.41%)	(\$2,398,749.55)
=====					
EXPENDITURES					
Salaries	17,313,365.99	\$16,908,505.00	(\$404,860.99)	(2.39%)	\$17,107,827.43 (2)
Benefits	3,847,830.68	\$3,948,430.00	\$100,599.32	2.55%	\$3,643,610.50 (3)
Travel and training	214,354.76	\$387,745.00	\$173,390.24	44.72%	\$171,270.36 (4)
Vehicle allowance, maintenance and repairs	416,167.66	\$416,465.00	\$297.34	0.07%	\$539,943.76
Utilities and Fuel	364,855.56	\$413,830.00	\$48,974.44	11.83%	\$354,091.01 (5)
Materials and supplies	570,640.02	\$664,855.00	\$94,214.98	14.17%	\$566,440.99 (6)
Maintenance and repairs	393,551.49	\$310,020.00	(\$83,531.49)	(26.94%)	\$311,669.84 (7)
Rents and leases	79,301.74	\$113,405.00	\$34,103.26	30.07%	\$65,365.19 (8)
Taxes and licenses	82,403.72	\$30,000.00	(\$52,403.72)	(174.68%)	\$81,537.54 (9)
Financial expenses	554.95	\$0.00	(\$554.95)		\$358.16
Purchased and contracted services	473,306.10	\$424,825.00	(\$48,481.10)	(11.41%)	\$525,626.64 (12)
Transfer to own funds	165,000.00	\$165,000.00	\$0.00		\$242,476.33
Capital expense	498,671.90	\$411,995.00	(\$86,676.90)	(21.04%)	\$831,452.85
Depreciation		\$0.00	\$0.00		\$522,170.78
	24,420,004.57	\$24,195,075.00	(\$224,929.57)	(0.93%)	\$24,963,841.38
=====					
NET (REVENUE)/EXPENDITURE	22,576,046.08	\$22,759,080.00	\$183,033.92	0.80%	\$22,565,091.83

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City of Sault Ste Marie
ENGINEERING & PLANNING
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$807,151.19)	(\$983,800.00)	(\$176,648.81)	17.96%	(\$1,321,777.13)
Government grants	(96,478.56)	(\$35,000.00)	\$61,478.56	(175.65%)	(\$335,035.43)
Contribution from own funds	(509,994.21)	(\$100,000.00)	\$409,994.21	(409.99%)	(\$67,192.25)
Other income	(44,677.97)	\$0.00	\$44,677.97		(\$58,630.09)
	(1,458,301.93)	(\$1,118,800.00)	\$339,501.93	(30.35%)	(\$1,782,634.90)
EXPENDITURES					
Salaries	3,322,121.98	\$3,384,965.00	\$62,843.02	1.86%	\$3,183,356.89
Benefits	729,742.66	\$780,395.00	\$50,652.34	6.49%	\$696,727.87
Travel and training	43,990.03	\$43,295.00	(\$695.03)	(1.61%)	\$30,316.09
Vehicle allowance, maintenance and repairs	34,033.78	\$77,450.00	\$43,416.22	56.06%	\$39,549.60
Utilities and Fuel	3,064,290.09	\$2,991,205.00	(\$73,085.09)	(2.44%)	\$2,642,489.04
Materials and supplies	(4,129.00)	\$210,930.00	\$215,059.00	101.96%	\$140,173.26
Maintenance and repairs	236,075.21	\$201,805.00	(\$34,270.21)	(16.98%)	\$185,495.50
Rents and leases	100,000.00	\$100,000.00	\$0.00		\$100,000.00
Financial expenses	556.77	\$0.00	(\$556.77)		\$295.93
Purchased and contracted services	5,121,436.34	\$6,100,095.00	\$978,658.66	16.04%	\$5,951,203.20
Grants to others	58,656.66	\$0.00	(\$58,656.66)		\$199,000.00
Transfer to own funds	1,168,073.18	\$40,000.00	(\$1,128,073.18)	(2,820.18%)	\$218,152.91
Capital expense	19,463.06	\$49,700.00	\$30,236.94	60.84%	\$39,458.84
Depreciation		\$0.00	\$0.00		\$9,205,806.76
Gain/Loss on Disposal of Capital Assets		\$0.00	\$0.00		\$43.00
	13,894,310.76	\$13,979,840.00	\$85,529.24	0.61%	\$22,632,068.89
NET (REVENUE)/EXPENDITURE	12,436,008.83	\$12,861,040.00	\$425,031.17	3.30%	\$20,849,433.99

Explanation of Major Variances:

Planning	56,847.00
Building Permit and Inspection	81,289.00
Streetlights	112,930.00
Recovery of GIS costs from sewer surcharge not reflected in department budget	187,610.00

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City of Sault Ste Marie
PUBLIC WORKS & TRANSPORTATION
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$7,522,139.07)	(\$8,464,485.00)	(\$942,345.93)	11.13%	(\$7,963,627.51)
Government grants	(2,012,348.18)	(\$1,230,600.00)	\$781,748.18	(63.53%)	(\$1,265,906.20)
Contribution from own funds	(143,883.69)	(\$145,645.00)	(\$1,761.31)	1.21%	(\$83,912.05)
Other income	(5,168,224.66)	(\$4,732,625.00)	\$435,599.66	(9.20%)	(\$4,893,215.34)
	(14,846,595.60)	(\$14,573,355.00)	\$273,240.60	(1.87%)	(\$14,206,661.10)
EXPENDITURES					
Salaries	18,505,047.57	\$18,917,605.00	\$412,557.43	2.18%	\$18,221,277.96
Benefits	4,910,327.51	\$5,602,925.00	\$692,597.49	12.36%	\$5,300,454.66
Travel and training	56,391.12	\$104,910.00	\$48,518.88	46.25%	\$37,456.74
Vehicle allowance, maintenance and repairs	7,597,009.97	\$8,061,140.00	\$464,130.03	5.76%	\$7,359,088.67
Utilities and Fuel	2,871,232.50	\$2,882,400.00	\$11,167.50	0.39%	\$2,727,376.13
Materials and supplies	4,604,050.25	\$3,253,855.00	(\$1,350,195.25)	(41.50%)	\$3,752,544.69
Maintenance and repairs	393,573.97	\$355,150.00	(\$38,423.97)	(10.82%)	\$248,891.80
Goods for resale		\$1,200.00	\$1,200.00	100.00%	\$0.00
Rents and leases		\$0.00	\$0.00		\$7,200.00
Taxes and licenses	341,817.73	\$386,085.00	\$44,267.27	11.47%	\$331,102.26
Financial expenses	7,417.40	\$4,000.00	(\$3,417.40)	(85.44%)	\$5,987.64
Purchased and contracted services	3,109,386.08	\$3,213,560.00	\$104,173.92	3.24%	\$3,440,077.77
Transfer to own funds	3,445,633.68	\$3,510,160.00	\$64,526.32	1.84%	\$2,859,350.10
Capital expense	14,351.48	\$23,895.00	\$9,543.52	39.94%	\$55,163.55
Less: recoverable costs	(717,922.94)	(\$322,145.00)	\$395,777.94	(122.86%)	(\$602,450.12)
	45,138,316.32	\$45,994,740.00	\$856,423.68	1.86%	\$43,743,521.85
NET (REVENUE)/EXPENDITURE	30,291,720.72	\$31,421,385.00	\$1,129,664.28	3.60%	\$29,536,860.75

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Summary by Division

Operations	48,005	(1)
Traffic	83,747	
Carpentry	758	
Administration	401,098	
Buildings & Equipment	225,740	
Waste Management	382,822	(2)
Parks	83,680	
School Guards	21,889	
Transit	(202,430)	(3)
Cemetery	0	
Parking	84,355	
	<u>1,129,664</u>	

Explanation of Major Variances:

- 1) Winter Control \$95,430 under budget. Normal winter for 2012. Roadways over budget \$75,800 as later start to winter in fall allowed extra roadwork to be done.
- 2) WDO grants were \$334,360 higher than budget due to 2011 revenue recorded in 2012 due to uncertainty as to receiving.
- 3) Transit revenue shortfall of \$85,830 is the net effect of a negative variance in cash fares of \$258,500 and higher bus pass revenue due to higher sales than budget \$142,320. Positive variance in other fees such as charters and advertising account for the balance.

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City of Sault Ste Marie
COMMUNITY SERVICES DEPARTMENT
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual	Notes
REVENUE						
Fees and user charges	(\$5,066,749.36)	(\$4,671,670.00)	\$395,079.36	(8.46%)	(\$4,752,826.25)	
Government grants	(186,473.82)	(\$104,180.00)	\$82,293.82	(78.99%)	(\$182,127.77)	
Contribution from own funds	(45,960.50)	\$0.00	\$45,960.50		(\$48,715.00)	
Other income	(73,214.03)	(\$25,600.00)	\$47,614.03	(185.99%)	(\$43,698.35)	
	(5,372,397.71)	(\$4,801,450.00)	\$570,947.71	(11.89%)	(\$5,027,367.37)	
EXPENDITURES						
Salaries	5,444,301.15	\$5,352,645.00	(\$91,656.15)	(1.71%)	\$5,302,657.61	
Benefits	1,022,018.74	\$1,058,865.00	\$36,846.26	3.48%	\$963,496.40	
Travel and training	4,688.25	\$15,880.00	\$11,191.75	70.48%	\$5,675.49	
Vehicle allowance, maintenance and repairs	4,528.83	\$7,255.00	\$2,726.17	37.58%	\$3,337.69	
Utilities and Fuel	1,259,749.27	\$1,242,325.00	(\$17,424.27)	(1.40%)	\$1,228,942.26	
Materials and supplies	363,668.91	\$493,985.00	\$130,316.09	26.38%	\$393,874.04	
Maintenance and repairs	735,652.77	\$621,020.00	(\$114,632.77)	(18.46%)	\$736,053.62	
Program expenses	184,637.75	\$82,950.00	(\$101,687.75)	(122.59%)	\$97,369.72	
Goods for resale	683,086.58	\$584,320.00	(\$98,766.58)	(16.90%)	\$689,663.34	
Rents and leases	12,237.63	\$12,850.00	\$612.37	4.77%	\$11,766.62	
Taxes and licenses	1,250.00	\$1,385.00	\$135.00	9.75%	\$1,549.98	
Financial expenses	33,784.78	\$42,730.00	\$8,945.22	20.93%	\$23,829.26	
Purchased and contracted services	181,541.60	\$201,375.00	\$19,833.40	9.85%	\$178,111.51	
Grants to others	2,297.19	\$14,410.00	\$12,112.81	84.06%	\$5,827.86	
Transfer to own funds	141,053.86	\$26,630.00	(\$114,423.86)	(429.68%)	\$88,706.48	
Capital expense	72,414.43	\$50,580.00	(\$21,834.43)	(43.17%)	\$64,867.61	
Depreciation		\$0.00	\$0.00		\$1,316,558.36	
Less: recoverable costs	(2,700.00)	\$0.00	\$2,700.00		\$0.00	
	10,144,211.74	\$9,809,205.00	(\$335,006.74)	(3.42%)	\$11,112,287.85	
NET (REVENUE)/EXPENDITURE	4,771,814.03	\$5,007,755.00	\$235,940.97	4.71%	\$6,084,920.48	

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Summary by Division

Recreation & Culture	107,720
Community Centres	55,406
Day Care	66,708
Administration	6,107

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City of Sault Ste Marie
SOCIAL SERVICES DEPARTMENT
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$8,617,503.79)	(\$9,530,545.00)	(\$913,041.21)	9.58%	(\$7,740,737.45)
Government grants	(307,622.00)	(\$220,785.00)	\$86,837.00	(39.33%)	(\$358,297.00)
Contribution from own funds	(1,497.24)	\$0.00	\$1,497.24		(\$45,446.18)
	(8,926,623.03)	(\$9,751,330.00)	(\$824,706.97)	8.46%	(\$8,144,480.63)
	=====	=====	=====	=====	=====
EXPENDITURES					
Salaries	5,801,178.92	\$6,365,660.00	\$564,481.08	8.87%	\$5,740,517.33
Benefits	1,566,801.30	\$1,686,915.00	\$120,113.70	7.12%	\$1,451,307.95
Travel and training	50,246.41	\$90,300.00	\$40,053.59	44.36%	\$57,718.25
Vehicle allowance, maintenance and repairs	40,898.17	\$44,365.00	\$3,466.83	7.81%	\$38,258.92
Utilities and Fuel	19,974.01	\$26,000.00	\$6,025.99	23.18%	\$19,203.48
Materials and supplies	245,274.22	\$351,990.00	\$106,715.78	30.32%	\$243,849.28
Maintenance and repairs	9,089.20	\$18,600.00	\$9,510.80	51.13%	\$4,514.51
Rents and leases	245,987.88	\$273,500.00	\$27,512.12	10.06%	\$222,856.82
Purchased and contracted services	107,914.89	\$193,390.00	\$85,475.11	44.20%	\$144,091.73
Grants to others	16,931,438.07	\$16,808,460.00	(\$122,978.07)	(0.73%)	\$16,369,989.00
Capital expense	120,686.15	\$123,500.00	\$2,813.85	2.28%	\$165,263.59
	25,139,489.22	\$25,982,680.00	\$843,190.78	3.25%	\$24,457,570.86
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	16,212,866.19	\$16,231,350.00	\$18,483.81	0.11%	\$16,313,090.23

Explanation of Major Variances:

1) Variance is only from City social services operations. DSSAB contracted services shown separately and revenue will equal actual expenses.

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City of Sault Ste Marie
LEVY BOARDS
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual	Notes
REVENUE						
EXPENDITURES						
Grants to others	\$2,118,345.00	\$2,139,115.00	\$20,770.00	0.97%	\$2,076,809.00	
	2,118,345.00	\$2,139,115.00	\$20,770.00	0.97%	\$2,076,809.00	
NET (REVENUE)/EXPENDITURE	2,118,345.00	\$2,139,115.00	\$20,770.00	0.97%	\$2,076,809.00	

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City of Sault Ste Marie
OUTSIDE AGENCIES
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$2,138.00)	\$0.00	\$2,138.00		(\$2,398.00)
	(2,138.00)	\$0.00	\$2,138.00		(\$2,398.00)
	=====	=====	=====	=====	=====
EXPENDITURES					
Grants to others	4,209,205.73	\$4,181,755.00	(\$27,450.73)	(0.66%)	\$4,028,848.34 (1)
Transfer to own funds	80,000.00	\$80,000.00	\$0.00		\$80,000.00
	4,289,205.73	\$4,261,755.00	(\$27,450.73)	(0.64%)	\$4,108,848.34
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	4,287,067.73	\$4,261,755.00	(\$25,312.73)	(0.59%)	\$4,106,450.34

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City of Sault Ste Marie
OUTSIDE AGENCIES - OTHER
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$200,000.00)	(\$200,000.00)	\$0.00		(\$175,000.00)
Contribution from own funds	(419,206.88)	(\$464,850.00)	(\$45,643.12)	9.82%	(\$372,122.80)
	(619,206.88)	(\$664,850.00)	(\$45,643.12)	6.87%	(\$547,122.80)
	=====	=====	=====	=====	=====
EXPENDITURES					
Materials and supplies	619,206.88	\$664,850.00	\$45,643.12	6.87%	\$547,122.80
Grants to others	1,965,879.63	\$2,035,295.00	\$69,415.37	3.41%	\$1,976,904.84
	2,585,086.51	\$2,700,145.00	\$115,058.49	4.26%	\$2,524,027.64
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	1,965,879.63	\$2,035,295.00	\$69,415.37	3.41%	\$1,976,904.84

Explanation of Major Variances:

- 1) CQI savings of \$62,000 for discontinued program

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City of Sault Ste Marie
ECONOMIC DIVERSIFICATION PROJE
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2012 Actual
REVENUE					
Government grants	(\$54,479.00)	\$0.00	\$54,479.00		(\$11,000.00)
Contribution from own funds	(674,444.14)	\$0.00	\$674,444.14		(\$885,766.74)
Other income	(25,000.00)	\$0.00	\$25,000.00		\$0.00
	(753,923.14)	\$0.00	\$753,923.14		(\$896,766.74)
=====					
EXPENDITURES					
Materials and supplies	753,923.14	\$0.00	(\$753,923.14)		\$896,766.74
Transfer to own funds	500,000.00	\$500,000.00	\$0.00		\$500,000.00
	1,253,923.14	\$500,000.00	(\$753,923.14)	(150.78%)	\$1,396,766.74
=====					
NET (REVENUE)/EXPENDITURE	500,000.00	\$500,000.00	\$0.00		\$500,000.00

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City of Sault Ste Marie
CORPORATE - FINANCIALS
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Taxation	(\$98,734,596.43)	(98,063,683.00)	670,913.43	(0.68%)	(95,609,707.03) (1)
Payment in Lieu of taxes	(4,665,890.24)	(\$4,553,690.00)	\$112,200.24	(2.46%)	(\$4,643,591.51)
Fees and user charges	(13,904,462.72)	(\$13,565,470.00)	\$338,992.72	(2.50%)	(\$12,138,956.31)
Government grants	(18,431,700.00)	(\$18,431,700.00)	\$0.00		(\$19,603,400.00)
Investment income	(4,481,194.46)	(\$4,275,000.00)	\$206,194.46	(4.82%)	(\$4,591,749.66) (2)
Other income	(1,366,991.50)	(\$1,550,000.00)	(\$183,008.50)	11.81%	(\$1,472,094.81) (3)
Prior year surplus	(2,174,205.00)	(\$2,174,205.00)	\$0.00		(\$925,347.00)
	(143,759,040.35)	(\$142,613,748.00)	\$1,145,292.35	(0.80%)	(\$138,984,846.32)
=====					
EXPENDITURES					
Salaries	75.00	\$700.00	\$625.00	89.29%	\$226.02
Benefits	101,141.44	\$111,140.00	\$9,998.56	9.00%	\$108,449.19
Materials and supplies	243,911.68	\$226,000.00	(\$17,911.68)	(7.93%)	\$254,677.87 (4)
Maintenance and repairs		\$0.00	\$0.00		\$54,514.60
Rents and leases		\$0.00	\$0.00		\$7,113.99
Financial expenses	104,449.51	\$0.00	(\$104,449.51)		\$24,798.46
Purchased and contracted services	35,646.01	\$27,000.00	(\$8,646.01)	(32.02%)	\$32,078.00
Grants to others	2,100,846.78	\$2,100,900.00	\$53.22	0.00%	\$2,100,784.06
Transfer to own funds	9,725,352.34	\$9,704,180.00	(\$21,172.34)	(0.22%)	\$7,150,383.04
	12,311,422.76	\$12,169,920.00	(\$141,502.76)	(1.16%)	\$9,733,025.23
=====					
NET (REVENUE)/EXPENDITURE	(131,447,617.59)	(\$130,443,828.00)	\$1,003,789.59	(0.77%)	(\$129,251,821.09)

Explanation of Major Variances:

1) Supplementary Taxes higher than budget	670,915.00
2) Interest and Penalties on taxes lower than budget due to lower level of taxes receivable	(101,745.00)
Higher Investment Income-Bank	312,400.00
3) OLG Casino Revenue less than budget \$160,670. 2013 budget adjusted for historical trend.	(160,670.00)
4) Unspent Unforeseen budget \$138,270.	138,270.00
GIS funding for Engineering Department from sewer surcharge not in budget (recovery revenue in Engineering not in budget either thus net \$0 variance corporately)	187,610.00

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City of Sault Ste Marie
CAPITAL LEVY & DEBENTURE DEBT
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2011 Actual
REVENUE					
Fees and user charges	(\$360,197.82)	(\$350,000.00)	\$10,197.82	(2.91%)	(\$380,278.06)
	-----	-----	-----	-----	-----
	(360,197.82)	(\$350,000.00)	\$10,197.82	(2.91%)	(\$380,278.06)
	=====	=====	=====	=====	=====
EXPENDITURES					
Long term debt	9,112,748.97	\$9,804,128.00	\$691,379.03	7.05%	\$9,133,037.26
Transfer to own funds	700,000.00	\$0.00	(\$700,000.00)		\$700,000.00
	-----	-----	-----	-----	-----
	9,812,748.97	\$9,804,128.00	(\$8,620.97)	(0.09%)	\$9,833,037.26
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE	9,452,551.15	\$9,454,128.00	\$1,576.85	0.02%	\$9,452,759.20

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City of Sault Ste Marie
EDUCATION REQUISITION
For the Twelve Months Ending December 31, 2012

Department	YTD Actual	YTD Budget	Variance	Percentage Budget-Rem	2012 Actual
REVENUE					
Taxation	(\$19,422,120.14)	(19,208,230.00)	213,890.14	(1.11%)	(19,332,216.69)
	(19,422,120.14)	(\$19,208,230.00)	\$213,890.14	(1.11%)	(\$19,332,216.69)
	=====	=====	=====	=====	=====
EXPENDITURES					
Grants to others	19,422,120.14	\$19,208,230.00	(\$213,890.14)	(1.11%)	\$19,332,216.62
	19,422,120.14	\$19,208,230.00	(\$213,890.14)	(1.11%)	\$19,332,216.62
	=====	=====	=====	=====	=====
NET (REVENUE)/EXPENDITURE		\$0.00	\$0.00		(\$0.07)

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Financial Assistance Policy
IN-KIND REQUESTS
2013

	2012 Actual Costs				2013 Request/Budget			
	CSD	PWT	Police	2012 Total	CSD	PWT	Police	2013 Total
Event:								
Rotary Club of Sault Ste. Marie:								
1) Rotaryfest		30,353	2,752	33,105		31,264	2,835	34,099
2) Santa Claus Parade	1,500	750	4,463	6,713	1,545	773	4,597	6,914
The Great Tugboat Race	443	368	-	811	445	380		825
Canadian Cancer Society Relay for Life		1,888	1,439	3,327		1,945	1,482	3,427
Bon Soo Winter Carnival Inc.	3,100	26,926	-	30,026	3,193	27,734	-	30,927
SSM International Youth Assoc.: Buskerfest		500	-	500		515		515
Salmon Derby (Sault Search and Rescue)	120	-	-	120	125			125
Walleye Tournament	720	-		720	750			750
	5,883	60,785	8,654	75,322	6,058	62,610	8,914	77,581

Appendix R

CORPORATION OF THE CITY OF SAULT STE. MARIE

ECONOMIC DIVERSIFICATION FUND 2012 (RESERVE ACCT 10-000-0000-3712)

Actual to December 31, 2012

	Date	Allocation	Projection	Actual	
Total Economic Diversification Fund	2012 Budget	500,000.00	500,000.00	500,000.00	
SSM Airport Development Corp hangar expansion (\$200,000 over 4yrs)	18-Jul-11	25,000.00	25,000.00	25,000.00	2012
SSM Innovation Centre-Prefeasibility Study Combined Heat & Power	02-Apr-12	20,000.00	20,000.00	20,000.00	2012
Sault Community Entrepreneur Network Exchange	16-Apr-12	10,000.00	10,000.00	2,133.31	2012
Ontario Lottery Modernization Study	28-May-12	100,000.00	100,000.00	78,286.30	2012
SSM Innovation Centre-Smart Energy Strategy Implementation	13-Aug-12	95,500.00	95,500.00		
Rural Agri-Innovation Network (RAIN) (\$10,000/year 2012-14)	19-Nov-12	30,000.00	30,000.00	10,000.00	2012
Small Business Incubator	21-Jan-13	190,000.00	190,000.00		

470,500.00	470,500.00	135,419.61
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Total	29,500.00	29,500.00	364,580.39	GL
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available funds

FUTURE EDF COMMITMENTS:

	2013	2014
SSM Airport Development Corp hangar expansion (\$200,000 over 4yrs)	25,000.00	25,000.00
	25,000.00	25,000.00