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**From:** Stan Karwowski  
Director, Finance & Treasurer

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**Subject:** 2023 Current & Capital Budget  
- File: A-2000-001

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**Recommendation:**

1. That Report FIN 09-23 regarding the 2023 Current & Capital Budget be received;
2. That the following budget recommendations be approved;
  - (a) That the 2023 Current Budget expenditure for personnel costs, consisting of salaries and wages (Account 501000), overtime (Account 501010) and employee benefits (Account 501020), excluding Cost Centres 10205 and 10430, in the total amount of \$72,086,268 be approved;
    - i) That the 2023 Current Budget for Cost Centre 10205 (Programs) expenditure for personnel costs, consisting of salaries and wages (Account 501000), overtime (Account 501010) and employee benefits (Account 501020) in the total amount of \$2,234,833 be approved; and
    - (ii) That the 2023 Current Budget for Cost Centre 10430 (Animal Services) expenditure for personnel costs, consisting of salaries and wages (Account 501000), overtime (Account 501010) and employee benefits (Account 501020) in the total amount of \$594,099 be approved;
  - b) That the 2023 General Government Budget for grant expenditures, excluding the Community Grants to PARA Marine Search & Rescue and Royal Canadian Legion Branch #606, in the total amount of \$348,082 be approved;
  - c) That the 2023 Community Grant to PARA Marine Search & Rescue in the total amount of \$7,877 be approved;
  - d) That the 2023 Community Grants to Royal Canadian Legion Branch #606 in the total amount of \$14,000 be approved;
  - e) That the 2023 Gross Current Budget expenditures for City purposes in the amount of \$62,794,821 (excluding personnel costs and grant expenditures) less estimated current revenues of \$70,392,404 (City revenues of \$51,981,404 plus \$16,000,000 for estimated casino gaming revenue, \$1,911,000 for assessment growth plus supplementary taxes of \$500,000) and net transfer from the Rate Stabilization Reserve of \$1,500,000 for City operations be approved;

- f) That the \$16,000,000 in estimated casino gaming revenues be transferred to the established Casino Reserve (8037);
  - g) That the Capital from Current expenditure in the amount of \$668,000 funded from property taxes be approved;
  - h) That the Casino Reserve (8037) fund the expected Elexicon dividend decrease of \$1,452,744;
  - i) That the estimated Bill 23 DC funding shortfall of \$3,500,000 be funded from the Casino Reserve (8037), if required;
  - j) That the total final City levy under paragraphs 2. a), b), c), d), f), g), h) and i) above, plus an additional \$760,000 for Asset Management Investment, for a total final levy of \$82,162,832 being an increase of approximately 7.99 percent over the 2022 Budget, be approved;
3. That the 2023 Capital Budget for the City of Pickering with a Gross Expenditure of \$58,899,668 be adopted as presented:
- a) That the following capital financing sources be approved as presented in the 2023 Capital Budget:

**Transfer from Current Fund to Capital Fund** \$ 668,000

**Transfers from Reserves:**

Replacement Capital Reserve (8001)	419,000
Rate Stabilization Reserve (8007)	5,317,000
City Share DC Projects Reserve (8008)	2,751,800
Don Beer Arena Reserve (8012)	120,000
PRC Core Reserve (8013)	60,000
Vehicle Replacement Reserve (8016)	1,727,700
Sustainable Initiatives Reserve (8024)	119,000
Facilities Reserve (8026)	160,000
Fence Reserve (8028)	200,000
Minor Buildings Reserve (8029)	290,000
Tennis Reserve (8031)	588,500
Major Equipment Reserve (8032)	2,360,000
Library Building Reserve (8036)	110,000
Casino Reserve (8037)	4,533,700
Cherrywood Reserve (TBD)	45,000

**Transfers from Reserve Funds:**

3 <sup>rd</sup> Party Obligatory Reserve Fund (8200)	\$ 200,000
Parkland Reserve Fund (8501)	718,000
CCBB (previously FGT) Reserve Fund (8502)	6,664,000
CBC Obligatory Reserve Fund (8505)	489,026

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Development Charge Reserve Funds (8600)	8,211,364
Community Facilities Reserve Fund (8700)	366,000
Capital Works Reserve Fund (8701)	187,000
Operations Centre Reserve Fund (8705)	3,231,800
Stormwater Mgmt. Reserve Fund (8707)	1,400,000
Seaton FIA Reserve Fund (8710)	(194,046)

**Other:**

Internal Loan – 5 year	\$ 850,000
Debt – 10 year	526,700
Debt – 15 year	2,000,000
Debt – 20 year	(3,024,376)
DC Debt – 5 year	1,235,000
Donations	27,500
Federal Grants	12,542,000
Provincial Grants	500,000
Proceeds from Sale of Land	<u>3,500,000</u>

**Total****\$58,899,668**

- b) That total external debt financed by property taxes and development charges of \$3,761,700 for the projects identified in the 2023 Capital Budget, and as indicated in this report, in the amount of \$1,235,000 for a period not to exceed 5 years, \$526,700 for a period not to exceed 10 years, \$2,000,000 for a period not to exceed 15 years be approved;
- c) That the internal loans in the amount of \$850,000 be undertaken at the discretion of the Director, Finance & Treasurer;
- d) That projects identified in the 2023 Capital Budget as being financed through the issuance of debt be subject to additional, specific approval of the expenditure and the financing by Council;
- e) That any debt repayment, interest or financing provisions contained in the annual Current Operating Budget not used in the current year's payments requirements may, at the discretion of the Director, Finance & Treasurer, be used to apply towards additional principal repayment, outstanding loans, debt charges or to reduce debt or internal loans not issued or transfer funds to the balloon payment reserve;
- f) That all Capital expenditures or portions thereof approved in the 2023 Capital Budget to be financed through the issuance of debt may, at the discretion of the Director, Finance & Treasurer, be financed through internal loans, current or capital funds or a combination thereof;
- g) That the Director, Finance & Treasurer be authorized to make draws from Reserve and Reserve Funds for projects included in the approved Capital Budget up to the amount approved; and

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- h) That the Director, Finance & Treasurer be authorized at his discretion to apply any excess funds obtained through the issuance of debentures as provided for under Section 413 of the *Municipal Act, 2001* as amended;
4. That the Director, Finance & Treasurer be authorized to transfer:
- a) Any surplus current operating funds at year-end in excess of approximately \$125,000 be allocated in the following manner: the first \$70,000 be allocated to the Elected Officials Life Insurance Reserve (8034) and the remaining surplus be allocated in the following ratio: 25 percent to the Rate Stabilization Reserve (8007); 20 percent to the Facilities Reserve (8026); 5 percent to the Public Art Reserve (8038) and 50 percent to the City Share DC Projects Reserve (8008);
- b) Any surplus funds from the Emergency Operational Capital Needs Account (11100.503510) to the Facilities Reserve (8026); and
- c) The revenue from the sale of used vehicles recorded in account (11100.406600) to the Vehicle Replacement Reserve (8016);
5. That the Director, Finance & Treasurer be authorized to make any changes or undertake any actions necessary, to ensure that the plan accommodates any reallocation of 2023 current operating expenditures and revenues as required while maintaining the approved levy or to accommodate any labour relations settlements which also includes adjusting the Personnel related accounts and that the HCA amount under the proposed ADM 190 be applied to the Chief Administrative Officer and Directors and that any revenue shortfall as a result of a provincial tax policy change be adjusted through the 2023 final tax rates;
6. That the Director, Finance & Treasurer be authorized to use any under expenditures from projects funded from Reserves or Reserve Funds to fund over expenditures for approved projects funded from the same source(s) and any unfinanced capital be funded from a transfer from reserves or reserve funds;
7. That the Director, Finance & Treasurer be authorized at his discretion to fund Property Tax Write-offs account (11100.503000) that exceed the budget provision due to assessment appeals that translates into a deficit position for the corporation and this shortfall be funded from a transfer from the Assessment Appeal Reserve (8002) and if this reserve is depleted then the shortfall be funded from the Rate Stabilization Reserve (8007) and that any shortfall from Payment-in-Lieu Education Share revenue estimates be funded from a transfer from the Rate Stabilization Reserve (8007);
8. That the Director, Finance & Treasurer be authorized at his discretion to close any current and completed prior year's capital expenditure accounts and to first apply any excess funding from property taxes to any over expenditure in other accounts and to secondly transfer any remaining excess funding back to the original sources of funds;

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9. That the Director, Finance & Treasurer be authorized to adjust the per kilometer travel expense reimbursement rate (last increased in 2022) with an effective date of May 1, 2023, from 0.61 cents per kilometre to 0.65 cents per kilometre for the first 5,000 kilometres and from 0.55 cents per kilometre to 0.59 cents per kilometre for travel beyond 5,000 kilometres;
  10. That the Director, Finance & Treasurer be authorized to apply for all grant applications based on the 2023 Capital & Current Budget and prior year's capital projects that have not started and that Council endorse all future applications that meet senior government grant criteria and that staff report back to Council at the next possible meeting regarding which grants staff have applied to;
  11. That the Director, Finance & Treasurer be authorized at his discretion to close any capital or consulting account expenditure and corresponding revenue source that is over three years from the original purchase order date of issuance;
  12. That the Director, Finance & Treasurer be authorized at his discretion to refinance any capital expenditures that failed to meet the Canada Community Benefit Fund (previously called the Federal Gas Tax) reporting criteria from other sources including transfers of funds from reserves and reserve funds;
  13. That the Director, Finance & Treasurer be authorized to:
    - a) Undertake transactions in the spot or forward (12 months or less) currency markets in order to effect United States dollar denominated expenditures in the Current or Capital Budgets;
    - b) Sign leases or rental agreements (including summer rentals) on the City's behalf for the provision of vehicles or equipment required for temporary use during periods of equipment breakdown or repair or during periods of increased need (e.g. inclement weather);
    - c) Restate the 2023 Current Operating and Capital Budgets to reflect: (i) any Council changes made at the April 24 Council meeting; (ii) any reorganization or personnel account changes (salary, benefits and overtime), (iii) reclassifications that result from salary increases or negotiated labour settlements; and
    - d) To process budget transfers during the fiscal year which do not change the overall approved property tax levy;
  14. That Council waive the Purchasing Policy where the estimated vehicle repair cost is below \$30,000 (HST excluded) for all fleet vehicles and off road vehicle equipment in 2023, however, a purchase order is still required;
  15. That the Director, Finance & Treasurer be authorized at his discretion to draw from the Winter Control Reserve to fund any Current Budget deficit as a result of higher than budget winter control costs;

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16. That Council approve the continuing engagement of the firm Watson & Associates Economists Ltd. to be used for fiscal impact studies and related works regarding City Centre project, Seaton, Cherrywood, Bill 23 and 109, and any other DC or CBC related matters;
  17. That Council approve the continuing engagement of the following firms: Nixon Poole Lackie LLP, Municipal Tax Advisor Group and Municipal Tax Equity Consultants for any studies related to the reassessment or other property tax issues and to protect the property tax base by defending assessment appeals through proactive assessment base management;
  18. That the Director, Finance & Treasurer be authorized to review the City's Reserve and Reserve Funds from the perspective of maximizing financial efficiency and flexibility related to the next term as it pertains to the funding of capital projects and that the Director, Finance & Treasurer be authorized to transfer funds, close reserves and reserve funds and or rename reserves and reserve funds;
  19. That the Director, Finance & Treasurer be authorized to transfer an amount up to \$189,975 from the Casino Reserve to fund the net cost of the newly formed New Capital Facilities Team Cost Centre;
  20. That Council authorize the establishment of the Cherrywood Reserve and that all planning and development fees related to this development be transferred to this reserve to allow for the use of Cherrywood Development application fees received to offset the costs incurred for this development;
  21. That the Director, Finance & Treasurer be authorized to transfer an amount up to \$315,760 from the Casino Reserve to establish the new Cherrywood Development Reserve, and that such funds will be returned to the Casino Reserve in any future year in which the revenues from the Cherrywood development activity exceed the cost of processing the development approvals;
  22. That Council authorize the establishment of the Municipal Accommodation Tax (MAT) Reserve and that revenues collected from MAT (subject to Council's approval of the tax) be transferred to this reserve and that the City's share of the reserve be used to fund tourism capital infrastructure;
  23. That Council authorize the establishment of the Parks Infrastructure Replacement Reserve and the funds from this reserve be used to replace parks infrastructure such as playground equipment, baseball diamonds and outfield fencing, and park upgrades;
  24. That the Director, Finance & Treasurer be authorized to allocate the \$760,000 in additional funding from the 2023 levy for asset management investment as follows: 1/3 to the newly established Parks Infrastructure Replacement Reserve; 1/3 to the Roads and Bridges Reserve Fund (8706); and 1/3 to the Facilities Reserve (8026);

- 25. That Council approve the annual transfer of funds from the WSIB Reserve when its year-end balance is greater than \$4.0 million, and that these excess funds be transferred to the WSIB Excess Indemnity Reserve Fund (8702);
- 26. That the Director, Finance & Treasurer be authorized to initiate any additional assessment appeals necessary to protect the assessment base of the City;
- 27. That the Director, Finance & Treasurer be authorized at his discretion to transfer any green energy rebates and revenue associated with the Claremont solar roof rental project account (10325.404500.9480) and other incentives and rebates account (10325.406551) to the Reserve for Sustainable Initiatives;
- 28. That Council amend the Community Grant policy as follows:
  - a) That the grant application deadline date for the 2024 Community Grant Program be October 27, 2023 to give community groups sufficient time to complete their applications; and
  - b) That any organization’s application shall be deemed as ineligible if the grant request is to fund any activities or expenses that is for the direct or indirect support of or opposition to, any political party or candidate for public office;
- 29. That Council add the following asphalt resurfacing projects to the 2023 Capital Budget in the total amount of \$745,000 to be funded from the Canada Community Benefit Reserve Fund (previously called the Federal Gas Tax);

<b>Street</b>	<b>Project Budget</b>
Gwendolyn Street Asphalt Resurfacing - Rouge Valley Drive to Fawndale Road	\$270,000
Petunia Place Asphalt Resurfacing - Gwendolyn Street to North Terminus	105,000
Flaconcrest Drive Asphalt Resurfacing - Dunbarton Road Rambleberry Avenue	255,000
Fuschia Lane Asphalt Resurfacing – Grenoble Boulevard to Modlin Road	<u>115,000</u>
<b>Total</b>	<b><u>\$745,000</u></b>

- 30. That Council approve the 2023 Low Income Seniors & Persons with Disabilities grant amount to be increased from \$525 to \$535 per household;
- 31. That Council direct the Treasurer to submit future years’ budgets for the remainder of the term with the priority focus on the health and safety of Pickering residents and staff through asset management investments;
- 32. That Council approve Attachment 3, Council Compensation Policy with an effective date of January 1, 2023;

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33. That Council approve the international travel by the Division Head, Information Technology and Supervisor, Network Support to attend the 2023 Dell World conference in Las Vegas and that the travel costs not exceed \$1,100 per person;
  34. That the attached draft By-law to amend By-law No. 6191/03 to reduce the Basic Tennis (Resident) Family annual membership fee from \$1,385 (plus HST) to \$1,149 (plus HST) in Schedule I of the Summary of Fees and Charges 2023 be enacted;
  35. That Council approve an increase in the Information Technology Division budget (10405) in the amount of \$37,000 to reflect the building related costs associated with their occupancy of the former Fire Hall Administration building and these costs be funded by a corresponding reduction in the General government contingency account (503500) in the same amount and that the Treasurer be authorized to allocate the building related costs to the appropriate expense accounts;
  36. That Council approve that \$50,000 be added to the General Government Consulting account (502230) to undertake a business case analysis regarding either the acquisition or the establishment of a management agreement with TRCA for the Petticoat Creek Conservation Park and that this cost be funded from the Rate Stabilization Reserve (8007);
  37. That Council approve the hiring of Watson & Associates Economists Ltd., for the amount of \$50,000, to undertake the consulting work required to inform the City's approach to future infrastructure needs (Cherrywood), with the goal that "Growth Should Be Pay for Growth";
  38. That Council approve a grant to the Pickering Canadian Caribbean Cultural Association for a "Seniors Tea Party" and that \$1,500 be provided for event costs such as food, entertainment and promotion and \$1,710 be provided to cover rent and associated rental fees and these costs be funded from the General Government Grants to Organizations – Contingency Account;
  39. That the Director, Finance & Treasurer be authorized to fund from the contingency account (503500), additional personnel costs of staff from the Engineering Services and Corporate Services Department associated with recruitment, if required;
  40. That Council authorize project C10325.2201 for EV charging stations at Chestnut Hill Development Recreation Complex, as included in the 2022 Capital Budget, be increased from \$80,000 to \$155,000 and that a \$70,000 grant (from ZEVIP) be applied, resulting in a City Net cost of \$85,000 that is \$5,000 higher than the 2022 budgeted amount and that the additional \$5,000 be funded from a transfer from the Rate Stabilization Reserve;



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41. That the Chief Administrative Officer be authorized to change the dedicated Cherrywood Development Team staffing model, as proposed in the 2023 current budget to a hybrid approach involving external consulting services and in-house City staffing to meet project timelines and that the consulting costs be funded from the unspent personnel expenditures.
  42. That Council approve the cancellation of the following previously approved Capital projects:
    - a) C10250.2204 - Enclosed Trailer – New – \$32,000;
    - b) C10320.2132 - \$230,000 - Village Green Seaton P-105;
    - c) C10320.2133 - \$120,000 - Village Green Seaton P-106;
    - d) C10320.2138 - \$440,000 - Neighbourhood Park Seaton P-107;
    - e) C10320.2219 - \$637,900 - Neighbourhood Park Seaton P-109;
    - f) C10320.2227 - \$289,900 - Village Green Seaton P-108;
    - g) C10320.2228 - \$266,700 - Village Green Seaton P-110;
    - h) C10320.2229 - \$197,200 - Village Green Seaton P-111; and
  43. That the appropriate City of Pickering officials be authorized take the necessary actions as indicated in this report.
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**Executive Summary:** This report contains a summary of the 2023 Current and Capital Budgets and a discussion of the recommendations. Staff have worked hard to ensure that the 2023 Budget is respectful of each dollar contributed by taxpayers, reinvesting those revenues back into our infrastructure and the many services the City provides to our residents. The big differences between municipal government and federal and provincial governments are the number of revenue streams that fund their budgets and the impact on residents. Municipal governments have limited revenue, consisting primarily of property taxes and service fees, such as for recreation, by-law and planning. The 2023 Budget strikes a balance between providing the level and types of services that residents expect and ensuring affordability for all residents.

The 2023 Budget reflects the dual priorities facing the City: preparing the City for a period of rapid growth and the need for ongoing infrastructure renewal. This budget positions the City to meet these challenges by investing in additional staffing and strengthening ongoing capital investments. The budget also introduces a number of service level enhancements to better meet the needs of residents including:

- Expansion of the senior's snow removal program from 500 to 750 registrants
- Increase in seniors property tax grant from \$525 to \$535
- Expanded Automated Speed Enforcement program
- New events at Millennium Square
- Staff to support a new Office of Affordability
- Funding for the implementation of the digital strategy to include website redevelopment and customized client portals

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- Major 2023 Capital Projects: construction of the Pickering Heritage & Community Centre (\$40 million total budget), new pickleball and futsal courts at the Pickering Soccer Centre (\$902,000), Walnut Lane extension (\$2.0 million) and various asphalt resurfacing, reconstruction and culvert replacement projects (\$4.6 million)
  - Funding for the development of a new Corporate Strategic Plan as well as updates to the Parks & Recreation, Fire and Library Master Plans
  - An increase of five positions for front line firefighting staff (Seaton)
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**Financial Implications:** The 2023 Current and Capital Budgets, if adopted as amended, will result in a property tax levy increase of 7.99 percent (City Share Only) over last year which translates into a 2.44 **percent increase in the City's share of the total property tax bill.**

This increase, when combined with the Region and the School Boards increase, results in an average increase of 5.31 percent on the total property tax bill.

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**Discussion:** The Recommendations put forth are those necessary to adopt and provide authority and direction for the 2023 Current and Capital Budgets for the City of Pickering.

### **Explanation of Key Recommendations**

#### **Bill 23 – More Homes Built Faster Act – Recommendation 2 i)**

In late 2022, the Province passed Bill 23, the *More Homes built Faster Act*. The intent of this legislation is to make housing more affordable and building 1.5 million new homes by 2031. The legislation introduces phasing of Development Charge rates (fees) and new exemptions for affordable and attainable housing. The Provincial legislative changes reduce the DC fees charged to the developer with the cost being transferred to existing homeowners and businesses. It should be noted that the legislation is silent on the requirement for the developer to share the lower DC fees with the new home buyer. The result of the DC fee reduction translates into less dollars being available to fund the DC growth related capital projects. The firm of Watson & Associates strongly advised the City to start funding its Bill 23 costs this year. The cost to the City is mainly due to the reduction in DC fees. Therefore, the City has to make-up the shortfall in fees due to Bill 23 so that the funding is available when the DC capital project is started.

The City only has a few options as it relates to the funding of the DC fee reduction. One option that is not recommended, is that the City consider increasing property taxes to fund the DC fee reduction. If Council adopted this option, the budget levy would have increased from 7.99 percent to 12.59 percent which is not acceptable or palatable. The second option is to reduce City service levels to generate the property tax savings to fund the DC fee shortfall. An example of a service level reduction is to change the snow clearing standard from 2 cm to 5 cm. While recognizing that this option would save money (labour, fuel, materials such as sand and salt), the disadvantage of this option is the increased risk of automobile accidents and possible injuries (slip and falls) by residents. This option is also not recommended by City staff. The only remaining option available to the City is to fund the Bill 23 costs from the casino

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reserve. The estimated DC fee reduction over four years is \$14.0 million and this equates to an average annual cost of \$3.5 million. However, this fee cost does not include the DC fee payment holiday associated with affordable and attainable homes. These costs would have to be added to the \$14.0 million estimated loss. Staff intend to update Council in September 2023, regarding the DC fee costs as of June 30<sup>th</sup> and the 2023 full year costs through the 2024 budget process. The Province has made statements that they would make the municipality “whole” for any financial impact related to Bill 23 and therefore, the funding of this cost from the casino reserve **will only proceed** if the Province fails to meet its commitment.

### **Asset Management Investment of \$760,000 – Recommendation 2 j)**

Every year, the City has been increasing its funding of reserves and reserve funds to ensure that it has the dollars available or required to purchase the replacement of the critical and core assets. For 2023, the Draft Budget as submitted to Council includes additional funding of \$200,000 for the roads and bridges reserve fund and a new recommended 1 percent Asset Management levy of \$760,000.

### **Council Authority to Apply for All Possible Grants (Current & Capital) – Recommendation 10**

There are basically two types of grants: regular and unpredictable grant opportunities. Every year, City staff apply for numerous operating grants such as “Cultural Tourism Strategy” and “Community Museum Operating Grant”. These grants help fund, to some degree, the operating costs related to their respective current budgets. The unpredictability of the grant process usually applies to capital grants.

Historically, both senior levels of government (Federal & Provincial) announce capital grant funding opportunities usually through their budget day announcements, and the information included in the “Budget Background Papers” is usually sparse regarding project criteria and application timelines. After a budget day announcement, you could be waiting several weeks and or months before the formal application process is initiated by the senior government level.

Recommendation 10 is seeking Council authority and approval to submit a grant application, where a senior level of government has announced a grant opportunity with a short term application deadline or due to a summer recess, thereby making the scheduling of a Council meeting to seek Council’s endorsement of the project a significant challenge. Included in the recommendation is the direction that staff report back to Council at the next available Council meeting regarding the capital and/or current grant(s) that was applied for.

### **Municipal Accommodation Tax Reserve - Recommendation 22**

At the March 27<sup>th</sup> Council meeting, Council approved Report CAO 06-23 (Resolution #124/23) that approved in principle the inclusion of the Municipal Accommodation Tax revenues to the 2023 Budget. At this time, \$300,000 in revenues is an estimate. There is still additional administrative work required before the program can be implemented such as Durham Region Council has to approve the establishment of a Municipal Service Corporation.

**Priority Focus of Future Term Budgets are Health Safety of Residents & City Staff through Asset Management Investments – Recommendation 31**

Every year there are cost pressures as it pertains to the development of the annual City budget. These cost pressures have to be measured against the ability to raise property taxes and affordability. This recommendation, will focus staff's efforts on developing future years' budgets on critical City infrastructure investments so that these assets are in a "good state of repair and or operations" to maintain the safety of our residents and staff. One of the byproducts of this recommendation will be asking Council to at least consider and approve a minimum one percent special levy for asset management for the next three years.

**Permission to Attend International Conference for Two Staff – Recommendation 33**

The Finance Control Policy requires Council approval for all out of country conferences and this policy applies to all City and Library staff. Dell Canada has invited two Pickering staff from the Information Technology (IT) section to attend the 2023 Dell World conference in Las Vegas. Dell Canada will cover the expenses at the conference and have asked these two IT staff to speak on an expert panel on cybersecurity and hyper converged infrastructure. In addition, these two IT staff will also be available to attend the various leading edge technology training sessions.

**Consulting engagement for the possible acquisition or development of a management agreement regarding the Petticoat Creek Conservation Park – Recommendation 36**

Consulting resources are required to undertake a "Business Case" analysis for Petticoat Creek Conservation Park that would address the following issues: acquisition, appraisal/valuation, financing strategy that includes consideration of the City's ARL, financial operating impacts including asset replacement strategy and/or Management Agreement of Petticoat Creek Conservation Park. The goal of this project is to report back to Council by Q3 2023.

**2023 Current Budget**

At the April 13, 2023 Executive (Budget) Committee meeting, Council was presented with a proposed budget levy increase of 7.99 percent, which was accepted by the Executive Committee. Based on an average assessment of \$612,000, the 7.99 percent increase will result in an average increase of approximately \$164.25 per year or \$3.16 per week for the average single detached dwelling in Pickering. Unlike goods purchased by consumers where there is a tangible product that is received each time there is a transaction, many City services provided to residents (such as park or road maintenance) are not paid for as the services are used or received. For this reason, residents may not be aware of the costs associated with the vast array of services offered by the City.

## 2023 Budget – Major Assumptions

The major budget assumptions are as presented below:

- There are no financial implications associated with COVID for 2023;
- The City will continue to operate in the current higher interest rate environment; and,
- The City will have to either rent or purchase/renovate commercial industrial office space to accommodate additional staffing.

## Tax Increase Summary

The 7.99 percent City share tax increase translates into an increase of 2.44 percent on the total residential tax bill. The 7.99 percent levy increase reflects the unusually high level of inflation experienced over the past 12 months and the resources required to continue to deliver the high level of service our residents and businesses expect. Adding the Region's 2.87 percent tax increase and Pickering's 2.44 percent and the School Board's estimated 0 percent increase, the total increase for the average residential ratepayer will be approximately 5.31 percent on the total property tax bill.

The 2023 draft budget proposes an increase of 7.99 percent on the City Share component of the property tax bill. However, this increase should not be viewed in isolation, instead, it should be considered in the context of the inflation environment over the last three years. Table One provides a comparison of the City's budget levy increases from 2021 to 2023.

**Table One**  
**Comparison of Inflation to Budget Levy Increases from (2021 to 2023)**

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>3 Year Period</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Inflation	3.50	6.80	3.60	14.52
Less: City Budget Levy Increases	1.45	1.79	7.99	<u>11.52</u>
Inflation Increase Over Budget Levy				<u>3.00</u>

(The inflation rate presented above is from the Province's 2023 Budget, page 105).

As the above table indicates, over the last three years, and on an aggregate basis, during a period of above average inflation increases, the City has been able to provide budgetary levy changes below the rate of inflation. For the first two years, the City absorbed the impact of higher inflation. However, there is only a fixed capacity to absorb higher inflationary costs while maintaining the current level of service. In its simplest terms, over the last three years, the rate inflation exceeded the City levies on an aggregate basis.

Every May, taxation staff either mail or email approximately 32,000 property tax bills. (To reduce postage costs, staff always promote e billing). Our experience tells us that, for a large majority of Pickering residents, they still view the property tax bill as one component and not three separate entities. As shown below, the overall increase is 5.31 percent on the total tax bill, which is around the current inflation rate.

**Table Two**  
**Impact of Budget Levy Increases on Residential Property Taxes**

	<b>City (%)</b>	<b>Region (%)</b>	<b>Education (%)</b>	<b>Total (%)</b>
Estimated 2023 Levy Increases	7.99	5.20	0.00	
Percentage Allocation	30.57	55.27	14.37	
Increases on Total Tax Bill	2.44	2.87	0.00	<b>5.31</b>

The table below provides a summary of the financial impacts of the proposed 2023 budget levy increase based on various residential property assessment values.

**Table Three**  
**Financial Impact of Budget Increase Over 2022**  
**City Share Property Taxes Only**

Residential Assessment	\$100,000	\$530,000	\$612,000
Increase (Over 2022)	\$26.84	\$142.25	\$164.25
Increase on a Monthly Basis	\$2.24	\$11.85	\$13.69

Members of Council may recall that the current assessment system is based on a theoretical market valuation date of January 1, 2016 and therefore, the above assessment values are representative of that time period.

**Use of Casino Reserve**

A breakdown of the planned use of the Casino funding for the 2023 budget is presented below. The expenditure strategy is based on the principle that you collect the funds in year one and you spend the funds in year two.

**Table Four**  
**Use of Casino Reserve**  
**Application of Casino Funds**

Current Budget:		
Seniors Snow Program	\$388,700	
Cherrywood Development Team	315,760	
Capital Facilities Team	<u>189,975</u>	\$894,435
General Government		
Communities Grants	\$263,227	
City Centre Phase 2	490,000	753,227
Budget Front Page		
Elexicon Dividend Shortfall	\$1,452,744	
Bill 23 DC Fee Reduction	<u>3,500,000</u>	4,952,744
Capital Budget		<u>4,533,700</u>
Total 2023 Commitments		<u>\$11,134,106</u>

The funding of capital projects through the casino reserve results in a reduction of debt financing that translates into future lower property taxes.

**Good News! – There Appears to be No reassessment Planned for 2023**

In 1998, the Province of Ontario introduced the new Ontario Fair Assessment System (OFAS). The purpose of this new assessment system was to eliminate the historical inconsistent measure of property values across the Province and to enhance the level of fairness and equity into the assessment and property tax system. The new assessment system uses a Province-wide valuation date to establish the theoretical value of each property (structure/land) based on the principle that the value of the property is determined between a willing buyer and seller from an arm's length transaction perspective.

Last year (2022) was the fifth year of the Province's four-year reassessment cycle. The current value assessment is based on a valuation date of January 1, 2016. Assessment-related increases are phased-in over four years, and assessment-related decreases are implemented immediately. The City does **not** receive any additional revenue as a result of reassessment. The corresponding property tax rates are adjusted for the increase in reassessment values to create an overall property tax neutral position on a total property class basis. Inevitably, when there is an overall change in assessment values, there is shifting of the property tax burden among property classes, and as well among individual property owners within each property class.

On the front page, on the bottom left corner, of the Final Residential Property Tax Bill is a schedule entitled "Explanation of Tax changes from 2022 to 2023". This schedule includes a line called Tax change due to Reassessment and this line should be zero for this year.

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Historically, the annual Provincial Budget has been the trigger for the announcement of the next reassessment cycle. The most recent Provincial Budget was silent on the next reassessment and therefore, it appears that there will not be a reassessment for 2024.

### **Risk Analysis**

At its core, a municipal budget is a projection of inflow and outflows for the year. Due to the timing of the budget preparation and approval, projections need to be made with less than complete information. Additionally, these projections need to take into account future events and circumstances, which are often out of the control of the municipality.

- A. Property tax appeals are difficult to budget accurately as it is impossible to predict which taxpayers will appeal assessments and the eventual outcome of these appeals. Large dollar swings are not unusual in these matters and with the extended delay in provincial property tax reassessments, there is a higher degree of risk to multi-year tax appeals. The City currently has approximately \$1.6 billion in outstanding appeals. Last year, in the 2022 budget, the City adopted a precautionary strategy and budgeted \$255,000 to the assessment reserve to offset any potential losses associated with assessment appeals. This same amount is budgeted in 2023.
- B. Fuel related costs have been extremely volatile over the last few years and especially during COVID. While average fuel increases decreased slightly during COVID years, they have increased again for the 2023 budget. There remains a risk that the prices could continue to increase as the economy continues to recover from the pandemic. For the 2022 budget, the fuel budget was increased by \$250,000 and the 2023 budget includes an additional increase of \$138,500. Over the last two years, fuel costs have increased by a total of \$388,500.
- C. General inflationary pressures continue to increase as the economy continues to improve. Consumer prices in Canada have risen at their fastest rate in 40 years with an inflation rate reaching 6.8 percent on an annual basis for 2022, its highest level since 1982.

### **2023 Challenges and Opportunities**

#### **Entering a Perfect Storm**

The development of this year's budget was challenging. The complicating factor was Provincial government legislation and more specifically: Bill 23, *More Homes Built Faster Act, 2022* and Bill 109, *More Homes Faster Act, 2022*. The City had to plan, accommodate and try to calculate the financial impacts of Bill 23. For Bill 23, there is a budget provision of \$3.5 million in the 2023 Budget to fund an estimated DC fee reduction from the casino reserve. As referenced in the Treasurer's presentation, the actual Bill 23 cost will be known on the last working day of the year and Council will be provided an update of the actual cost. Staff intend to update Council on the first six months cost of Bill 23 in late summer or early fall. Included in the 2023 budget, are substantial investments in new positions (13) to accommodate the challenging legislative timetable that is imposed by Bill 109.



Not by design, but it appears, that the City is potentially entering the perfect financial storm. The City has to invest in the renewal of its existing capital infrastructure. The Chestnut Hill Developments Recreation Complex is over 36 years old and is in need of significant investments. The George Ashe Library & Community Centre is over 20 years old and requires a major substantial investment relatively soon. Therefore, these major costs and others (such as the City's roads infrastructure) have to be funded either by property taxes, upper government grants or, to a lesser degree, possible user fees. While trying to address infrastructure renewal financing challenges, the City is now facing the significant and/or major costs associated with growth due to Seaton operating under the new DC legislation regime that does not subscribe to the theory that "Growth Shall Pay for Growth".

Included in this year's budget are two corporate priorities that, perhaps, require additional explanations. One is the creation of a dedicated Cherrywood Development Team. The budget to fund this team is currently based on preliminary information from the developer concerning its proposed application. It represents staff's best professional guesstimate on the staffing and resources required to meet the current known timetable and of course will probably change a few more times. Recommendation 41 will provide the CAO with the flexibility to apply the appropriate mix of resources to address or meet project timelines. However, staff have a responsibility to properly plan for this major cost and to identify the current estimated financial risks and corresponding deficit to Council. It is clear, the current City fees will not cover its estimated cost. To fill the financial hole, the casino reserve will lend funds to the Cherrywood reserve. Any shortfall in revenues collected from the Cherrywood Landowners Group (CLG) will be funded by the Cherrywood reserve. The purpose of this separate cost centre is to track and capture all costs associated with this activity for the specific purpose of trying to recover from the Cherrywood Landowner Group (CLG) a 100 percent of the costs. The cost recovery equation is very simple as it relates to who pays – it is either the CLG or the Pickering taxpayer. Staff's efforts will be to negotiate an agreement where CLG covers 100 percent of these costs.

Second is the creation of a New Capital Facilities Team. The City's overall Capital Budget work program is substantial when considering the draft 2023 Capital Budget, the 2024-2027 capital forecast and the backlog of previously approved capital projects. To deliver these critical projects, there is a need to hire additional staff dedicated primarily to the delivery of new capital facilities. The City's existing staff compliment will be focused primarily on the municipal infrastructural renewal projects. For this reason, the 2023 Current Budget, under the corporate priorities section, includes a new cost centre entitled "New Capital Facilities Team" to provide the "staffing muscle" to get things done. Delayed or deferred capital projects cost the City more and frustrate our residents who expect the City to deliver on the level of service laid out in council approved capital programs and master plans. The "Ask" of Council is to fund three new positions and related personnel costs. With the additional staff resources, critical capital facilities projects would move from the budget stage to the implementation/construction stage so that Pickering residents can benefit and enjoy these important projects. This cost centre is funded 100 percent from the casino reserve.

## The Need for Additional Office Space

During the last few months, key staff from Human Resources and Operations staff have conducted a review of the available office space measured against the current and future needs of the Corporation. The conclusion reached is that, when you consider the following municipal locations such as City Hall, Operations Centre, Chestnut Hill Developments Recreation Complex and leased office space at 1101 Kingston Road, these office spaces exceed their capacity with staff growth related to the 2023 and future years' budgets. To address this issue, the City has successfully implemented a hybrid "work from home" program in recent years.

The current City Hall office space statistics are presented below:

Number of workstations	185
Current staffing level	210
Number of staff after budget approval	250

The above analysis supports the conclusion that there is an interim need for additional office space to accommodate the growth for the next 5-8 years, until new municipal facilities are built in Pickering.

As such, the 2023 budget includes additional funding for office space accommodations. In the front page of the General Government expenditure section, there is approximately \$280,000 budgeted for additional lease costs (estimated 6 months). The draft 2023 Capital Budget includes the following: \$1.1 million for leasehold improvements (page 31) and \$720,000 (page 29) for furniture and equipment. The \$1.1 million and \$720,000 represents budget provisions, and depending upon the location and lease terms, the entire amount may not be required.

Members of Council should be aware that the lease period being considered is for a period that maybe up to ten years. In any long term lease proposal, there may be an opportunity, to consider another path whereby the City would purchase and renovate space and at the end of the lease period, the City would then have an asset to sell. However, in any purchase or lease decision, other factors have to be considered such as public transportation, proximity to City Hall and availability of parking for staff and visitors.

The costs reflected in the 2023 Budget are budget provisions that enable City staff to investigate options for expanded office space in 2023 and present a recommended approach to Council for consideration and approval, at the appropriate time. Accordingly, these budget provisions will not be incurred without prior Council approval.

## Asset Management

Maintaining public infrastructure in a state of good repair is a significant responsibility and cost for municipalities. Critical investments in our assets at the right time help extend the life of the assets and lower the overall cost of ownership while ensuring that the assets remain current and safe for public use. These assets are used to provide residents, businesses, employees

and visitors access to services including transportation, recreation, culture and economic development and have a direct link on the quality of life for Pickering residents.

Every year, the City has been increasing its funding of reserves and reserve funds to ensure that it has the dollars available or required to purchase the replacement of the critical and core assets and avoid using debt. For 2023, the Draft Budget (as submitted to Council) includes a minimum increase in funding for infrastructure replacement as the increase is allocated to the roads and bridges reserve fund in the amount of \$200,000. However, senior staff are strongly recommending that Council approve a 1 percent special levy for asset management as reflected in the proposed 2023 Draft Budget. If Council approves this increase, one-third of the funding would be allocated to the following reserve or reserve funds: roads and bridges; facilities; and, parks infrastructure replacement reserve. If Council approves the one percent levy increase, these dollars would be applied to the 2024 Capital Budget.

The most cost effective funding source as it relates to infrastructure funding is to use reserves/property taxes and to avoid or reduce debt financing. This approach avoids the added cost of interest payments that are currently above average.

### **Elexicon Revenues 2023**

Elexicon revenues consists of two components: interest income from promissory notes and dividends. The City holds \$25.069 million of Elexicon promissory notes that earn 4.13 percent. The 2023 budgeted interest income for these promissory notes is \$1,035,350.

The City owns 27.88 percent of Elexicon. In 2021, the City received \$3,172,744 in dividends from Elexicon. In 2022, this amount was reduced by \$546,587 and staff received notification from Elexicon that for 2023, this amount should be reduced by an additional \$906,157. The budgeted dividend revenue for 2023 is \$1.72 million. The Elexicon dividend projection information was provided by Elexicon staff.

### **2023 Tax Rates**

In the April 24<sup>th</sup> agenda, Report FIN 11-23 is asking Council to approve the 2023 City property tax rates. If Council approves the 2023 budget with no changes to the property tax levy, then this report can be considered for Council approval. Any changes to the property tax funded component of the 2023 budget, would require the report to be revised and re-submitted at the earliest possible date.

### **2023 Capital Budget**

This year the draft Capital Budget is \$58.8 million. Major capital projects in 2023 include the construction of the new Pickering Heritage & Community Centre (\$40 million total budget), new pickleball and futsal courts at the Pickering Soccer Centre (\$902,000), Walnut Lane extension (\$2 million) and various asphalt resurfacing, reconstruction and culvert replacement projects (\$4.6 million).

## Debt Capacity and Annual Repayment Limit (ARL)

Managing the debt capacity or dollar borrowing amount is important to the City due to the financial limitations imposed by the Province through the Annual Repayment Limit or (ARL). The *Municipal Act* regulation permits a maximum of 25 percent of net operating revenues to be used to fund principal and interest charges for debt. A municipality can only exceed the 25 percent limit through prior approval from the Ontario Land Tribunal.

For Pickering, the net operating revenues consists of the following major items:

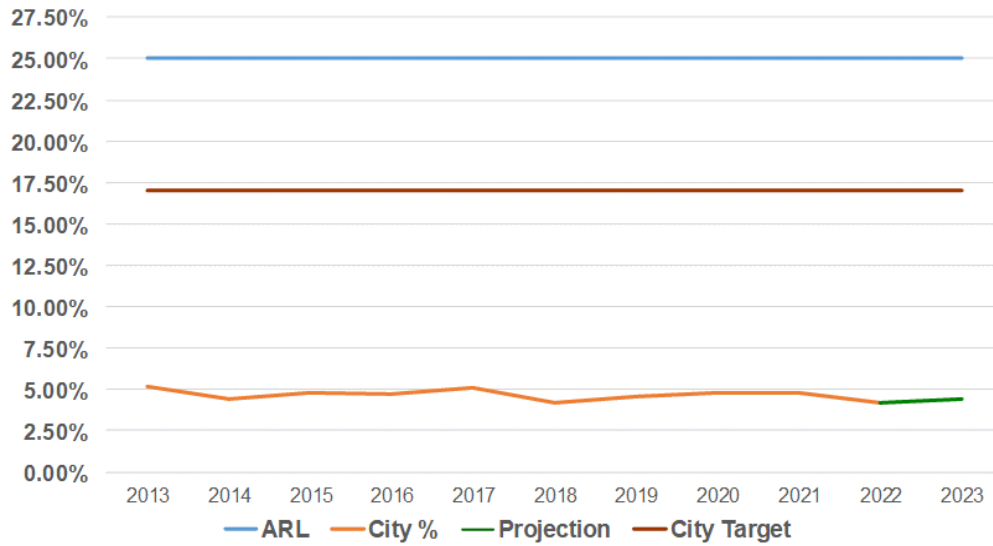
- property tax revenue
- user fees & charges
- fines, penalties & interest on taxes
- license fees, permit fees & rents
- gaming & casino revenues

As stated above, every year the budget levy increases, the City's annual repayment limit increases that in-turn results in a higher debt borrowing capacity or dollar amount. The City's annual repayment limit for 2023, based on the prescribed calculation and using the City's 2021 Financial Information Return (FIR) was \$20.9 million. The proposed 2023 budgeted annual debt payments (interest and principal) is \$5.5 million and therefore, the City had \$15.4 million in unused debt payment capacity before hitting the 25 percent wall.

Since last October, there have been several factors that **may** have a negative impact on the City's debt capacity which are: inflation, interest rates, and supply chain challenges. It's no secret that the day-to-day living expenses have increased over the last year. Ontario inflation is running at 5.9 percent and these higher costs will probably be reflected in higher future capital project costs for the City. The City's ARL is **not** directly linked to inflation. If future year's debt financed capital projects have higher costs, the City has basically three options: it can accept a higher ARL percentage or it has to defer or reduce the size of debt financed capital projects.

Please find below a historical comparison of the City's annual debt cost (that includes principal and interest) in relation to the ARL. The source of the data was the annual FIR, Schedule 81 for each respective year. The 2022 financial information is currently not available due to the fact the City is still processing its 2022 closing adjustments. As the chart below indicates, the City has been operating slightly below or around the 5 percent level of its debt limit and or debt capacity.

**Chart One  
City's Debt Capacity Measured Against the ARL Limit**



**Debt Payments and Debt Financing of Capital Projects**

The 2023 Current Budget includes \$4.15 million of taxpayer funded debt charges (interest and principal). The taxpayer funded debt charges represent 5.0 percent of the 2023 property taxes levied. In other words, for every dollar collected 5 cents is applied to debt charges.

A high level summary of the City's debt is presented below:

<b>Debt Summary</b>	<b>Millions (\$)</b>
<b>2022 Debt</b>	
External Debt Commitments	\$40.10
External DC Debt	<u>22.40</u>
Total 2022 Commitments	\$62.50
<b>Add: 2023 Debt Commitments</b>	
External Debt	\$3.76
New Internal Loans	<u>0.85</u>
Total Debt Commitments	<u>\$67.11</u>

The 2023 debt financed Capital Projects, are listed below.

**External Debt and Internal Financing of Capital Projects**

<b>City of Pickering 5, 10 and 15 Year Debt Financing 2023 Capital Budget</b>		
<b>Capital Project Code</b>	<b>Debt - 5 Years (\$)</b>	<b>Description</b>
10700.2303	\$500,000	Fire Services Portable Radio Replacement
10700.2306	350,000	Fire Services Dispatch CAD Replacement
<b>Total Five-Year Debt</b>	<b>\$850,000</b>	
<b>Capital Project Code</b>	<b>DC Debt - 5 Years (\$)</b>	<b>Description</b>
10305.2305	\$175,000	Sidewalk Plow - New
10315.2303	420,000	4-Ton dump Truck with Plow - New
10315.2306	110,000	1-Ton dump Truck
10315.2311	420,000	4-Ton dump Truck with Plow - New
10315.2312	110,000	1-Ton dump Truck
<b>Total Five-Year DC Debt</b>	<b>\$1,235,000</b>	
<b>Capital Project Code</b>	<b>Debt - 10 Years (\$)</b>	<b>Description</b>
10700.2305	\$526,700	Seaton Fire Station B Land Purchase
<b>Total Ten-Year Debt</b>	<b>\$526,700</b>	
<b>Capital Project Code</b>	<b>Debt - 15 Years (\$)</b>	<b>Description</b>
10700.2307	\$2,000,000	Fire Pumper Rescue Replacement
<b>Total Fifteen-Year Debt</b>	<b>\$2,000,000</b>	
<b>Total Debt Financed Projects</b>	<b><u>\$4,611,700</u></b>	

Borrowing or debt financing should not be viewed as a negative. The proper use of debt is an essential component of prudent fiscal strategy. The use of debt promotes intergenerational equity. By borrowing, Pickering can distribute the cost of the asset over the lifetime of the asset.

### Preliminary Draft 2024 Budget Position

The preliminary draft 2024 budget position is presented below.

#### 2024 Preliminary Estimated Draft 2024 Budget

Expenditures:	%	%
Personnel Costs	1.90	
Annualization of New Positions	2.10	
Debt Payments	1.20	
Other	0.30	
Leasing Costs	<u>0.20</u>	5.70
Revenues:		
User Fees	-0.20	
Assessment Growth	-2.10	
Other	<u>-0.50</u>	<u>-2.80</u>
Sub Total		2.90
Add:		
Asset Management		<u>1.00</u>
Preliminary Total Estimate		<u>3.90</u>

The total estimate represents the “floor” as a possible increase. It does not reflect any service level changes that may result in a higher or lower percentage increase. In addition, there is no funding provision included above for any legislated changes that would result in higher operating costs. The above assumptions such as assessment growth are preliminary forecasts and are dependent upon outside factors such as MPAC adding new growth to the property tax base. It should be noted, that this preliminary draft position does not include above average inflationary cost pressures.

#### Attachments:

1. By-law to Amend By-law 6191/03 to Confirm General Municipal Fees
2. Budget Presentation, April 13, 2023
3. Council Compensation Policy ADM 190

**Prepared By:**

Original Signed By:

James Halsall  
Division Head, Finance

**Approved/Endorsed By:**

Original Signed By:

Stan Karwowski  
Director, Finance & Treasurer

Recommended for the consideration  
of Pickering City Council

Original Signed By:

Marisa Carpino, M.A.  
Chief Administrative Officer



The Corporation of the City of Pickering  
By-law No. XXXX/23

Being a by-law to amend By-law No. 6191/03  
to confirm General Municipal Fees

Whereas the Council of the Corporation of the City of Pickering enacted By-law 6191/03, as amended, on October 14, 2003 to confirm general municipal fees.

Whereas Schedule "I" to By-law 6191/03 was updated and replaced under By-law, 6338/04, By-law 6519/05, By-law 6652/06, By-law 6677/06, By-law 6748/07 By-law 6857/08, By-law 6951/09, By-law 7032/10, By-law 7119/11, By-law 7194/12, By-law 7268/13, By-law 7339/14, By-law 7411/15, By-law 7478/16, By-law 7542/17, By-law 7605/18; By-law 7679/19; By-law 7740-20 and 7823/21; 7918/22 and 7983/23;

Now therefore the Council of the Corporation of the City of Pickering hereby enacts as follows:

1. Schedule "I" to By-law Number 6191/03, as amended, is hereby amended to reduce the Basic Tennis (Resident) Family Annual Membership fee from \$1,385 (plus HST) to \$1,149 (plus HST).

By-law passed this 24<sup>th</sup> day of April 24, 2023.

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Kevin Ashe, Mayor

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Susan Cassel, City Clerk

# City of Pickering 2023 Draft Current & Capital Budgets



# Introduction

## Budget Presentation

Herd of Elephants (In the Room)

Financial Snapshot

Casino Reserve

Budget Impact on Taxpayers

Debt (Annual Repayment Limit)

2024 Budget Timetable & Forecast

## Capital Budget

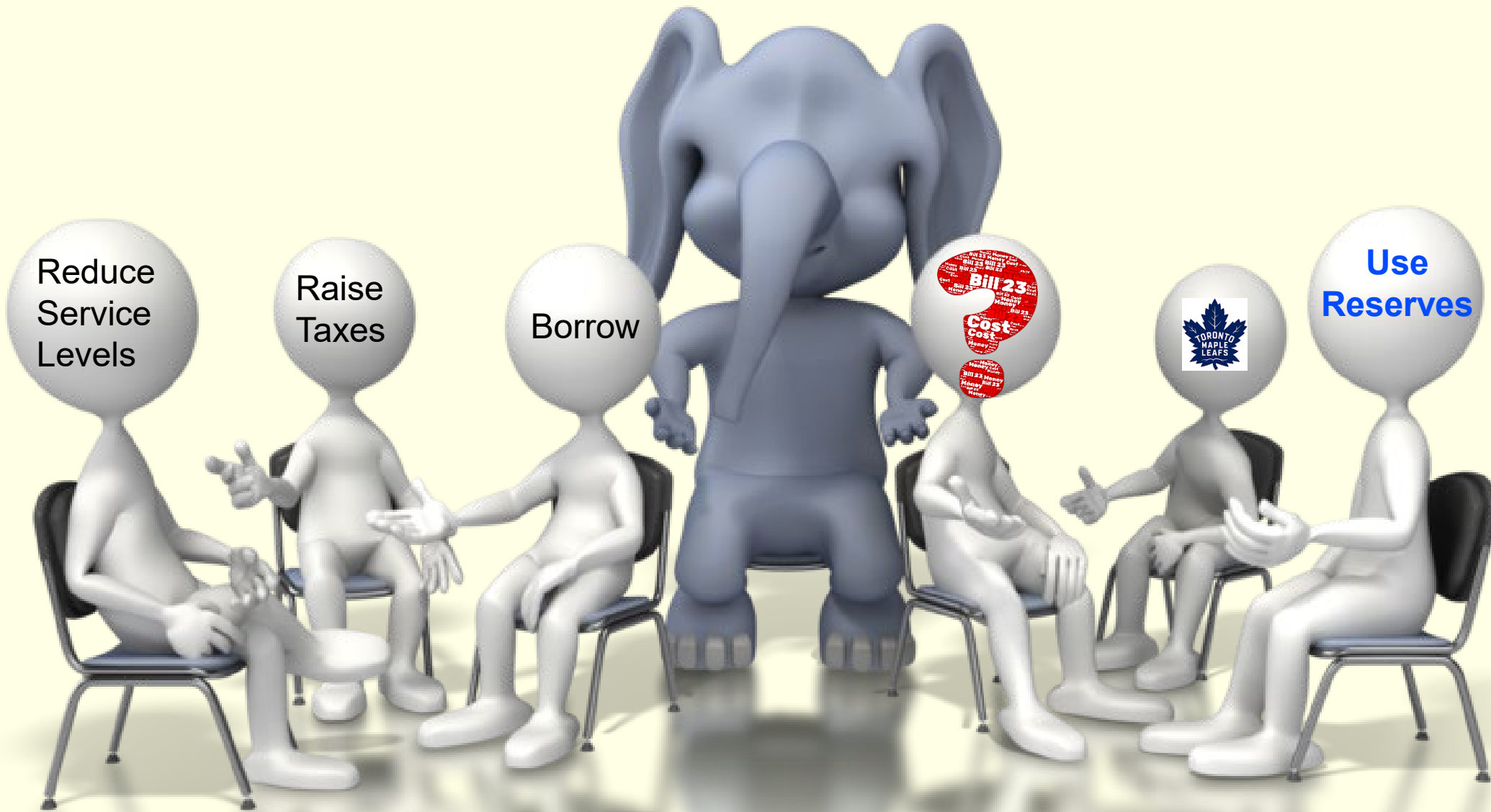
Budget Report and Housekeeping Items

Measuring Pickering's Social Conscience

# Herd of Elephants in the Room



# How Do You Fund Bill 23 Costs?



# Infrastructure Investments & Funding Challenges

## Old Facilities:

Don Beer Arena (53 years)

Rec Complex (40 years)

George Ashe Library  
Community Centre (22 years)



## New Facilities (\$ Millions)

Animal Shelter (\$9.8)

PHCC (\$40.0)

City Centre: (\$142.0)  
(Park, Library, Seniors & Youth)

Seaton Rec Complex (\$180.0)

# Capital Facilities Team

## Why?



### 2023 Staffing “Ask”

(2) Project Managers  
(1) Project Coordinator

\$189,875 cost for 2023  
funded from the casino  
reserve

- Roughly **140** capital projects outstanding as of January 1, 2023.

### Large Projects (Current & Proposed)

- Animal Shelter
- PHCC
- City Centre (Phase 1 & 2)
- Seaton Recreation Complex & Library
- New northern satellite operations centre

# New Staffing Requests

	Office of the CAO	2.0
	Economic Development	1.0
	City Development	14.0
	Community Services	3.0
	Operations	6.0
	Corporate Services	5.5
	Engineering Services	4.0
	Finance (Net)	3.0
	Fire Services	5.0
	Human Resources	<u>1.0</u>
	Sub Total	44.5
	Add: New Initiatives	
	<b>Cherrywood Development</b>	<b>9.0</b>
	<b>New Capital Facilities Team</b>	<b><u>3.0</u></b>
	Total	<u>56.5</u>



# Office Space Pressures

City Hall Statistics

- Number of workstations 185
- Number of current staff 210
- Number of staff (after budget) 250

Options:

- Multi year lease
- Purchase/renovation & future sale

Other Factors:

- Public transportation
- Proximity to City Hall
- Parking for staff

Funding Strategy

Funding Source

Rent - 6 Months (Gen. Gov.)	\$ 280,000	Property Taxes
Leasehold Improvements (Capital)	1,100,000	Casino Reserve
Furniture & Fixtures (Capital)	<u>720,000</u>	Rate Stabilization Reserve
Total	<u>\$ 2,100,000</u>	

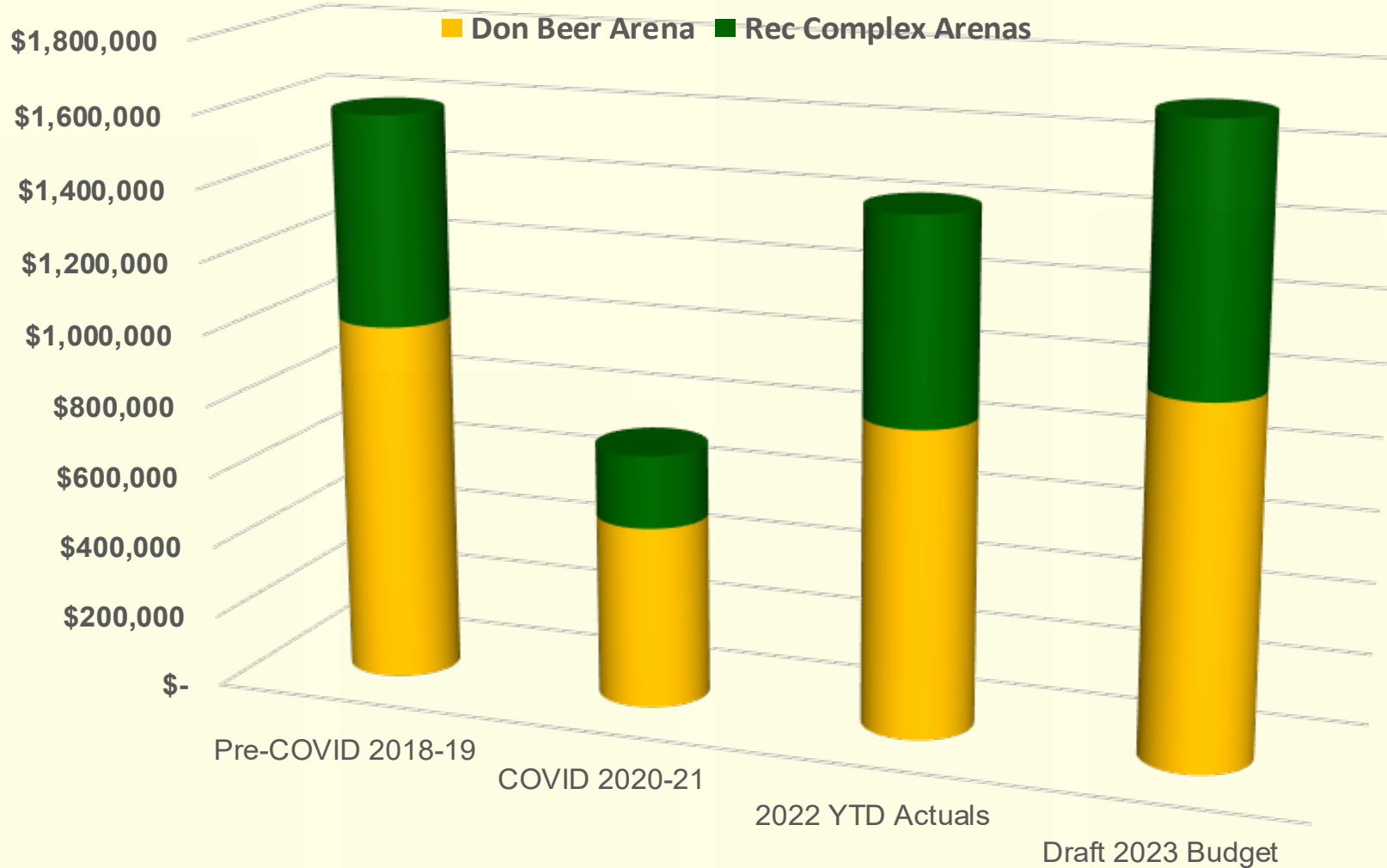
# 2023 Budget Snapshot

		<b>2022 Budget</b>	<b>Increase (Decrease)</b>	<b>2023 Draft Budget</b>	
1	City Revenues	(\$49,439,818)	(\$2,541,586)	(\$51,981,404)	-3.34%
2	Casino Gaming Revenues	(8,000,000)	(8,000,000)	(16,000,000)	-10.51%
3	Supplementary Tax Revenues	(500,000)	0	(500,000)	0.00%
4	2023 Assessment Growth	0	(1,911,000)	(1,911,000)	-2.51%
5	<b>Sub Total Lines (1 to 4)</b>	<b>(\$57,939,818)</b>	<b>(\$12,452,586)</b>	<b>(\$70,392,404)</b>	<b>-16.37%</b>
6	City Expenditures	\$129,029,857	\$9,050,123	138,079,980	11.89%
7	Transfer to Casino Reserve	8,000,000	8,000,000	16,000,000	10.51%
8	Capital From Current	639,000	29,000	668,000	0.04%
9	<b>Sub Total (Lines 6 to 8)</b>	<b>\$137,668,857</b>	<b>\$17,079,123</b>	<b>\$154,747,980</b>	<b>22.45%</b>
10	<b>Net City (Lines 5 Minus 9)</b>	<b>\$79,729,039</b>	<b>4,626,537</b>	<b>\$84,355,576</b>	<b>6.08%</b>
11	Covid-19 Recovery Fund	(\$1,598,618)	\$1,598,618		2.10%
12	Rate Stabilization Reserve	(1,500,000)		(1,500,000)	0.00%
	<b>Funding of Major Cost Pressure From Casino Reserve</b>				
13	Elexicon Dividend Decrease	(546,587)	(906,157)	(1,452,744)	-1.19%
14	Sub Total (Lines 11 to 14)	(3,645,205)	692,461	(2,952,744)	0.91%
15	<b>Base Budget (L10 Plus 14)</b>	<b>\$76,083,834</b>	<b>\$5,318,998.28</b>	<b>\$81,402,832</b>	<b>6.99%</b>
	Add: Financial Impact of Provincial Legislation				
16	Bill 23 - DC Funding Shortfall		3,500,000	3,500,000	4.60%
17	Sub Total		\$8,818,998	\$84,902,832	11.59%
18	Asset Management Investment		760,000	760,000	1.00%
19	Sub Total		\$9,578,998	\$85,662,832	12.59%
20	Funding of Bill 23 Cost by Casino Reserve		(3,500,000)	(3,500,000)	-4.60%
21	<b>Recommended Budget</b>		<b>\$6,078,998</b>	<b>\$82,162,832</b>	<b>7.99%</b>
	<b>2023 Property Tax Increase</b>			<b>2.44%</b>	

# Explanation of Major Revenue Changes

Department User Fees	2.34%
Planning Fees	1.64%
Licenses & Permits	1.35%
Investment Income	0.65%
Fines & Charges	0.42%
Municipal Accommodation Tax Revenues	0.39%
Federal & Provincial Grants	(3.01%)
Other Changes	<u>(0.44%)</u>
<b>2023 Proposed Budgetary Revenue Increase</b>	<b><u><u>3.34%</u></u></b>

# Ice Rentals



## Return of Program Revenues

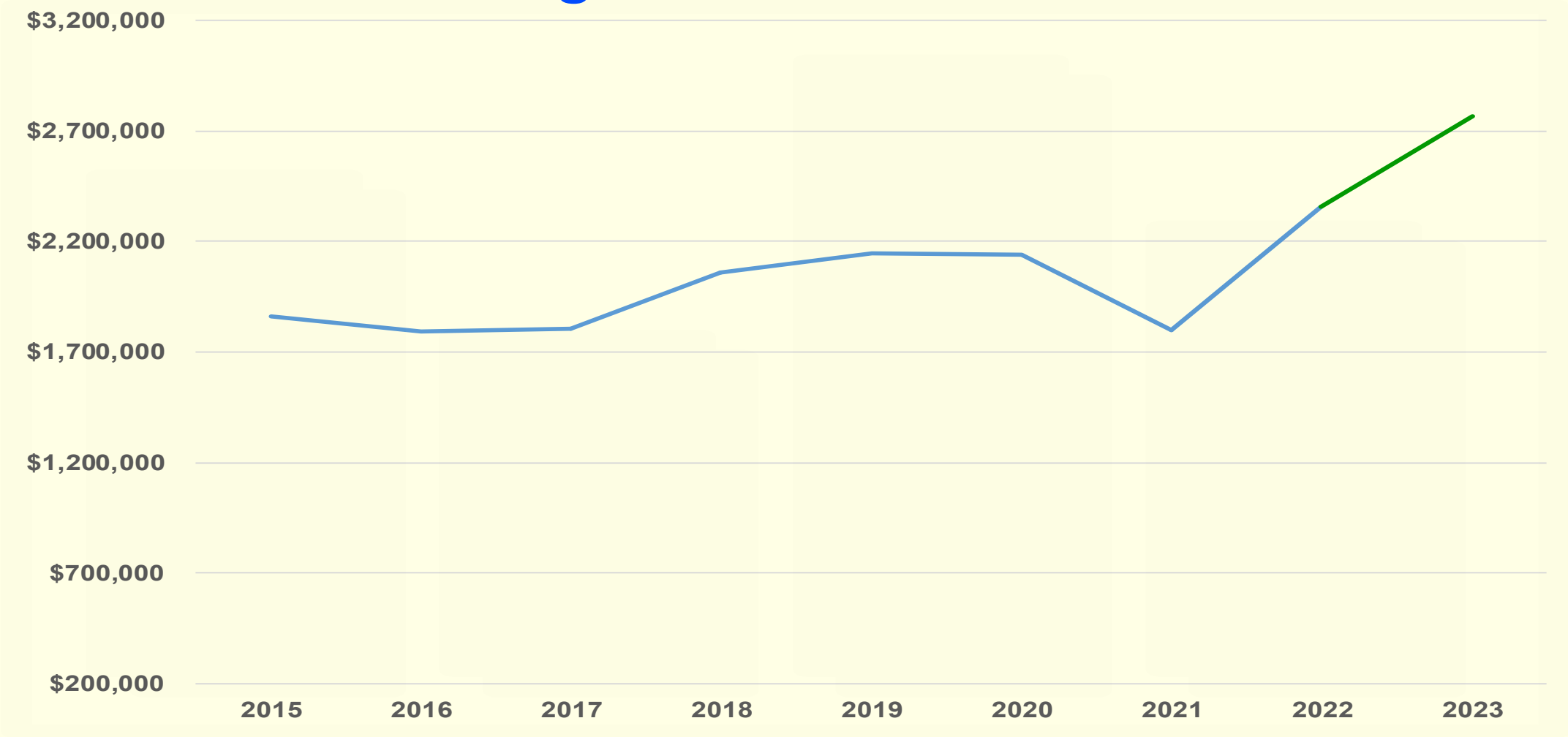
# Breakdown of 11.89% Budgetary Expenditures Increase

## Breakdown of 11.89% Budgetary Expenditures Increase

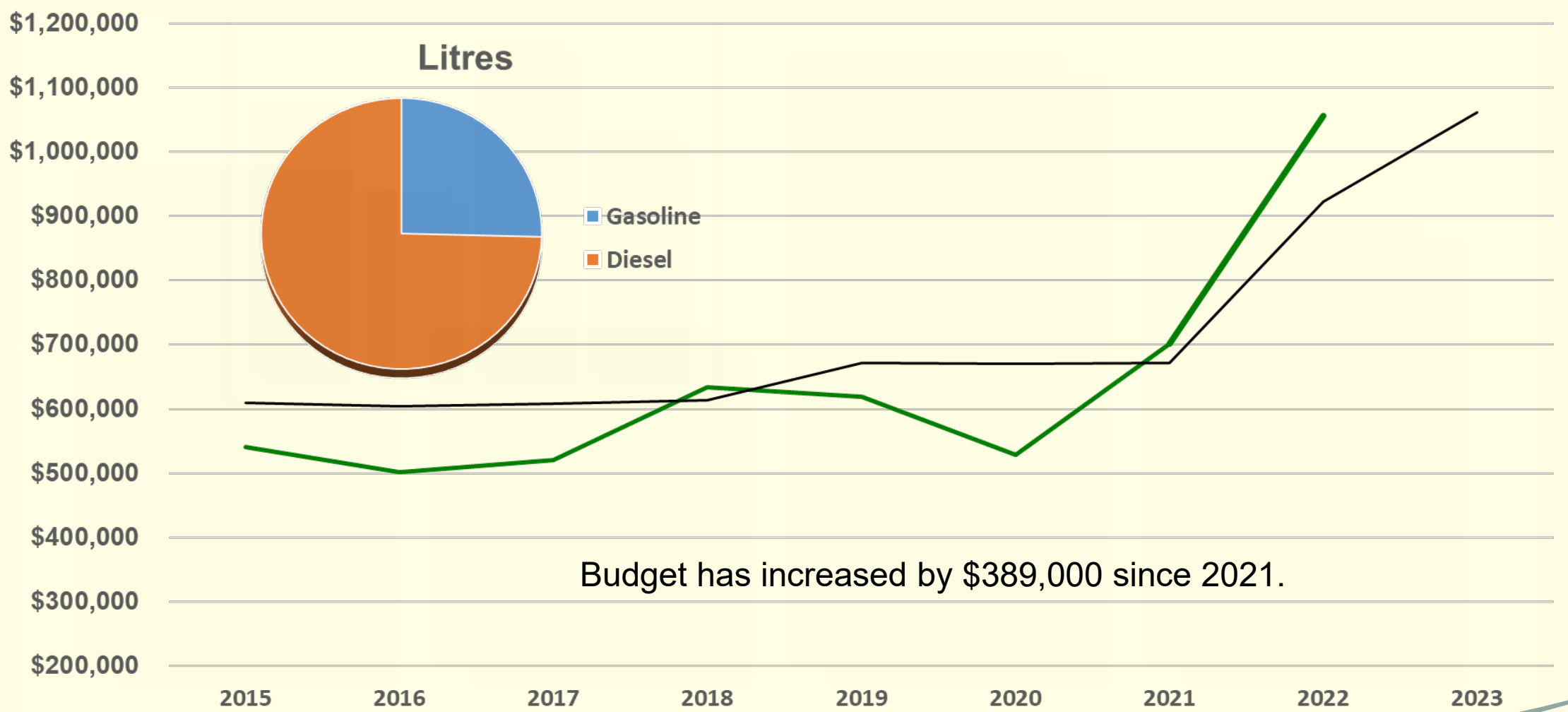
### Personnel Expenditures:

Salaries	2.32%	
Employee Benefits	0.33%	
New Positions	4.32%	
Contract Staff	0.72%	
Resumption of Pre-COVID programming levels	<u>0.51%</u>	8.20%
Building Maintenance		0.67%
Equipment		0.62%
Consulting & Professional Fees		0.49%
Other Changes		<u>1.91%</u>
<b>2023 Proposed Budgetary Expenditure Increase</b>		<b><u>11.89%</u></b>

# Building Maintenance Costs



# Fuel Costs



# Asset Management Investment

1% Ask = \$760,000

1/3 Roads & Bridges

1/3 Buildings & Facilities

1/3 Playground

	Estimated Useful Life	Current Contribution
Roads & Bridges	28.4%	\$2,000,000
Buildings & Facilities	17.1%	\$515,000
Parks	16.1%	\$230,000



# Breakdown of Casino Reserve Use

## Current Budget:

Seniors Snow Program	\$ 388,700	
Cherrywood Development Team	315,760	
Capital Facilities Team	<u>189,975</u>	\$ 894,435

## General Government

Communities Grants	\$ 263,227	
City Centre Phase 2	<u>490,000</u>	753,227

## Budget Front Page

Elexicon Dividend Shortfall	\$1,452,744	
Bill 23 DC Fee Reduction	<u>3,500,000</u>	4,952,744

## Capital Budget

		<u>4,533,700</u>
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Total 2023 Commitments		<u><u>\$ 11,134,106</u></u>
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\$6.1 million – Uncommitted Balance

# Major Capital Projects Funded By Casino Reserve

	<b>2023</b>
	<b>Draft</b>
	<b>Budget</b>
Leasehold Improvements	1,100,000
Bay Ridges Kinsmen Park Soccer Artificial Turf Replacement	770,000
Beverley Morgan Park Track Replacement	770,000
Accessible Pedestrian Signals - 4 locations	400,000
George Ashe Community Centre Renovation Consulting	330,000
Council Chamber Renovation Consulting	250,000
Security Camera Program (Various Locations)	161,500
Fire Station#6 Kitchen Retrofit	100,000
Rec Complex - Condenser Pad and Tank Replacement	88,000

# 2023 Key Current Budget Highlights

Increase in seniors' property tax grant from \$525 to \$535.

**50% Program Expansion** for Senior Snow Removal Program (500 to 750 spots).

Enhanced Santa Claus Parade & Millennium Square Events

Increase in Seaton Fire Hall staffing - 5 additional firefighters. **21**  
City has now reached a full staffing complement for the new fire hall.

Establish an Office of Housing Affordability.

Continuation of City Centre Vision – Phase Two.

# Another Viewpoint – Pickering’s Draft Budgetary Increase

	2021	2022	2023	Three Year Period
<b>Inflation*</b>	<b>3.50%</b>	<b>6.80%</b>	<b>3.60%</b>	<b>14.52%</b>
<b>City Budget Levy Increases</b>	<b>1.45%</b>	<b>1.79%</b>	<b>7.99%</b>	<b><u>11.52%</u></b>
Inflation Increase Over Budget Levy				<u>3.00%</u>

\* The above inflation rate figures are from the 2023-24 Provincial Budget (Page 105).

# How is the Residential Tax Bill Allocated?

Pickering	30.57%
Durham Region	55.27%
School Boards	14.37%

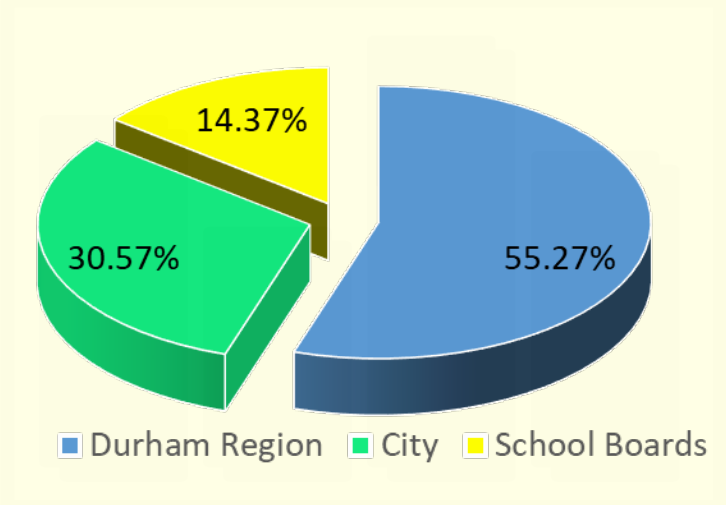


Residential Tax Bill

Pickering Share

# Budget Levy Impact on Total Residential Property Taxes

	City Share
Proposed 2023 Levy Inc.	7.99%
Percentage of Allocation	30.57%
Increase on Total Residential Tax Bill	<b>2.44%</b>



# City & Region Levy Impact on Total Residential Property Taxes

## 2023 Total Residential Property Tax Impact

	School Board	City	Region	Total
<b>Tax Pie Percentage</b>	<b>14.17%</b>	<b>30.57%</b>	<b>55.27%</b>	<b>100.0%</b>
<b>2023 Levy Inc.</b>		<b>7.99%</b>	<b>5.20%</b>	
<b>Increase on the Tax bill</b>		<b>2.44%</b>	<b>2.87%</b>	<b>5.31%</b>

# Budget Levy Impact on Pickering Share Residential Property Taxes

## Financial Impact of Budget Levy Increase

<b>Residential Assessment</b>	<b>\$ 100,000</b>	<b>\$ 530,000</b>	<b>\$ 612,000</b>
Increase over Last Year	<b>\$ 26.38</b>	<b>\$ 139.81</b>	<b>\$ 161.44</b>
Increase on a Monthly Basis	<b>\$ 2.20</b>	<b>\$ 11.65</b>	<b>\$ 13.45</b>

**The residential assessment value is based on a market valuation date of January 1, 2016.**



# Current Market Value vs. Property Taxes Assessment Value

Current  
Market  
Value

What is my home  
worth today?

>

MPAC

Assessment  
Value

**January 1, 2016**

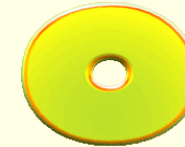
MPAC Assessment value is based on the value of the price that your property might reasonably have sold for in its current state and condition **on January 1, 2016** between a willing buyer and seller.

# Impact of **Delayed** Reassessment on Residential Property Taxes

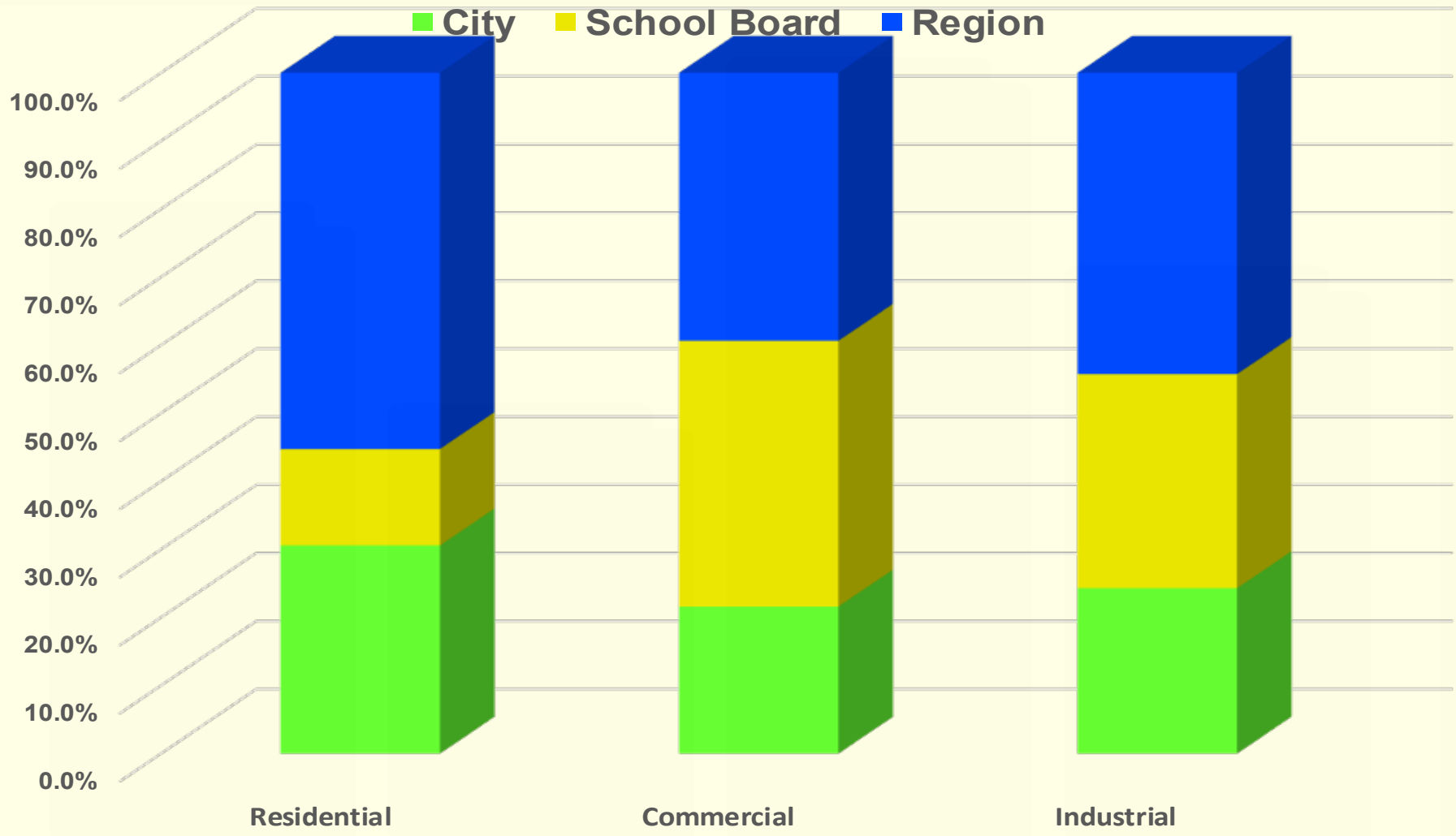
Explanation of Tax Changes From 2019 to 2020	
Residential, Farmland, Pipelines & Managed Forests	
Final 2019 Levies	5,396.17
*2019 Annualized Taxes	5,396.17
2020 City Levy Change	48.16
2020 Region Levy Change	69.15
2020 Prov. Education Levy Change	0.00
2020 Tax Change due to Reassessment	9.14
**Final 2020 Levies	5,522.62
<b>Total Year-Over-Year Tax Change</b>	<b>126.45</b>

For 2023, the reassessment is being delayed **to post 2024?** Therefore, there should be no financial impact due to reassessment.

The highlighted line should be ZERO for 2023.



# Property Tax Allocation by Major Property Tax Class



# What is the Budget Levy Increase for the Commercial Taxpayer?

## 2023 Total Commercial Property Tax Impact

	School Board (Prov.)	City	Region	Total
<b>Tax Pie Percentage</b>	<b>39.03%</b>	<b>21.60%</b>	<b>39.37%</b>	<b>100.0%</b>
<b>2023 Levy Inc.</b>		<b>7.99%</b>	<b>5.20%</b>	
<b>Increase on the Tax bill</b>		<b>1.73%</b>	<b>2.050%</b>	<b>3.78%</b>















# What is the Budget Levy Increase for the Industrial Taxpayer?

## 2023 Total Industrial Property Tax Impact

	School Board (Prov.)	City	Region	Total
Tax Pie Percentage	31.44%	24.29%	44.27%	100.0%
2023 Levy Inc.		7.99%	5.20%	
Increase on the Tax bill		1.94%	2.30%	4.24%

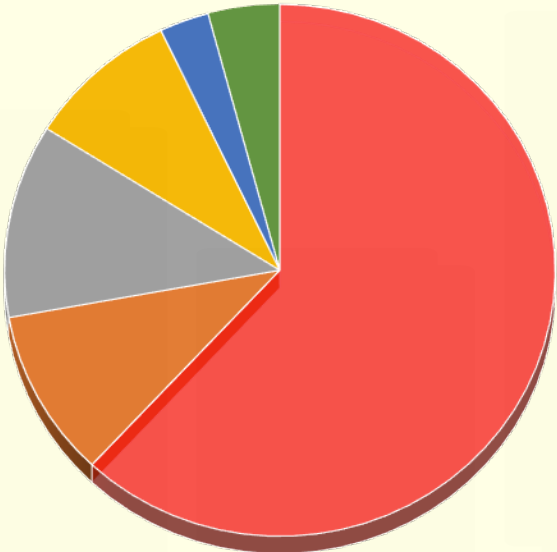
# Summary of Budget Levy Increase by Major Tax Class

	School Board (Prov.)	City	Region	Total
<b>Residential</b>	0.00%	2.44%	2.87%	5.31%
<b>Commercial</b>	0.00%	1.73%	2.05%	3.78%
<b>Industrial</b>	0.00%	1.94%	2.30%	4.24%

<b>Average Daily Cost of Municipal Services:</b>		<b>\$ 6.08</b>					
24.1% <b>Fire Services</b> 	\$ 1.47	20.1% <b>Road &amp; Water Network</b> 	\$ 1.22	7.6% <b>Library</b> 	\$ 0.46	7.8% <b>Parks &amp; Property</b> 	\$ 0.47
4.9% <b>Debt Servicing Costs</b> 	\$ 0.30	5.7% <b>Community &amp; Recreation Centres</b> 	\$ 0.35	6.2% <b>Corporate Services</b> 	\$ 0.38	5% <b>Culture &amp; Recreation - Other</b> 	\$ 0.30
1.2% <b>City Development</b> 	\$ 0.07	1.6% <b>Mayor, Council &amp; Council Support</b> 	\$ 0.10	1.2% <b>Streetlights</b> 	\$ 0.07	0.9% <b>Recreation Programs</b> 	\$ 0.05
0.7% <b>Animal Services</b> 	\$ 0.04	0.6% <b>Customer Care</b> 	\$ 0.04	1.1% <b>Museum</b> 	\$ 0.07	0.5% <b>Crossing Guards</b> 	\$ 0.03
0.9% <b>Arenas</b> 	\$ 0.05	0.4% <b>Community Grants</b> 	\$ 0.02	0.3% <b>By-law Services</b> 	\$ 0.02	9.2% <b>All Other Areas</b> 	\$ 0.57

\* Calculated based on the average assessed value of \$612,000 for a residential property.

# Pickering's Debt Picture



- Property Taxes
- DC - Seaton Fire Hall
- DC - Op Centre
- DC - Animal Shelter
- 3rd Party - Soccer Dome
- DC - Hwy 401 & Growth Vehicles

	Original Borrowed Amount (\$)	Outstanding Principal Balance
<b>A</b> Total "Issued" Debt Commitments-Dec 31, 2022	\$ 58,135,694	\$44,288,955
Add:		
<b>B</b> Debt Funded Projects from Prior Year's Budgets		18,205,000
<b>C</b> 2023 Debt Funded Projects		4,611,700
<b>D</b> Estimated City Debt Commitments - Dec 31, 2023		<u>\$67,105,655</u>



# Major Debt Financed Capital Projects

<u>Project</u>	<u>Year Borrowed</u>	<u>Term</u>	<u>Borrowed Amount</u>	<u>Outstanding Principal Dec 31, 2022</u>
New Operations Centre	2017	20	9,907,000	7,912,000
Construction of a New Fire Station and Headquarters on Zent Drive	2021	20	8,978,000	8,619,000
Chestnut Hill Developments Recreation Complex - Lobby & Core Area Renovations – Construction	2021	20	5,600,000	5,387,000
Purchase of Land for the Construction of 401 Overpass	2022	20	4,373,000	4,373,000
Indoor Soccer Facility	2014	15	3,734,000	1,954,000
			<b>32,592,000</b>	<b>28,245,000</b>

# ARL

Annual Repayment Limit (ARL), O. Reg 403/02:

- This limit represents the maximum amount that a municipality can commit to payments relating to debt or financial obligation
- $ARL = 25\% \times \text{Net Own Source Revenues}$

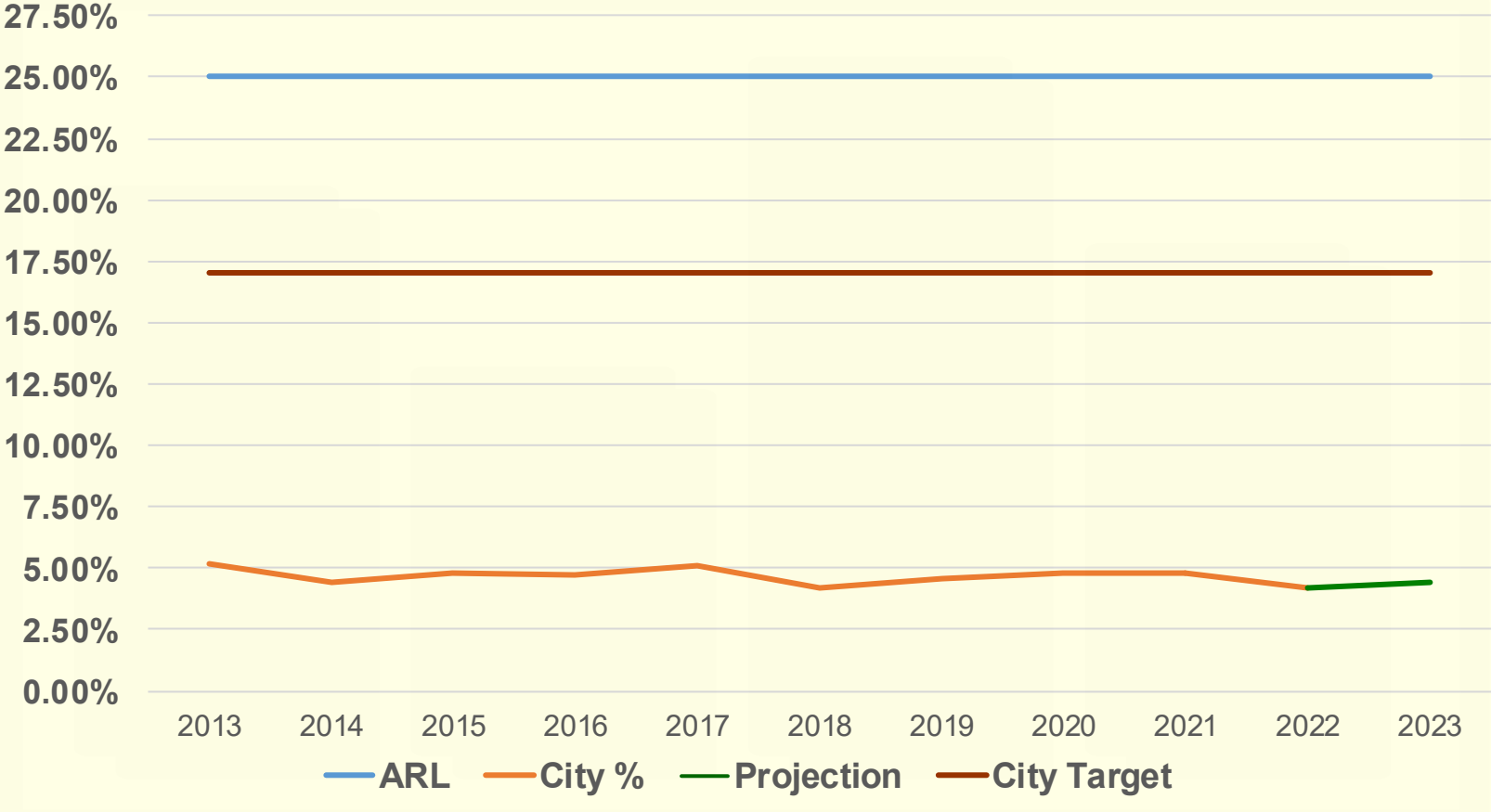
The ARL limit is capped at 25% of own source revenues

Own Source Revenues includes property taxes, user fees, investment income and casino revenues.

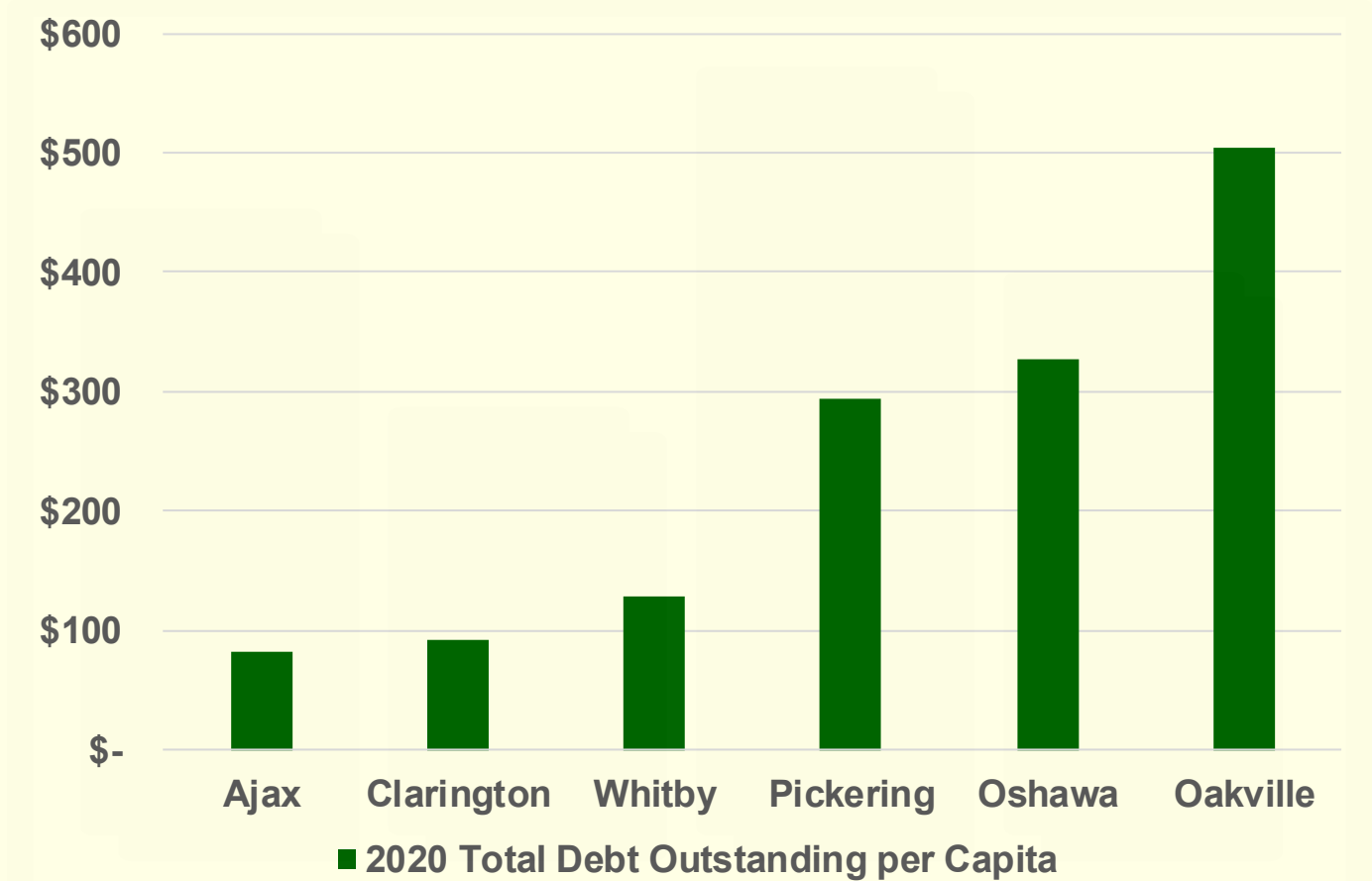
**The ARL should be viewed as your Provincial Credit Card Debt Limit**

The debt limit includes: DC Debt, Third Party Debt (Pickering Soccer Club for the Dome) and taxpayer debt.

# Annual Repayment Limit



# Comparing our Current Level of Debt with our Durham Lakeshore Neighbours



# Preliminary Draft Budget 2024 Timetable

January - KPMG consulting work for City Centre Phase 2 completed by the end of January or sooner

February - Report to Council regarding City Centre Phase 2 and possible future consideration for other phases

March – Council approves 2024 Budget

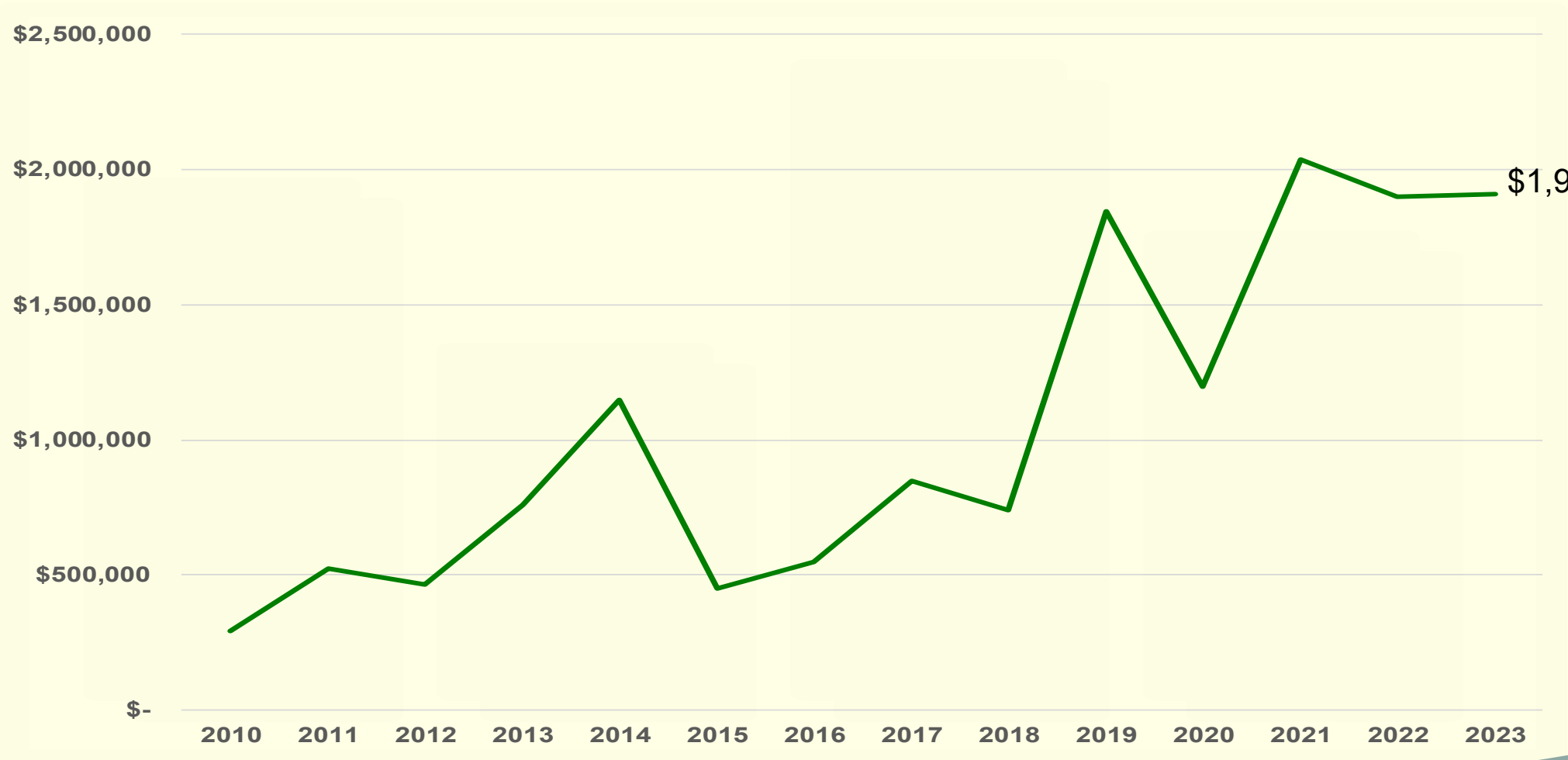
# Preliminary Projection Draft Budget 2024

Expenditures:				
Personnel Costs		1.90%		
Annualization of New Positions		2.10%		
Debt Payments		1.20%		
Other		0.30%		
Leasing Costs		<u>0.20%</u>	5.70%	
Revenues:				
User Fees		-0.20%		
Assessment Growth		-2.10%		
Other		<u>-0.50%</u>	<u>-2.80%</u>	
Sub Total			2.90%	
Add:				
Asset Management			<u>1.00%</u>	
<b>Preliminary Total Estimate</b>			<b><u>3.90%</u></b>	

# Strategies to Reduce 2024 Levy Increase

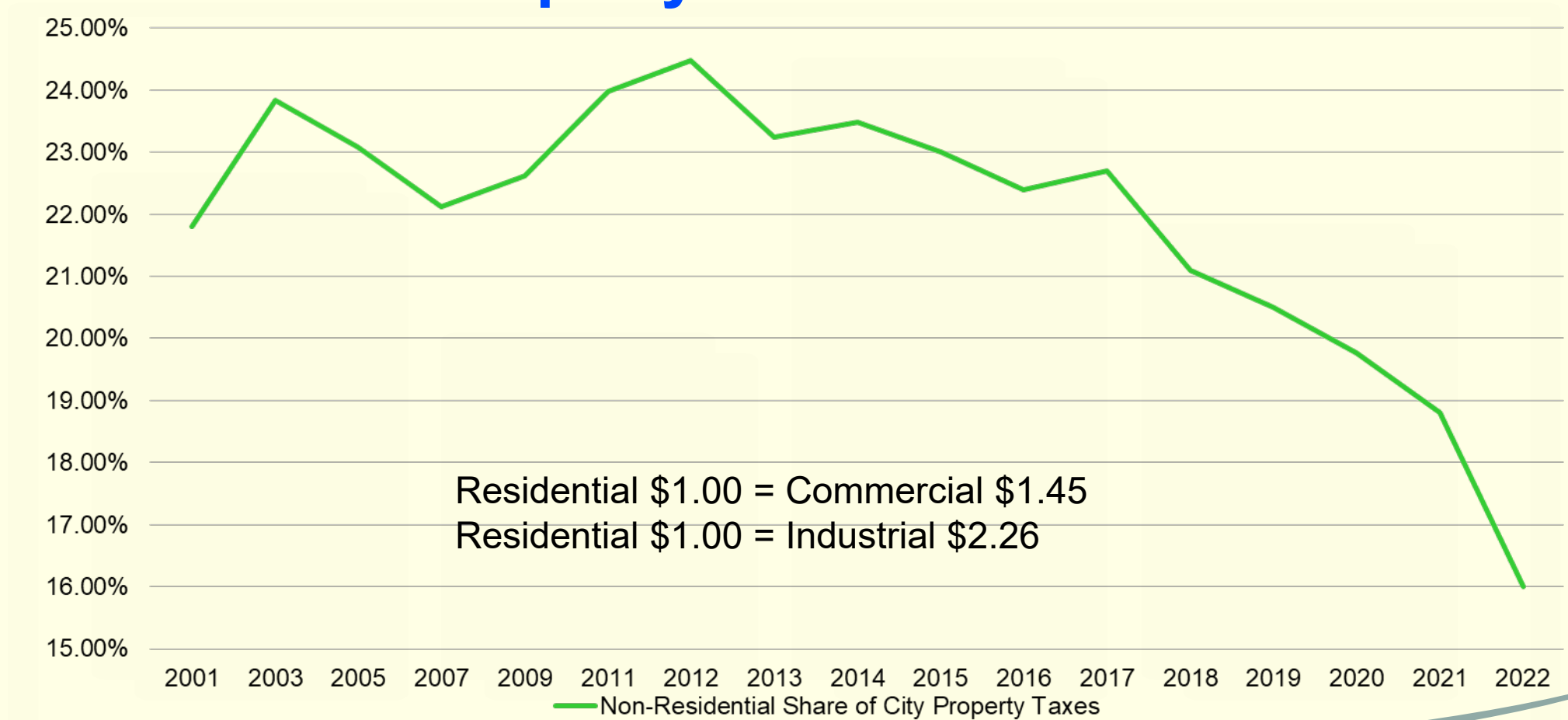
- Increase non-residential (property tax) growth.
- Continue to apply for all senior level government grants.
- Where applicable, ensure that all user fees are based on a full cost recovery basis (current & capital).
- Where applicable, invest in technology to increase efficiency.
- Avoid, if possible, the adding of new debt during the current high interest rate period.

# Assessment Growth





# Non-Residential Assessment as a % of the Total Property Assessment Base



# Property Taxes – Innovation Corridor

Economic Development from a Property Tax Lens

## **Property taxes prior to development**

Farm Tax Class

Total Property Taxes per Acre = \$34.65

## **Property taxes after development**

Commercial Tax Class

Total Property Taxes per Acre = \$23,947

**Recent development in this area resulted in total property taxes increasing from \$1,724 to \$1,181,330.**

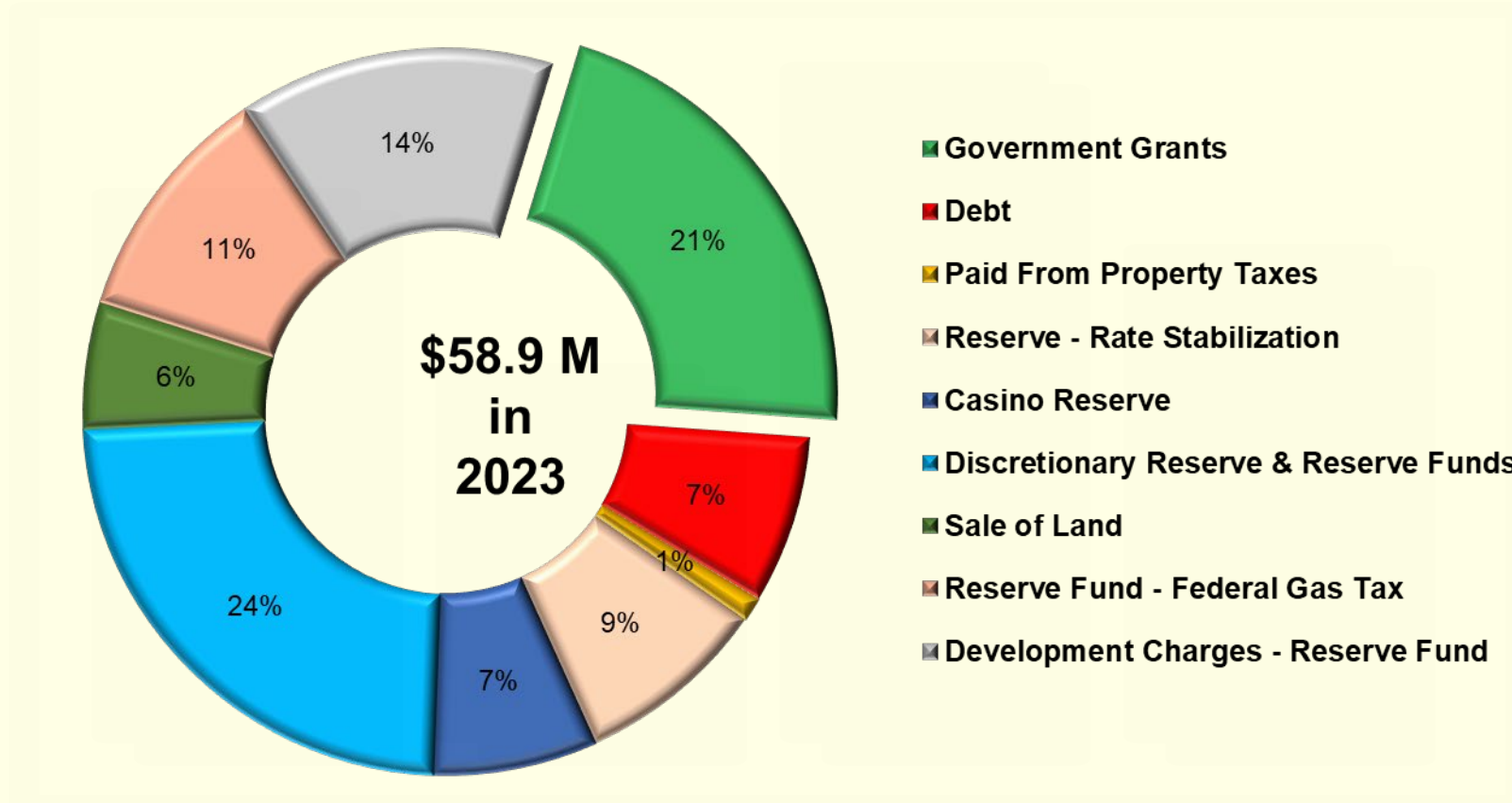
**Pickering share of property taxes increased from \$506 to \$255,172.**

# 2023 Key Capital Budget Highlights

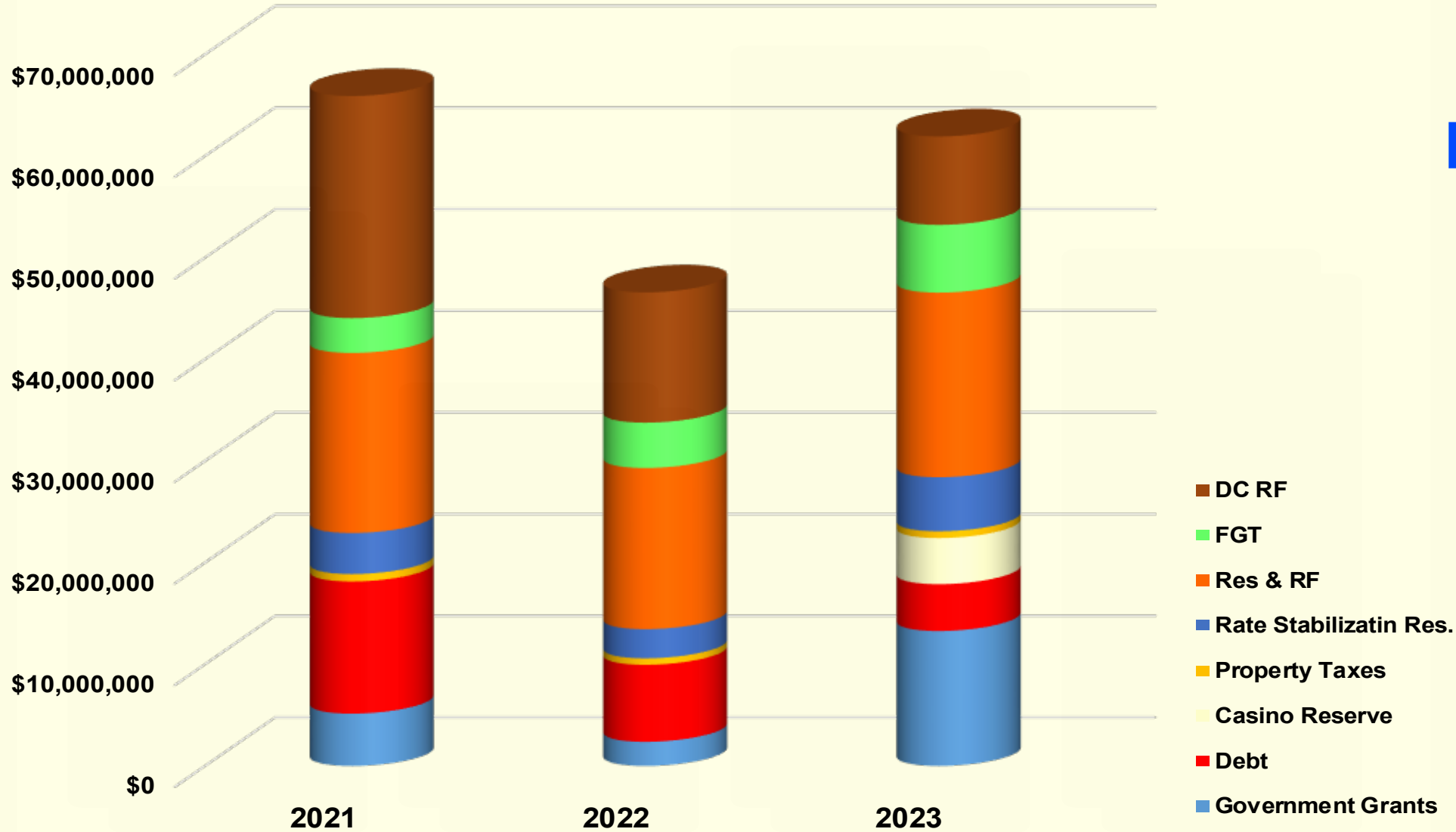


- Construction of the Pickering Heritage & Community Centre (\$40 million).
- New Pickleball & Futsal (6) Courts in Pickering Soccer Centre (\$902,000).
- Beverly Morgan Park Track Replacement (\$720,000).
- Walnut Lane Extension (\$2 million).
- Asphalt Resurfacing, Road Reconstruction and Culvert Replacements (\$4.6 million).
- Dunmoore Park Tennis Courts Reconstruction (\$550,000).

# 2023 Capital Budget by Financing Source



# Debt Reduction Strategy for 2023



# 2023 Budget Report (Housekeeping)

Recommendations will include the following:

1. Council to confirm that the budget was developed using the cash basis of accounting as per Ontario Regulation 284/09.
2. Any committee decisions to be re-allocated to their proper cost centre for accounting and expenditure control purposes including the March 27<sup>th</sup> Council decisions.
3. Grant housekeeping recommendations – change application deadline to (Friday) October 27<sup>th</sup>.
4. Increase seniors grant amount from \$525 to \$535.

# Measuring Pickering's Social Conscience



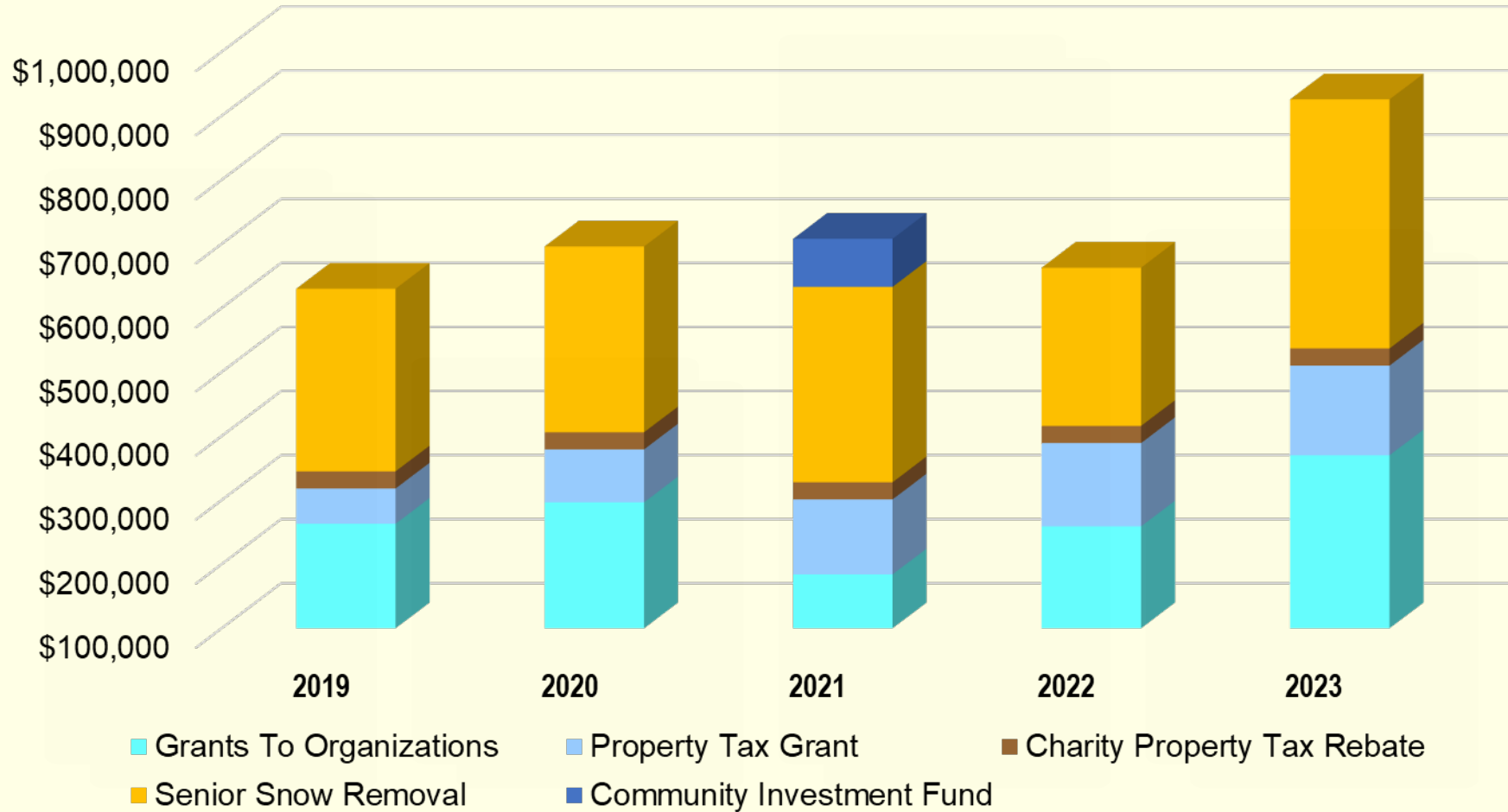
# Low Income Seniors/Persons With Disabilities Property Tax Grant

	2017	2018	2019	2020	2021	2022
<b>Grant Amount</b>	\$ 200.00	\$ 300.00	\$ 330.00	\$ 375.00	\$ 450.00	\$ 525.00
<b>Number of Participants</b>						
Seniors	143	185	202	249	232	240
Individuals with Disabilities	2	6	10	9	13	14
	145	191	212	258	245	254

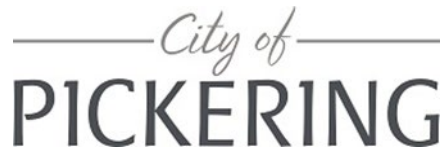
Recommending that the 2023 grant amount is increased to \$535.00.  
Program participation increased by 51.7% over the last five years.



# Social Conscience – A Financial Measure







# Policy

<b>Policy Title: Council Compensation Policy</b>			<b>Policy Number</b> ADM 190
<b>Reference</b> Resolution #73/05 Resolution #12/07 Resolution #214/07 Resolution #54/11 Resolution #152/11 Resolution #48/15 Resolution #299/17 Resolution #48/19 Resolution #240/20 Resolution #546/21	<b>Date Originated (m/d/y)</b> May 2, 2005	<b>Date Revised (m/d/y)</b> January 15, 2007 November 19, 2007 March 21, 2011 September 19, 2011 May 19, 2015 May 15, 2017 March 25, 2019 February 24, 2020 March 22, 2021	<b>Pages</b> 14
<b>Approval: Chief Administrative Officer</b>		<b>Point of Contact</b> Director, Corporate Services & City Solicitor Director, Finance & Treasurer	

## Policy Objective

The objective of this Policy is to:

1. Provide consistent rules and guidelines for the Mayor and Members of Council with respect to salary, expenses and communications of elected officials; and,
2. Provide guidelines to staff to ensure all expenses are submitted and approved in accordance with the established parameters of the Policy.

## Index

- 01 Definitions
- 02 Principles
- 03 Responsibilities
- 04 General
- 05 Accounting Procedures
- 06 Salary

- 07 Benefits
- 08 Vehicle Allowance
- 09 Professional and Business Development
- 10 Councillors Stationary and Office Supply Budget
- 11 Meals, Receptions, Promotions & Special/Community Events
- 12 Communications
- 13 Constituent Communications
- 14 Websites
- 15 In an Election Year

**01 Definitions**

- 01.01 **Allowable or Eligible Expense** - shall mean an expense that is provided for in this Policy.
- 01.02 **Cooperative Letter** - shall mean a letter or other printed document that contains information of interest to residents in more than one ward and which shall be mailed or distributed beyond a ward boundary.
- 01.03 **Councillor** - shall mean all Members of Council, excluding the Mayor.
- 01.04 **Ineligible Expense** - shall mean an expense that is not provided for in this Policy.
- 01.05 **Members of Council** - shall include the Mayor and all Members of Council.
- 01.06 **Neighbourhood Letter** - shall mean a document that is prepared on letterhead and/or signed by a Member of Council and sent to a defined neighbourhood or community of interest within the constituency of a Member of Council.
- 01.07 **Newsletter** - shall mean a document that is printed on both sides and shall contain information of interest to the constituents of a Member of Council.
- 01.08 **Social Media** – shall mean any social media platform used by a Member of Council to communicate or share information with constituents.
- 01.09 **Telecommunications Equipment** - shall include all equipment capable of transmitting over landlines and/or wireless modes.
- 01.10 **Website** - shall mean a site on the World Wide Web that contains information of interest to the constituents of a Member of Council.

## 02 Principles

When interpreting this Policy, the following principles should be kept in mind:

02.01 **Autonomy of Council** - City Council, as the decision-making body of the City, is separate and distinct from City administration.

02.02 **Integrity of Council** - The integrity of City Council as a whole and the Office of the Members of Council must be protected. The interest of City Council as a whole takes precedence over the personal interests of individual Members of Council.

02.03 **Accountability** - Since Members of Council use public funds when they perform their duties, the public expects public funds to be used prudently. Members of Council are the stewards of City resources and are ultimately accountable to the public and their constituents for the type and level of expenses they incur. Members of Council expenses must be reasonable and reflect what the public expects of an elected official.

02.04 **Transparency** - The public has a right to know how public funds allocated to Members of Council are spent. The public's right to Council expense information must be balanced against the need to protect privacy and personal information, and allow time for proper accounting and reconciliation of expenses.

## 03 Responsibilities

03.01 Members of Council to:

- a) adhere to and support the Council Compensation Policy;
- b) consider amendments as presented by the Chief Administrative Officer;
- c) meet all financial, legal, and income tax obligations; and,
- d) stay within budget guidelines and expenditure categories.

03.02 Chief Administrative Officer to:

- a) support the Council Compensation Policy.

03.03 City Clerk to:

- a) approve any expenditures in accordance with the Policy;
- b) advise Members of Council of the status of their budgets;
- c) advise Members of Council if any item appears to breach the Council Compensation Policy; and,

- d) make sure that supporting documentation is in place, and that expenditures conform with the Policy.

## **04 General**

- 04.01 This Policy shall be reviewed every four years prior to the budget meetings that follow the general municipal election, or as directed by Council.
- 04.02 When a vacancy occurs and is subsequently filled, or upon the commencement of a new Term of Council and after the Inaugural Meeting of Council has occurred, compensation, benefits and allowances outlined in this Policy shall be pro-rated to the Term of Office for each Member of Council.
- 04.03 Items purchased for and expense reimbursements by the City and provided to a Member of Council will be charged to the Member's budget.
- 04.04 Reimbursement or payment by the City will not be made if it is not specifically provided for in this Policy.
- 04.05 No remaining current budget allocations or allowances can be carried forward into future years unless otherwise provided for in this Policy.
- 04.06 Individual Members of Council shall not use City funds to make individual grants or donations to organizations or persons for any form of sponsorship or fundraising.
- 04.07 Members of Council will not be reimbursed for expenditures purchased through the use of rewards or point programs or gift cards.
- 04.08 Detailed listings of Council expenses are prepared on a monthly basis for each Member of Council and publicly disclosed on the City's website as soon as practicably possible.

## **05 Accounting Procedures**

- 05.01 Member of Council claims for expenses must follow basic accounting and audit principles:
  - a) expenses must relate to the business of the City of Pickering;
  - b) complete backup of all documentation pertinent to the expenditure must be attached to the expense reimbursement;
  - c) Members of Council must incur the expenses. Expenses incurred by third parties cannot be claimed;

- d) Members of Council must provide proper documentation, including detailed receipts, invoices or e-bills, for all expense claims. Credit card receipts or statements alone are not sufficient and will not be accepted. In the case of any online purchases, a copy of the confirmation is not enough for reimbursement, and the credit card statement must also accompany the backup documentation;
- e) invoices must include a description of the goods purchased or services rendered, the cost, applicable taxes and HST Registration Number;
- f) original or digital signatures are required on all invoices;
- g) expenses must be submitted for reimbursement within 60 days of the expenditure; and,
- h) Members of Council who charge for goods against the current year must have received the goods and or services from the vendor before December 31<sup>st</sup> of the year.

05.02 Reimbursement of expenses must be completed through the City's automated Travel and Expense process within the City's portal. Supporting documentation needs to be provided for each expense.

05.03 External Service Providers - payment shall be made directly by the City to the service provider upon submission of an original detailed invoice. An invoice for external services must contain, the business name, address, date and additional details of services provided such as itemizing hours by day, HST business registration number and description of work provided. All invoices require sign off by the Councillor to indicate that services were received prior to authorization, and before payment can be processed.

## **06 Salary**

06.01 The remuneration payable to the Mayor shall be:

- a) \$120,703.00 per annum effective January 1, 2023; and,
- b) Thereafter, the annual salary of the Mayor shall be increased at the higher rate of either the same rate/percentage provided to those employees covered by the Collective Agreement for CUPE Local 129 on April 1<sup>st</sup> of the immediate preceding year or the salary increase percentage given to the Chief Administrative Officer in the prior year.

06.02 The remuneration payable to a Councillor shall be:

- a) \$50,293.00 per annum effective January 1, 2023;
- b) Thereafter, the annual salary of a Councillor shall be increased at the higher rate of either same rate/percentage provided to those

employees covered by the Collective Agreement for CUPE Local 129 on April 1<sup>st</sup> of the immediate preceding year or the salary increase percentage given to the Chief Administrative Officer in the prior year ;

- c) a Councillor shall be paid a per diem rate of 1.0 percent of their annual salary for a total of 10 days for attending a full day meeting, workshop, seminar or convention; and,
- d) per diem payments payable to Councillors shall be paid monthly. Per diem payments shall cease on the last day that the Councillors remain in office and shall be pro-rated accordingly.

06.03 Remuneration payable to Members of Council shall be based on an annual rate and paid bi-weekly. Remuneration to Members of Council shall cease on the last day that the Member remains on the Council of the City of Pickering.

## **07 Benefits:**

### **07.01 Health Plan**

- a) An Extended Health Plan shall be available to all Members of Council and their families;
- b) Members shall have access to a health care spending account for \$7,500 per year with no carry over provision or unused amount paid out;
- c) For a Member of Council who has completed more than 8 years of continuous service and ceases to be a Member for the reasons set out in Section 07.04.a), the Corporation shall pay 100 percent of the premium cost of the Extended Health, Dental and Vision Care Benefit Plans, including health care spending account referenced in 7.01b), for the number of years of service or until the Member attains the age of 85;
- d) Following a Council Member's death while in service, the Corporation shall continue to pay 100 percent of the premium costs of the Extended Health, Dental and Vision Care Benefit Plans in respect of a Member's surviving spouse and dependents for up to 24 calendar months.

07.02 Current sitting Members of Council, shall be provided a Term Life Insurance Policy paid to the designated beneficiary as follows:

- a) Mayor \$200,000.00;
- b) Councillor \$100,000.00;
- c) accidental death and dismemberment insurance coverage (ceases at age 70); and,
- d) Members of Council will be eligible for an additional



\$100,000.00 (after tax) payment to their designated beneficiary at the time of their death.

- 07.03 A Member of Council may maintain a Registered Retirement Savings Plan (RRSP), either own or spousal as permitted, under current Federal legislation to which the Corporation shall contribute a maximum of 13 percent of the Member's earned salary each year;
- a) To have the City make the contribution or reimburse for the contribution, the Member of Council must provide:
    - i) written confirmation that a member has sufficient contribution room, as provided by the Canada Revenue Agency on their notice of assessment, to accommodate the City's contribution, shall be provided to the Treasurer no later than December 31<sup>st</sup> in any given year and the City's contribution shall be made directly to the RRSP no later than January 31<sup>st</sup> of the next calendar year;
    - OR**
    - ii) evidence of a contribution by a Member towards an RRSP shall be provided to the Treasurer no later than December 31<sup>st</sup> in any given year. The member will then be reimbursed for the contribution, to a maximum of 13 percent of the Member's earned salary, no later than January 31<sup>st</sup> of the next calendar year.
  - b) For the purpose of calculating the 13 percent RRSP contribution amount, the word "salary" shall mean the annual salary plus the per diem rate, pro-rated for a Member not holding office for an entire calendar year, of the Mayor and Councillors and it excludes all taxable benefits and allowances.
  - c) The contribution to an RRSP is a taxable benefit regardless of whether it is paid to the Member of Council or the financial institution.
  - d) The City shall make its contribution only in the month of January of the next calendar year regardless of when the Member of Council made a contribution, except when a Member of Council ceases to hold office during the year, in which case a whole or partial contribution will be made in that year.
  - e) An elected official has the option to have the City contribute directly to a Tax Free Savings Account (TFSA), rather than an RRSP. The contribution amount would be net of taxes but all other requirements, noted above would apply.
- 07.04 a) A Member of Council, who has completed a term, may, upon written application to the Treasurer by the Member, receive severance remuneration upon ceasing to be a Member by reason of:
- i) election defeat;
  - ii) resignation;
  - iii) election to another government body;

- b) No Member of Council shall be entitled to receive severance remuneration if he or she ceases to be a Member by reason of resignation which is a result of or given in anticipation of:
  - i) removal from office by judicial process; or,
  - ii) notwithstanding the above, disqualification under or by operation of any Act of the Parliament of Canada or the Legislature of the Province of Ontario.
- c) Severance remuneration shall be equal to: one month of salary for the Mayor or one month of salary that includes the per diem for Councillors, times the number of years of consecutive, uninterrupted full service of the Member, to a maximum amount payable of 36 months remuneration. Severance remuneration shall be calculated from the day the Member took office to the last day that the Member ceases to hold office.
- d) A written application for severance remuneration must be received by the Treasurer within 6 calendar months of a Member of Council ceasing to be a Member; otherwise any entitlement to severance remuneration shall be forfeited. Upon approval of the application by the Treasurer, a payment arrangement shall be agreed to that does not extend beyond four years. Interest is not earned on the severance remuneration if a payment arrangement is agreed on.

## **08 Vehicle Allowance**

- 08.01 A vehicle allowance is provided for in the annual Current Budget on a monthly basis to each Member of Council.
  - a) The vehicle allowance shall be deemed to provide for all travel and travel-related expenses less than 50 km one way from the Civic Complex and shall include but not be limited to fuel, parking, highway tolls, taxi fares, public transportation fares and valet services.
  - b) Travel of more than 50 km one way from the Civic Complex shall be paid for the outgoing and return trip in excess of 100 kilometres at the per kilometre rate of reimbursement approved by Council or economy class return air fare between Toronto and the destination, whichever is the lesser.

## **09 Professional and Business Development**

- 09.01 A budget of \$16,000 per term for each Member of Council shall be provided. This will be an allocation of approximately \$4,000 per Member of Council in each annual budget for professional and business development related to City business, however, a Member of Council may use funds from future years as long as the budget does not exceed \$16,000 for the Term of Council. Any spending above the \$16,000

allocated for the term must be paid back by the Member of Council within one month.

- 09.02 Members of Council may attend the following programs that are relevant to a Member of Council's role/duties and relates to City business:
- a) conferences and seminars;
  - b) professional education and development programs;
  - c) skills development programs;
  - d) -research/study trips; and,
  - e) other City business or other travel requested by City Council.
- 09.03 Expenses shall include actual accommodation costs, registration costs, travel if applicable, hotel internet/telephone charges and meals if not provided by conference event and where such expenses are not otherwise claimed or paid for by another person or body.
- 09.04 Accommodation expenses shall be at the event headquarters and if not available, then at the nearest suitable hotel, motel, etc. and at a single occupancy room rate. All expenses over a single occupancy room rate will be the responsibility of the Member of Council.
- 09.05 Travel necessary for professional and business development in excess of 50 kilometres one way, 100 kilometres return from the Civic Complex, shall be paid at the per kilometre rate of reimbursement approved in the Current Budget or economy class return air fare between Toronto and destination whichever is the lesser. Economy plus standard is permitted for air travel over five hours. Other travel related expenses such as parking, vehicle rentals, taxi fares, public transportation fares and highway tolls incurred for travel beyond 50 kilometres one way, 100 kilometres return shall also be reimbursed upon presentation of receipts.
- 09.06 Lost receipts will not be reimbursed.
- 09.07 Councillors must have Council approval in order for expenses to be reimbursed for any event outside of North America unless the Mayor has delegated his authority under section 226.1 of the *Municipal Act* to represent the City in his place to the Deputy Mayor or a Councillor, if the Deputy Mayor cannot attend.

## **10 Economic Development**

- 10.01 Councillors will be provided an annual budget of \$7,000 per year (with no carryover provision) to undertake key economic initiatives for business attraction that includes business development and trade shows and the costs related to this activity including items such as travel,

accommodation, food and registration fees shall be charged to this account.

- 10.02 Council approval is not required for international air travel, accommodations, registration fees and meals for economic development initiatives.

## **11 Councillors Stationery and Office Supply Budget**

- 11.01 An annual budget of \$750.00 is provided for each Councillor for office supplies used for City business such as; personalized letterhead, business cards, toner cartridges, Commissioner Stamps, publications/books relating to City business.
- 11.02 All letterhead and business cards must comply with the City's template guidelines.

## **12 Meals, Receptions, Promotions & Special/Community Events**

- 12.01 An annual budget of \$5,000.00 is provided for each Councillor for meals, individual ads, receptions, promotions and special events where the Member of Council is required to attend in an official capacity and the event relates to City/constituent business.
- 12.02 Where an invitation is extended to a Member of Council to attend a function in his or her capacity as an elected official, the Member may request reimbursement for one additional ticket for a spouse or guest, where appropriate and reasonable.
- 12.03 Individual ads (i.e. newspaper ads, business card ads) must be placed in news or advertising media circulated within the City of Pickering. Copies of print ads must be provided with the invoice.
- 12.04 Members of Council may hold Ward Town Hall Meetings with their constituents and may use City Facilities for this purpose at no charge. Facility availability is based on current City programming needs that may already be scheduled and an alternative space may be offered to the Member of Council if required. Town Hall Meetings shall be limited to one per month and where possible should be combined with the other Member of Council elected to that Ward. A Council Member's request for staff participation at a Town Hall Meeting shall be directed to the CAO a minimum of 2 weeks in advance of the Town Hall and is subject to CAO pre-approval.

## **13 Meal Reimbursement**

- 13.01 Reimbursement shall be provided to Members of Council for the cost of meals attended for the purpose of discussing matters of City business as follows:

- a) reimbursement shall only be provided for reasonable food and alcohol expenses upon submission of the original restaurant bill providing details of the purchase and the HST number. The attendees and the purpose of the meeting is to be noted on the reverse side of the bill;
- b) reimbursement for alcohol alone is not allowed; and,
- c) Members of Council will not be reimbursed for any food, drink or alcohol for any social meal/event when taking City/Regional staff or Advisory Committee/Board members out (i.e. lunches, retirement functions, holiday lunches).

## 14 Communications

- 14.01 A Capital Budget of \$15,000 per term, per Member of Council, shall be provided for the acquisition of computer hardware/software and telecommunications equipment.
- a) Expenditures of this allocation shall only be made in the first 40 months of office following a general election.
  - b) No replacement computer hardware/software, telecommunications equipment or smart phones shall be purchased or leased for Members of Council unless it is lost or stolen, or no longer operates and cannot be repaired to its initial operating specifications. The old equipment must be returned, and/or affidavit that the equipment has been lost or stolen must be submitted. Any replacement equipment purchased under this Section will be charged to the Councillor's budget.
  - c) Following a general municipal election, by-election or appointment, the new Member(s) of Council shall be contacted by staff to determine their needs. Members of Council may choose to be supplied with equipment recommended by City staff or they may choose to be supplied with equipment of their choice. The Division Head, Information Technology must be consulted to verify compatibility and to clarify IT support opportunities before purchase. At the point of delivery of the equipment, Members of Council shall be required to sign a Home Equipment Agreement which shall set out the equipment that has been supplied to the Member and the conditions under which it has been supplied.
- 14.02 Returning of equipment by Members of Council:
- a) the equipment issued to Members of Council remains the property of the City and shall be returned on completion of the Term of Office;
  - b) every Member of Council who does not continue to hold municipal office shall return all computer hardware/software,

telecommunications equipment and any other equipment purchased or leased on their behalf to the City by November 30<sup>th</sup> following a general municipal election or within 21 days of ceasing to hold office;

- c) notwithstanding section 12.02 b), an outgoing Member may request the purchase of such equipment. The Treasurer shall consider each request when submitted, taking into consideration the age of the equipment, its market value as determined by the City's Information Technology Division and any licensed software on the equipment;
- d) a Member of Council will be provided with the opportunity to purchase City owned equipment if he or she:
  - i) has held office for at least one full term;
  - ii) is not standing for re-election; or
  - iii) has been unsuccessful in seeking re-election;
- e) the opportunity to purchase will not be available to a Member of Council who is disqualified or dismissed from holding office; and,
- f) in the event the above-noted items are not returned or purchased by the said date, the matter shall be referred to the Director, Corporate Services & City Solicitor to pursue recovery.

14.03 The City will reimburse each Member of Council for phone/internet usage as follows:

- a) smart phone plans, iPad plans,
- b) A budget of \$1,800 per year will be provided for internet usage costs on a reimbursement basis only; and
- c) Members of Council who are planning to travel out-of-province or out-of-country must contact the City's IT staff or the provider to determine the appropriate voice and data roaming plan. Roaming charges will not be reimbursed by the City for usage costs for electronic devices that are accidentally turned on or left on.

## **15 Constituent Communications**

It is recognized that there are many communications media available to Members of Council to communicate with their constituents, including newsletters, neighbourhood letters, cooperative letters, websites, town hall meetings and social media accounts.

15.01 An annual budget of \$16,000 for the first, second and third calendar years and an annual budget of \$4,000 for the fourth year for website expenditures will be provided to each Councillor for constituent communications. The City shall cover the cost of preparing, printing and

mailing newsletters, neighbourhood letters and cooperative letters, as well as the cost of creating and maintaining a website and/or social media account as follows:

- a) a newsletter shall not be mailed or otherwise distributed beyond the boundaries of the constituency of a Member of Council except where postal walks cross beyond the boundaries of his/her ward;
- b) in instances where Members of Council are assigned or appointed to additional duties, or where it is determined that the same information is being sent out by another Member, and combining information is fiscally responsible, cross-ward boundary communication exceptions may be permitted at the discretion of the City Clerk;
- c) a newsletter, neighbourhood letter, cooperative letter, City-funded website or other communications media shall not contain information that would promote any candidate in an election;
- d) a newsletter, neighbourhood letter, cooperative letter, City-funded website or other communications media shall not contain advertising that would promote a product or service of a company, organization or individual;
- e) a Member of Council shall only be reimbursed for communication expenses relating to City business incurred through media that have general circulation in the City of Pickering, such as a newspaper, radio or television station; and,
- f) in the fourth year of a term of office, all communications must be delivered to the mailing address by April 30<sup>th</sup> in order to be reimbursed by the City.

## **16 Websites**

The City will reimburse Members of Council for the cost associated with development, licensing and maintaining a website as follows:

- 16.01 a link to the Councillor's City-funded constituent website will only be provided from the City of Pickering website under the Councillor's profile link;
- 16.02 Members of Council cannot convert an existing Councillor's City-funded constituent website to an election campaign website;
- 16.03 the City will reimburse for the purchase of one domain name registration, web hosting fees and website maintenance fees;
- 16.04 Members of Council's City-funded constituent websites will be hosted outside of the City's internet URL address and are entirely the responsibility of Members of Council;

- 16.05 City staff cannot provide any advice related to these external sites, including wording for disclaimers;
- 16.06 the City recommends that Members of Council choose a web-hosting company operating in Canada to reduce the risk of breaching the privacy of constituents under conditions of the *United States Patriot Act*;
- 16.07 use of the City logo and symbols must comply with all applicable City policies;
- 16.08 Members of Council's City-funded constituent websites cannot advocate for a political party, other levels of government, for-profit organizations or individuals not related to the business of the City, or for candidates in any municipal, provincial, federal election or by-election, or promote consent or rejection of a question on a ballot that has been submitted to electors; and,
- 16.09 Members of Council's City-funded constituent websites cannot contain advertising that would promote a product or service of any company, organization or individual.

## **17 In an Election Year**

- 17.01 The *Municipal Elections Act, 1996* states that the City cannot make a contribution to any candidate or their campaign in a municipal election. Therefore, special conditions for expense reimbursement for Members of Council apply during an election year.
- 17.02 In an election year the following conditions shall apply effective May 1<sup>st</sup>:
- a) no Member of Council shall use the facilities, equipment, supplies, services, staff or other resources of the municipality for any election campaign or campaign-related activities;
  - b) no Member of Council shall undertake any campaign-related activities on any municipal property;
  - c) no mailing or distribution of constituent communications where the costs are borne by the City;
  - d) no mailing or distribution of generic neighbourhood letters or cooperative letters shall occur where the costs are borne by the City;
  - e) no individual advertising shall occur where the costs are borne by the City (i.e. newspaper ads, business card ads); and,
  - f) no community events can be organized by a Member of Council where the costs are borne by the City (i.e. Ward Town Hall Meetings, safety meetings, government info meetings, etc.).



Please refer to all associated Procedures and Standard Operating Procedures, if applicable, for detailed processes regarding this Policy.

