

# **Finance & Program Accountability Committee**

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**Deputy Mayor Eldon Gainer, Chair  
Councillor Austin Davey, Vice-Chair**

**THE FIRST MEETING OF THE FINANCE AND EFFICIENCIES SUB-COMMITTEE  
OF THE CITY OF GREATER SUDBURY**

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Committee Room C-40  
Tom Davies Square

Tuesday, June 18<sup>th</sup>, 2002  
Commencement: 4:00 p.m.  
Adjournment: 6:00 p.m.

COUNCILLOR TED CALLAGHAN PRESIDING

Present

Councillors Bradley, Dupuis  
  
Councillor Davey

Staff

M. Mieto, Acting CAO; D. Wuksinic, GM Corporate Services and Acting GM Emergency Services; S. Jonasson, Director of Finance/City Treasurer; D. Bergeron, Manager of Internal Audit and Performance Management; K. Bowschar, Planning Secretary

Declarations of Pecuniary Interest

None declared.

Opening Comments

The Chair opened the meeting and welcomed everyone. He said that he was optimistic that this Committee would provide Council with options and opportunities to improve the ways and means by which municipal services are currently provided. The Chair also stated that we need to prioritize and focus our resources, as it would increase the Committee's chances of success.

Committee Make-up

The Committee concurred with a recommendation that Mr. Darryl Mathe, Manager of Supplies and Services be added to the Committee, as approximately \$180 million is expended by the City for the purchase of supplies and services.

Areas of Potential Efficiencies

A number of potential areas for review were identified. The following is a partial listing:

- The ERP System,
- Administrative Service Partnerships with a number of our outside Boards; i.e. Public Housing, Sudbury & District Health Unit, Greater Sudbury Utilities Inc., Greater Sudbury Police Services Board;
- Streetlighting Partnership with Greater Sudbury Utilities Inc.
- Meter Reading Partnership with Greater Sudbury Utilities Inc.
- Billing and Collections Partnership with Greater Sudbury Utilities Inc.;
- Vacant Properties and their potential for lease and sale.

The Committee directed the General Manager of Corporate Services to prepare the necessary background that would indicate what areas in the City Budget are under the greatest control of City Council.

The Committee requested that the General Manager of Corporate Services provide the necessary background status reports on the Streetlighting Agreement, the Meter Reading Partnership, and the Billing and Collections Initiative currently underway with the Greater Sudbury Utilities Inc.

PeopleSoft System/  
ERP

The Committee agreed that it needs to know more about the PeopleSoft/ERP System, since it is a critical factor in providing the necessary financial reports that are required by this Committee to fulfil its mandate. The Committee agreed that they would invite Mr. Ron Begg of Jackson Begg Ltd. to address the Committee, providing them with a general overview of an ERP System, its benefits, implementation pitfalls, history within other municipalities who implemented similar systems, and an assessment on how the City of Greater Sudbury's implementation is going.

It is expected that Mr. Begg will address the Committee in July 2002.

The General Manager of Corporate Services advised that the Finance and Information Technology Teams had just recently identified four critical areas which they will be prioritizing and preparing a workplan that is expected to improve the timeliness and accuracy of our financial reporting. These four areas were identified as:

- 1) Re-allocation journals and recurring journals,
- 2) Orphan accounts;
- 3) Accounts Payable concerns and solutions,
  - i.e. a) PAP or Pre-authorized Payment Programs for large recurring Vendors;
  - b) Computerized billings for high-volume Vendors;  
i.e. Muirheads example;
  - c) Procurement Card applications.
- 4) Maintenance of two Systems; i.e. the Legacy System and PeopleSoft System.

The General Manager of Corporate Services also indicated that today's business world is web-enabled, and the ERP System provides the City with this capability. However, he indicated that, in hindsight, it had been an error to implement such a drastic change within the information technology, financial accounting and human resources systems at the same time as an amalgamation.

The Committee requested that the General Manager of Corporate Services prepare a Resourcing Plan that would adequately support the information technology requirements of the corporation

Variance Reporting  
Schedule

The Director of Finance/City Treasurer advised that, based on the issues yet to be resolved, the Variance Reporting dates would be:

- April month-end in June;
- June month-end in August;
- July month-end in September;
- September month-end in November,
- October month-end in December; and
- the year-end to coincide with audited statements in March/April of next year.

Variance Reporting Schedule

The Director of Finance/City Treasurer also indicated that the reports would become more sophisticated as the year went on, as the issues addressed earlier are resolved.

GM Session

The Committee agreed that the General Managers be invited to an introductory session with the Committee Members so that they might be able to provide their perspective on issues that could be addressed. This meeting of the General Managers Group is subject to confirmation, but tentatively scheduled for Thursday, June 27<sup>th</sup>, 2002 at Noon hour.

Next Meeting

The Chair summarized the reports required for the next meeting, as follows:

- ▶ An update on the Streetlighting, Meter Reading, and Billing and Collections Initiatives;
- ▶ A breakdown of the Budget, and those areas that fall within the direct control of Council;
- ▶ An outline of the workplan related to the issues identified in improving the financial reporting process.

Further to the above, two additional background reports may be available:

- 1) Presentation by Mr. Ron Begg on ERP, and
- 2) Resourcing Plan dealing with IT requirements.

In closing, the Chair thanked everyone for their attendance, and re-affirmed that the objective of this Committee is to look for ways and means to improve service, and/or reduce costs. He also indicated that all items addressed by this Committee will bring about some measurable results.

Adjournment

2002-01 Dupuis-Bradley: That we do now adjourn  
TIME 6:00 p.m.

**CARRIED**

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
SECRETARY

# Request for Recommendation Priorities Committee



| Type of Decision         |                |                                     |    |  |                 |                                     |      |  |        |
|--------------------------|----------------|-------------------------------------|----|--|-----------------|-------------------------------------|------|--|--------|
| Meeting Date             | June 26, 2002  |                                     |    |  | Report Date     | June 19, 2002                       |      |  |        |
| Recommendation Requested | Yes            | <input checked="" type="checkbox"/> | No |  | Priority        | <input checked="" type="checkbox"/> | High |  | Low    |
|                          | Direction Only |                                     |    |  | Type of Meeting | <input checked="" type="checkbox"/> | Open |  | Closed |

| Sub-Committee Check-Off                                       |                     |                          |                                    |
|---|---------------------|--------------------------|------------------------------------|
| Please indicate which sub-committee will deal with this issue |                     |                          |                                    |
| <input type="checkbox"/>                                      | Community Viability | <input type="checkbox"/> | Public & Intergovernmental Affairs |
| <input checked="" type="checkbox"/>                           |                     | <input type="checkbox"/> | Financial & Program Accountability |

| Report Title               |
|----------------------------|
| April 2002 Variance Report |

| Policy Implications + Budget Impact |   |
|-------------------------------------|---|
| <input type="checkbox"/>            | This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified |
| N/A                                 |   |
| <input checked="" type="checkbox"/> | Background attached   |

| Recommendation           |                         |
|--------------------------|-------------------------|
| N/A                      |                         |
| <input type="checkbox"/> | Recommendation attached |

| Recommended by the General Manager   |
|--|
| <br>D. Wuksinic<br>General Manager, Corporate Services and<br>Acting General Manager, Emergency Services |


| Recommended by the C.A.O.                           |
|---|
| <br>M. Mieto<br>Acting Chief Administrative Officer |

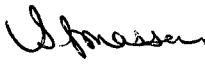
# Request for Recommendation Priorities Committee



|  |          |                   |
|--|----------|-------------------|
| <b>Recommendation</b> <i>continued</i> | <b>X</b> | <b>Background</b> |
|--|----------|-------------------|

Please indicate if the information provided below is a continuation of the Recommendation or Background

| Report Authored By  |
|---|
| <br>Ed Stankewicz<br>Co-Ordinator of Current Budget |

| Division Review   |
|---|
| <br>Sandra Jonasson<br>Director of Finance / City Treasurer |

This first 2002 Budget Variance report is designed to inform Council of any major potential year-end variances. The cost centres have been reviewed by all departments, and a comparison of actual balances to budget allocations has been undertaken. If a major variance has been identified, the department has provided an explanation for the variance and a year-end projection. If the projection is negative, the department has also indicated how it intends to offset or mitigate the overexpenditure or revenue shortfall.

Attached are tables summarizing the cost centre report which reflect annual budgets and year-to-date transactions. It should be noted that there is approximately a 60-day time lag in accounts payable processing, resulting in expenditures appearing to be low in relationship to the overall budget. In addition, some areas of the budget appear to be extremely overspent, for example Pioneer Manor. In actuality, recording revenues from both the Province and the residents lag by a month or more. On the other hand, Fleet Services in Public Works is showing a substantial surplus. This, too, is a timing issue. Equipment credits are high because of the winter roads maintenance. Only true variances have been commented on in this report.

All departments are currently working on providing realistic monthly budget percentages for each account. This will allow a more meaningful comparison of year-to-date actual expenditures vis-a-vis year-to-date budget allocations, and will be in place for the July month-end variance report. In addition, departments will provide year-end forecasts for every account in their respective cost centres for this same report. These forecasts will, in turn, provide the basis for the first corporate year-end projection to be presented to Council.

The following chart outlines the timing of the balance of the 2002 variance reports to be forwarded to Council:

| Period Ending      | Report to Priorities Committee                  |
|--------------------|---|
| June 30, 2002      | August  |
| July 31, 2002      | September (first corporate year-end projection) |
| September 30, 2002 | November  |
| October 31, 2002   | December  |

# Request for Recommendation Priorities Committee



Recommendation *continued*

X

Background

Please indicate if the information provided below is a continuation of the Recommendation or Background

For this report, which covers the four months to April 30, 2002, potential year-end variances of greater than \$100,000 have been identified, and are detailed in the following paragraphs.

1. **OMERS Holiday**

OMERS contributions for both employees and employers were to recommence in July of 2002; however, these contributions will not be required until January of 2003. The \$900,000 budgeted and now not required for OMERS contributions will be a surplus for the corporation for 2002.

2 **Payment-in-Lieu of Taxation**

This source of revenue is expected to be \$320,000 higher than what was budgeted primarily due to the increased tax rates for 2002.

3. **Chief Administrator's Office**

This section is expected to be in a deficit position of approximately \$200,000.

4 **Human Resources (Pensioners)**

The benefits paid out on behalf of the pensioners is expected to exceed the budget by approximately \$180,000.

5 **Ontario Works**

Ontario Works caseloads are currently down by approximately 450. If this trend continues for the remainder of the year, the savings will be approximately \$500,000. Also the Ontario Works Employment Assistance Service Levels funding may result in an additional \$700,000 of revenue, based on performance earnings for 2001. In addition, a Community Placement bonus of \$660,000 was received from the Province related to 2001. Prior to year-end, a policy report regarding the utilization of this additional Community Placement funding will be presented to the Committee.

6. **Citizen Services**

Additional grants related to the Libraries, coupled with difficulties in filling vacancies at the Citizen Services Centres will result in this division realizing a savings of approximately \$100,000.

7. **Leisure Services**

The loss of the summer career grant, flood damage at Centennial Park - Whitefish, and the operation of St. Jean School may cause this division to experience a deficit of approximately \$160,000.

# Request for Recommendation Priorities Committee



|  |          |                   |
|--|----------|-------------------|
| <b>Recommendation</b> <i>continued</i> | <b>X</b> | <b>Background</b> |
|--|----------|-------------------|

Please indicate if the information provided below is a continuation of the Recommendation or Background

8. **Winter Control**

Extraordinary winter conditions in the first part of the year have had a major impact in our winter roads budget. Given a normal November and December, this section could experience a deficit of approximately \$2,000,000. Every effort will be made to reduce expenditures in other areas, predominantly Summer Roads maintenance.

9. **Fire Services**

Overexpenditures in overtime may lead to a deficit in this division. There is also an outstanding arbitration issue regarding the firefighters contract. This area may experience a deficit of approximately \$100,000.

10. **Land Ambulance Service**

The issue of cross-border service is being reviewed by the Province. Based on a per call cost differential, the estimated impact of the approximately 1,000 calls for cross-border service would be \$650,000. The City's cost per call is approximately \$750 lower than our neighbouring services (Algoma, Temiskaming, Manitoulin-Sudbury District, Parry Sound and Muskoka), due to their lower call volumes. For 2002, the potential \$650,000 overexpenditure will be offset by lower salary costs as a result of difficulty in staffing the service thus leaving vacancies throughout the year.

11. **Police Services**

The revenue that the Police Services realizes from the Firearm's Act has been reduced by \$75,000, or half of the budgeted amount. In addition, the retiree fringe benefits will exceed the budgeted amount. The overtime and arbitration and legal fees accounts are being closely monitored due to high levels of activity anticipated in these areas.

In summary, a number of substantial variances have been identified. However, it is too early in the year to provide a meaningful year-end projection.

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

(000)

### SUMMARY

|                                       | ANNUAL<br>BUDGET | Y-T-D<br>ACTUAL | %           |
|---------------------------------------|------------------|-----------------|-------------|
| <b>GENERAL REVENUES</b>               | <b>-184,780</b>  | <b>-85,441</b>  | <b>46.2</b> |
| CORPORATE SERVICES                    | 16,939           | 4,761           | 28.1        |
| ECONOMIC DEVELOPMENT & PLANNING SERVI | 20,248           | 4,453           | 22.0        |
| HEALTH & SOCIAL SERVICES              | 26,892           | 7,063           | 26.3        |
| CITIZEN & LEISURE SERVICES            | 22,940           | 4,769           | 20.8        |
| PUBLIC WORKS                          | 47,058           | 7,877           | 16.7        |
| EMERGENCY SERVICES                    | 17,638           | 4,164           | 23.6        |
| OUTSIDE BOARDS                        | 33,065           | 8,114           | 24.5        |
| <b>EXPENDITURES</b>                   | <b>184,780</b>   | <b>41,201</b>   | <b>22.3</b> |
| <b>NET BUDGET</b>                     | <b>0</b>         | <b>-44,240</b>  |             |

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>GENERAL REVENUES</b>   |                          |                         |             |
|---------------------------|--------------------------|-------------------------|-------------|
|                           | <b>ANNUAL<br/>BUDGET</b> | <b>Y-T-D<br/>ACTUAL</b> | <b>%</b>    |
| TAXATION LEVY             | -125,026                 | -57,221                 |             |
| GRANTS & SUBSIDIES        | -53,226                  | -25,510                 |             |
| CORPORATE REVENUE/CAPITAL | -6,528                   | -2,710                  |             |
| <b>GENERAL REVENUES</b>   | <b>-184,780</b>          | <b>-85,441</b>          | <b>46.2</b> |

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>EXECUTIVE, ADMINISTRATIVE &amp; CORPORATE SERVICES</b> |                          |                         |             |
|---|--------------------------|-------------------------|-------------|
|   | <b>ANNUAL<br/>BUDGET</b> | <b>Y-T-D<br/>ACTUAL</b> | <b>%</b>    |
| EXECUTIVE AND ADMINISTRATIVE                              | 1,022                    | 332                     |             |
| OFFICE OF THE CAO   | 1,256                    | 342                     |             |
| CORPORATE SERVICES  | 14,661                   | 4,087                   |             |
| <b>EXECUTIVE, ADMIN &amp; CORPORATE SERVICES</b>          | <b>16,939</b>            | <b>4,761</b>            | <b>28.1</b> |

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>ECONOMIC DEVELOPMENT &amp; PLANNING SERVICES</b> |                  |                 |             |
|---|------------------|-----------------|-------------|
|   | ANNUAL<br>BUDGET | Y-T-D<br>ACTUAL | %           |
| GENERAL MANAGER'S OFFICE                            | 446              | 69              |             |
| ECONOMIC DEVELOPMENT                                | 1,596            | 1,037           |             |
| PLANNING AND DEVELOPMENT SERVICES                   | 2,198            | 448             |             |
| SOCIAL HOUSING                                      | 16,008           | 2,899           |             |
| <b>ECONOMIC DEVEL &amp; PLANNING SERVICES</b>       | <b>20,248</b>    | <b>4,453</b>    | <b>22.0</b> |

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>HEALTH AND SOCIAL SERVICES</b> |                  |                 |             |
|-----------------------------------|------------------|-----------------|-------------|
|                                   | ANNUAL<br>BUDGET | Y-T-D<br>ACTUAL | %           |
| GENERAL MANAGER'S OFFICE          | 1,113            | 154             |             |
| CHILDREN SERVICES                 | 2,951            | 1,957           |             |
| LONG TERM CARE & SENIORS          | 471              | 1,844           |             |
| ONTARIO WORKS                     | 22,357           | 3,108           |             |
| <b>HEALTH AND SOCIAL SERVICES</b> | <b>26,892</b>    | <b>7,063</b>    | <b>26.3</b> |

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>CITIZEN &amp; LEISURE SERVICES</b> |                          |                         |             |
|---------------------------------------|--------------------------|-------------------------|-------------|
|                                       | <b>ANNUAL<br/>BUDGET</b> | <b>Y-T-D<br/>ACTUAL</b> | <b>%</b>    |
| GENERAL MANAGER'S OFFICE              | 1,182                    | 71                      |             |
| CEMETERY SERVICES                     | 6                        | -94                     |             |
| PUBLIC LIBRARIES/CITIZENS SERVICES    | 5,367                    | 1,699                   |             |
| LEISURE & RECREATION SERVICES         | 9,246                    | 2,201                   |             |
| TRANSPORTATION SERVICES               | 7,139                    | 892                     |             |
| <b>CITIZEN &amp; LEISURE SERVICES</b> | <b>22,940</b>            | <b>4,769</b>            | <b>20.8</b> |

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>PUBLIC WORKS</b>     |                  |                 |             |
|-------------------------|------------------|-----------------|-------------|
|                         | ANNUAL<br>BUDGET | Y-T-D<br>ACTUAL | %           |
| ADMINISTRATION *        | 301              | 354             |             |
| ENGINEERING SERVICES*   | 140              | 1,183           |             |
| BUILDINGS & FACILITIES  | 4,107            | 879             |             |
| OPERATIONS*             | 0                | 1,570           |             |
| WATER MAINTENANCE       | 2,374            | -2,404          |             |
| WASTE WATER MAINTENANCE | 0                | -2,844          |             |
| ROADS MAINTENANCE       | 29,397           | 10,037          |             |
| FLEET                   | 449              | -1,834          |             |
| WASTE MANAGEMENT        | 10,290           | 936             |             |
| <b>PUBLIC WORKS</b>     | <b>47,058</b>    | <b>7,877</b>    | <b>16.7</b> |

\* Allocations not yet made to water, waste water, roads and waste management.

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>EMERGENCY SERVICES</b>  |                          |                         |             |
|----------------------------|--------------------------|-------------------------|-------------|
|                            | <b>ANNUAL<br/>BUDGET</b> | <b>Y-T-D<br/>ACTUAL</b> | <b>%</b>    |
| GENERAL MANAGER'S OFFICE   | 286                      | 67                      |             |
| EMERGENCY PREPAREDNESS     | 31                       | 24                      |             |
| FIRE SERVICES              | 11,944                   | 3,034                   |             |
| EMERGENCY MEDICAL SERVICES | 5,377                    | 1,039                   |             |
| <b>EMERGENCY SERVICES</b>  | <b>17,638</b>            | <b>4,164</b>            | <b>23.6</b> |

# COST CENTRE REPORT

## PERIOD ENDING APRIL 30, 2002

| <b>OUTSIDE BOARDS</b>       |                          |                         |             |
|-----------------------------|--------------------------|-------------------------|-------------|
|                             | <b>ANNUAL<br/>BUDGET</b> | <b>Y-T-D<br/>ACTUAL</b> | <b>%</b>    |
| SUDBURY AIRPORT OPERATIONS  | 0                        | 0                       |             |
| N D.C.A.                    | 225                      | 0                       |             |
| PUBLIC HEALTH (HEALTH UNIT) | 5,537                    | 0                       |             |
| POLICE SERVICES             | 27,303                   | 8,114                   |             |
| <b>OUTSIDE BOARDS</b>       | <b>33,065</b>            | <b>8,114</b>            | <b>24.5</b> |

# Request for Recommendation Priorities Committee




| Type of Decision         |                |     |                                     |    |                 |                                     |      |  |        |
|--------------------------|----------------|-----|-------------------------------------|----|-----------------|-------------------------------------|------|--|--------|
| Meeting Date             | June 26, 2002  |     |                                     |    | Report Date     | June 18, 2002                       |      |  |        |
| Recommendation Requested |                | Yes | <input checked="" type="checkbox"/> | No | Priority        | <input checked="" type="checkbox"/> | High |  | Low    |
|                          | Direction Only |     |                                     |    | Type of Meeting | <input checked="" type="checkbox"/> | Open |  | Closed |

| Sub-Committee Check-Off                                       |   |                                     |                                    |
|---|---|-------------------------------------|------------------------------------|
| Please indicate which sub-committee will deal with this issue |   |                                     |                                    |
| <input type="checkbox"/> Community Viability                  | <input type="checkbox"/> Public & Intergovernmental Affairs | <input checked="" type="checkbox"/> | Financial & Program Accountability |

| Report Title  |
|---------------|
| Tax Due Dates |

| Policy Implications + Budget Impact  |   |
|--|---|
| <input type="checkbox"/>   | This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified |
| <p>It is proposed that decisions with respect to the 2003 due dates be made later this year once the advertising campaign is complete and budget implications are known.</p> |   |
| <input checked="" type="checkbox"/>  | Background attached   |

| Recommendation                                   |
|--|
| N/A  |
| <input type="checkbox"/> Recommendation attached |

| Recommended by the General Manager  |
|---|
| <br>D. Wuksinic<br>General Manager, Corporate Services and<br>Acting General Manager, Emergency Services |

| Recommended by the C.A.O.   |
|---|
| <br>M. Mieto<br>Acting Chief Administrative Officer |

# Request for Recommendation Priorities Committee



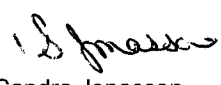
|  |          |                   |
|--|----------|-------------------|
| <b>Recommendation</b> <i>continued</i> | <b>X</b> | <b>Background</b> |
|--|----------|-------------------|

Please indicate if the information provided below is a continuation of the Recommendation or Background

|                           |                        |
|---------------------------|------------------------|
| <b>Report Authored By</b> | <b>Division Review</b> |
|---------------------------|------------------------|



Tony Derro  
Supervisor of Tax / Chief Tax Collector



Sandra Jonasson  
Director of Finance / City Treasurer

Several complaints have been received about the June 26<sup>th</sup> and July 26<sup>th</sup> final due dates for the residential / farmland / pipeline and managed forest property tax classes. Taxpayers feel that this is too early in the year because for the last few years, the final tax due dates have been in the late summer or early fall. Senior taxpayers who receive their pension cheques around the 28<sup>th</sup> of the month are concerned that they will be unable to meet these deadlines.

**History:**

The June and July final installment dates represent a return to the traditional due dates used by the former Area Municipalities prior to amalgamation. The Provincially-initiated tax policy changes from 1998 to the present day have resulted in a delay to the final tax billings for most municipalities due to capping legislation in the commercial, industrial and multi-residential property classes.

The attached chart designated as Schedule "A" provides a history of the interim and final due dates for the former Area Municipalities from 1992 to 2000. As illustrated, the interim due dates were usually within the first four months of the year and the final due dates were usually June and July. The interim due dates for 2001 were April 27<sup>th</sup> and May 28<sup>th</sup> and the final due dates for all classes were September 11<sup>th</sup> and October 11<sup>th</sup>.

Prior to 1998, earlier final due dates were acceptable to most taxpayers. Most individuals were anxious to get on with the summer vacation and wanted to know their final tax levy, issue post-dated cheques, and be worry-free for the remainder of the year.

From a fiscal standpoint, earlier due dates serve to improve cash flow, thereby increasing investment income and allows the tax levy to be collected well before the end of the year. This keeps receivables to a manageable level and results in a lower tax arrears ratio (uncollected taxes expressed as a percentage of the overall levy).

# Request for Recommendation Priorities Committee



Recommendation *continued*

X

Background

Please indicate if the information provided below is a continuation of the Recommendation or Background

## How the 2002 Final Due Dates Were Chosen:

During the 2002 budget deliberations, Council reviewed three options for the final 2002 due dates:

- (1) moving the residential final due dates from previous year's September / October dates to July / August, resulting in an increase in investment income of \$123,000.
- (2) moving the final due dates for all property tax classes from the previous year of September / October dates to August and September for 2002, resulting in an increase in investment income of \$36,000.
- (3) eliminating the second due date for all property tax classes and establishing a June final due date for residential properties, and an August final due date for properties in the commercial, industrial, and multi-residential tax classes, resulting in an increase in investment income of \$63,000.

During budget deliberations, Council approved all three options for a total levy reduction of \$220,000. However, in May of this year after a review of the due dates, Council opted to return to two due dates for our final tax billing and chose June 26<sup>th</sup> and July 26<sup>th</sup> for residential classes and two due dates for multi-residential, commercial and industrial classes. This decision will adversely affect investment income by \$63,000.

Over the past few years, there has been a shift among Ontario municipalities towards fewer due dates, especially for those that offer a pre-authorized tax payment plan and wish to increase participation in the plan. Municipalities that reduced the number of due dates increased enrollment in their tax payment plans.

This plan provides advantages for both the City and the taxpayer. It provides a more predictable cash flow for the City and reduces administration costs. It provides a better budgeting and cash management tool for the taxpayer.

For example, the City of Brockville's due dates for 2002 were in April and August for the residential sector. There was a single final installment in August for properties in the commercial, industrial and multi-residential property tax classes.

The City of Ottawa levied interim taxes in March for all classes and established a single final due date in June for residential properties and a single final due date in September for non-residential properties. Staff in Ottawa advised that only Provincial capping legislation is preventing them from implementing one interim and one final tax installment each year for all property tax classes.

For 2003, the City of North Bay will have a single interim and a single final due date for all taxpayers.

# Request for Recommendation Priorities Committee



|  |                   |
|--|-------------------|
| <b>Recommendation</b> <i>continued</i> | <b>Background</b> |
|--|-------------------|

Please indicate if the information provided below is a continuation of the Recommendation or Background

## The City of Greater Sudbury's Pre-Authorized Tax Payment Plan

The former City of Sudbury implemented a pre-authorized tax payment plan in 1988. Membership has continued to grow over the intervening years. Prior to amalgamation, this payment option was only offered by a few area municipalities.

The City of Greater Sudbury has approximately 55,810 realty tax accounts made up as follows:

| <b><i>City of Greater Sudbury - Tax Accounts</i></b> |   |  |               |
|--|---|--|---------------|
|  | <b>Residential / Farmland<br/>/ Pipeline &amp; Managed<br/>Forest</b> | <b>Commercial<br/>Industrial<br/>Multi-Residential</b> | <b>Total</b>  |
| Monthly Pre-Authorized                               | 11,000  | 326  | 11,326        |
| Instalment Pre-Authorized                            | 1,100   | 24   | 1,124         |
| Mortgage   | 14,100  | 910  | 15,010        |
| Regular / Direct Mail-out                            | 26,400  | 1,950  | 28,350        |
| <b>Grand Total</b>                                   |   |  | <b>55,810</b> |

The tax accounts on the pre-authorized tax payment plan (12,450) represent 22 per cent of the City's total tax accounts. It is also important to note that approximately 15,010 property accounts are paid through financial institutions. These taxpayers have no option but to pay their taxes through the mortgagee. When this amount is removed from the total, participation in the pre-authorized tax payment plan increases to 30 per cent. A recent survey by the Tax Department indicates that this is a very high percentage of pre-authorized accounts when compared to municipalities of comparable size.

In 1996 when the former City of Sudbury reduced its tax installments from six to four, membership in the pre-authorized tax payment plan increased considerably. Other municipalities have followed this lead and reduced installments to bolster participation in their pre-authorized tax payment plans.

# Request for Recommendation Priorities Committee



Recommendation *continued*

X

Background

Please indicate if the information provided below is a continuation of the Recommendation or Background

## Overview of the Pre-Authorized Tax Payment Plan

The City of Greater Sudbury offers two options within the pre-authorized tax payment plan.

The first option is pre-authorized payment that coincides with the regular installment due dates. In November of each year, members on that plan are notified that their taxes will be deducted from their bank account on the regular installment dates chosen by Council.

The second option is monthly, automatic withdrawal and it is by far the most popular. Under the monthly option, equal monthly amounts are debited from taxpayers' bank accounts beginning December 1<sup>st</sup> of the year prior and ending in October of the taxation year. The month of November is used as the adjustment month. Under this option, the City calculates the monthly withdrawal by dividing the taxpayer's previous year's levy by 11 and deducting that amount on the 1<sup>st</sup> of each month. In November of each year, taxpayers that are on the plan receive written notice confirming the amount that will be withdrawn each month. The monthly pre-authorized tax payment plan is an excellent tool for family budgeting.

Participants in both plans apply in writing to the City and provide a voided cheque indicating the bank account from which the tax payments are to be withdrawn.

# Request for Recommendation Priorities Committee



|  |          |                   |
|--|----------|-------------------|
| <b>Recommendation</b> <i>continued</i> | <b>X</b> | <b>Background</b> |
|--|----------|-------------------|

Please indicate if the information provided below is a continuation of the Recommendation or Background

## Future Strategy

Based on Council decisions to date, there will be two interim and one final due date in 2003 for all tax classes. Due to Council's concerns about the impact of these decisions on the taxpayer, staff are recommending an aggressive marketing campaign to promote the City of Greater Sudbury's pre-authorized tax payment plan. As illustrated in this report, approximately 28,350 taxpayers pay their property taxes when notified to do so by mail. Past experience indicates that approximately 10 per cent of these accounts are not paid on time, and this group would certainly benefit from the pre-authorized payment plan. In order to promote the pre-authorized tax payment plan, we propose the following:

- (a) Tax bills mailed out this year included the 2002 tax information flyer whether the person pays via mortgage or direct mail. The tax information flyer contains an application form for the 2003 pre-authorized tax payment plan. This flyer has been delivered to all taxpayers and the application form will be referenced in advertising informing taxpayers of the reduction in due dates for 2003.
- (b) The tax information flyer is also available at all Citizen Services Centres and Libraries in the City of Greater Sudbury. We will encourage staff at those locations to ensure that the flyer is highly visible and available to the general public at main counters.
- (c) Since the pre-authorized tax payment plan commences on December 1<sup>st</sup> each year, it is imperative that new members be registered prior to the first week of November in order for them to participate in the monthly pre-authorized tax payment plan. It is proposed that an extensive advertising campaign be conducted in area newspapers during September and October of this year, promoting the City's pre-authorized tax payment plan and encouraging citizens to sign up now. The newspaper ads will include an application form that citizens can use to enroll in the plan.
- (d) We are also proposing a direct mail campaign to the approximately 28,350 taxpayers who are receiving their tax bill directly. The mail-out will stress the benefits of the pre-authorized payment plan including convenience of payment, budgeting, and avoidance of costly penalty charges.
- (e) Staff will bring this issue back to Council for review in the early fall, once the results of the marketing campaign and the budget implications are known.

## Current Strategy

Final tax bills in the residential, farmland, pipeline and managed forest property classes were mailed on June 6, 2002 with final due dates being June 26<sup>th</sup> and July 26<sup>th</sup>. In consideration of our senior taxpayers, the penalty will only be run at month-end giving seniors the peace of mind that they will be able to meet their tax obligations. In the cases of extreme hardship, each tax account will be evaluated on its own merit, and if circumstances warrant, further penalty charges may be waived. The Treasurer and the Tax Collector have the authority to do so under the City of Greater Sudbury's current tax levy by-laws.

**SCHEDULE A**  
**TAX INSTALMENT DUE DATES**

|  | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|------|------|------|------|------|------|------|------|------|
|--|------|------|------|------|------|------|------|------|------|

**SUDBURY**

|                |                              |                                 |                                  |                                  |                    |                    |                            |                           |                         |
|----------------|------------------------------|---------------------------------|----------------------------------|----------------------------------|--------------------|--------------------|----------------------------|---------------------------|-------------------------|
| <b>Interim</b> | February<br>March<br>April   | February<br>March<br>April      | February 1<br>March 3<br>April 5 | February 3<br>March 3<br>April 7 | March 5<br>April 3 | March 4<br>April 4 | March 3<br>April 3         | March 12<br>April 13      | March 20<br>April 20    |
| <b>Final</b>   | June 5<br>July 3<br>August 4 | June 10<br>July 12<br>August 12 | June 3<br>July 5<br>August 5     | June 2<br>July 5<br>August 2     | June 5<br>July 5   | June 3<br>July 3   | September 22<br>October 20 | August 26<br>September 23 | August 2<br>September 6 |

**CAPREOL**

|                |                         |                         |                         |                         |                         |                         |                            |                      |                         |
|----------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------|-------------------------|
| <b>Interim</b> | February 26<br>April 28 | February 25<br>April 28 | February 25<br>April 28 | February 24<br>April 27 | February 28<br>April 26 | February 26<br>April 28 | February 26<br>April 28    | March 29<br>April 28 | February 29<br>April 28 |
| <b>Final</b>   | June 26<br>September 28 | June 28<br>September 28 | June 28<br>September 28 | June 28<br>September 28 | June 27<br>September 27 | June 27<br>September 26 | September 28<br>October 28 | June 29<br>July 29   | June 30<br>September 29 |

**WALDEN**

|                |                         |                            |                         |                         |                         |                         |                            |                            |                           |
|----------------|-------------------------|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|---------------------------|
| <b>Interim</b> | February 21<br>March 20 | unavailable<br>unavailable | February 18<br>March 18 | February 17<br>March 17 | February 23<br>March 22 | February 21<br>March 21 | March 6<br>April 3         | March 26<br>April 23       | March 17<br>April 14      |
| <b>Final</b>   | June 19<br>July 17      | June 18<br>July 16         | May 27<br>June 24       | May 26<br>June 23       | June 7<br>July 5        | May 23<br>June 20       | September 25<br>October 23 | September 24<br>October 22 | August 18<br>September 15 |

# TAX INSTALMENT DUE DATES

|  | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|------|------|------|------|------|------|------|------|------|
|--|------|------|------|------|------|------|------|------|------|

## RAYSIDE BALFOUR

|                |                         |                         |                       |                         |                            |                           |                         |
|----------------|-------------------------|-------------------------|-----------------------|-------------------------|----------------------------|---------------------------|-------------------------|
| <u>Interim</u> | February 14<br>March 13 | February 10<br>March 10 | February 9<br>March 8 | February 14<br>March 14 | February 13<br>March 13    | March 12<br>April 13      | March 3<br>April 7      |
| <u>Final</u>   | June 2<br>July 2        | June 2<br>July 7        | June 7<br>July 5      | June 6<br>July 4        | September 30<br>October 30 | August 31<br>September 30 | August 9<br>September 6 |

## NICKEL CENTRE

|                |                    |                         |                         |                         |                            |                           |                          |
|----------------|--------------------|-------------------------|-------------------------|-------------------------|----------------------------|---------------------------|--------------------------|
| <u>Interim</u> | February<br>March  | February 22<br>March 22 | February 22<br>March 22 | February 21<br>March 21 | February 23<br>March 23    | March 12<br>April 12      | March 3<br>April 7       |
| <u>Final</u>   | June 22<br>July 22 | June 21<br>July 21      | June 21<br>July 22      | June 20<br>July 21      | September 28<br>October 28 | August 31<br>September 30 | August 10<br>September 7 |

## VALLEY EAST

|                |                            |                            |                           |                           |                            |                           |                      |
|----------------|----------------------------|----------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------|
| <u>Interim</u> | unavailable<br>unavailable | unavailable<br>unavailable | January 26<br>February 23 | January 31<br>February 28 | February 13<br>March 13    | March 5<br>April 5        | March 3<br>April 7   |
| <u>Final</u>   | May 29<br>June 26          | June 18<br>July 16         | May 31<br>June 28         | May 30<br>June 27         | September 25<br>October 23 | August 27<br>September 24 | July 31<br>August 31 |

## ONAPING FALLS

|                |                         |                         |                    |                    |                            |                            |                           |
|----------------|-------------------------|-------------------------|--------------------|--------------------|----------------------------|----------------------------|---------------------------|
| <u>Interim</u> | February 26<br>March 18 | February 21<br>March 21 | March 2<br>April 2 | March 4<br>April 4 | March 15<br>April 17       | April 21<br>May 21         | March 27<br>April 26      |
| <u>Final</u>   | June 18<br>July 15      | June 21<br>July 21      | June 29<br>July 29 | June 23<br>July 23 | September 30<br>October 30 | September 28<br>October 26 | August 22<br>September 20 |