

# **Finance & Program Accountability Committee**

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

# Request for Recommendation Priorities Committee




Type of Decision									
Meeting Date	November 27, 2002				Report Date	November 22, 2002			
Recommendation	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	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
Final (Phase IV) - Long Term Financial Plan

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

Recommendation
That the City of Greater Sudbury adopt the recommended principles and policies outlined in the Long Term Financial Plan Report prepared by Hemson Consulting Ltd.
<input checked="" type="checkbox"/> Recommendation attached

Recommended by the General Manager
 S. Jonasson Acting General Manager of Corporate Services

Recommended by the C.A.O.
 M. Mieto Chief Administrative Officer

**Report Authored By**



S. Jonasson  
Director of Finance / City Treasurer

**Division Review**

On November 27, 2002, Hemson Consulting Ltd. will be making its final presentation to Council on the Long Term Financial Plan. A copy of the Hemson report is being circulated to Council with the agenda package, but under separate cover.

The report and presentation will include principle and policy recommendations to guide City Council and Administration in managing the financial affairs of the City over the next several years. It is recommended that Council adopt the principles and policies outlined in the Hemson Report.

# Request for Recommendation Priorities Committee



Type of Decision									
Meeting Date	November 27, 2002				Report Date	November 15, 2002			
Recommendation		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting		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
September 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**

*D. Wuksinic*  
 D. Wuksinic  
 General Manager Corporate Services /  
 Acting General Manager of Emergency Services

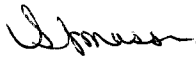
**Recommended by the C.A.O.**

*M. Mieto*  
 M. Mieto  
 Chief Administrative Officer

**Report Authored By**

  
E. Stankiewicz  
Co-Ordinator of Current Budget

**Division Review**

  
S. Jonasson  
Director of Finance / City Treasurer

The September Variance Report reflects a year-end projection based on nine months of expenditures and revenues. The Budget Section has met with all departments to refine their year-end projections. Based on this exercise, potential year-end variances have been identified with accompanying explanations.

The OMERS savings for the Corporation as a result of the extension of the contribution holiday is approximately \$800,000. In the July Variance Report, this figure was shown as a one line item in the attached charts. Since then, fringe benefit accounts in all departments have been modified to reflect this savings.

This forecast reflects virtually a balanced budget.

Potential year-end variances greater than \$100,000 have been identified and are detailed in the following:

1. **General Revenues**

As previously mentioned, payment in lieu of taxation revenue will exceed budget by approximately \$320,000. In addition, higher than expected interest rates and favourable cash flow will result in investment revenue exceeding budget by approximately \$670,000. Revenue from interest on tax arrears and slot revenue are expected to be significantly higher than budgeted by approximately \$700,000.

However, this area also includes provincial revenue in the form of the Community Reinvestment Fund (CRF) as a result of the Local Services Realignment (LSR) exercise. Underexpenditures in sole support caseloads in the Ontario Works Division as well as the Ontario Disability Support Program (ODSP) will affect the CRF. It appears that these two LSR programs will continue to be tied to the CRF. These two items will reflect reduced net expenditures of approximately \$660,000, therefore reducing the CRF accordingly. Another program that may be tied to the CRF is Land Ambulance, however this area is expected to be on budget by year-end. With regards to social housing which was previously tied to (CRF), the Province has indicated that they will not reconcile Social Housing expense. However, they will reconcile to a number that currently is not known. Full details regarding the CRF should be released by the Province in mid to late November.

When all variances are considered, the year-end surplus in the general revenue section is approximately \$1.5 million.

2. **Corporate Services**

Legal fees for Human Resources as a result of negotiations and arbitration will exceed budget by approximately \$150,000 and the cost of benefits paid out on behalf of pensioners is expected to be over budget by approximately \$250,000. Other expenditures in this division have been curtailed to offset the overexpenditures, leaving the division in a deficit position of approximately \$280,000.

Outside legal counsel in the Solicitor Division is anticipated to be over budget by approximately \$400,000. In addition, losses in licencing revenue of approximately \$150,000 are expected. Also, Provincial Offences net revenue is expected to be under budget by approximately \$350,000, leaving this division in a combined deficit position of approximately \$900,000.

The Information Technology division should reflect a year end surplus of approximately \$200,000. As per policy this surplus will be contributed to the reserve only if the Corporation is not in a deficit position at year-end. For the purpose of this report, the \$200,000 has been included in the Corporate position.

With all projections taken into account, this department should be in a deficit position of approximately \$1 million by year-end.

3. **Social Housing**

As a result of a delay in staffing the administration section and reduced spending in administrative functions, this section should realize a surplus of approximately \$220,000 by year end.

4. **Ontario Works**

Sole support caseloads continue to be below estimates, however, this item is tied to the CRF so any savings in this area will be offset by reductions in Community Reinvestment Fund. In addition, ODSP costs will be less than budgeted and will be treated in the same fashion as sole support. These two items account for \$660,000 in reduced net expenditures and this will result in a corresponding reduction in CRF.

In addition, there will be a surplus of approximately \$600,000 as a result of Ontario Works Employment Assistance Services Levels funding exceeding targets, and additional funding for the Consolidated Verification Process.

5. **Public Libraries/Citizen Services**

This division should reflect a year-end surplus of approximately \$200,000. In accordance with policy, this surplus will be contributed to a reserve for the libraries if the Corporation is in a surplus position at year-end. For the purpose of this report, the \$200,000 has been included in the Corporate position.

6. **Leisure Services**

As a result of the following, this division will be in a deficit position of approximately \$200,000:

- failure of mechanical equipment/aging recreational facilities,
- loss of Summer Career Grant,
- flood damage at Centennial Park,
- the operation of the Minnow Lake Community Centre,
- higher energy costs,
- loss of revenue as a result of the inability to remarket ice time.

All efforts are being made to find savings in discretionary spending to offset some of the overexpenditures.

7. **Roads/Fleet**

Public Works has revised its estimate on winter roads maintenance, to be over budget by approximately \$2.6 million, largely as a result of the extraordinary winter conditions experienced in the first part of 2002. This overexpenditure is net of fleet revenue as increased winter control meant increased use of our vehicles resulting in increased equipment revenue.

It was previously reported that there would be a \$850,000 savings in summer roads maintenance. However, severe summer storms lead to road washouts, increased potholes and cleanup exercises (removal of trees), and two major culvert collapses. As a result of responding to these safety issues, summer roads maintenance will be over budget by approximately \$100,000.

This area will reflect a deficit of \$2.7 million when netted against increased fleet revenues.

In accordance with Priorities Committee Recommendation 2002-18, as adopted by Council, the \$900,000 reallocated to the Roads program from the realization of the Northern Ontario Heritage Fund (NOHF) funding is to be used to offset any further overexpenditures in winter roads maintenance and to offset any corporate deficit, with the balance being contributed to a Winter Roads Maintenance Reserve Fund. This funding has not been reflected in the corporate position.

8. **Waste Management**

It was previously reported that this area would experience a deficit of approximately \$150,000 at year end. However, increased revenue estimates from tipping fees will eliminate any deficit.

9. **Fire Services**

As a result of staff vacancies throughout the year and fewer fire call outs requiring volunteers, the Fire Service should realize a year-end surplus of approximately \$360,000.

10. **Land Ambulance**

The issue of cross border service has still not been dealt with by the Province. A potential increase in cross border service would be offset by the \$650,000 in salary savings as a result of vacancies throughout the year. This service is tied to the CRF, and therefore there should be no negative impact on funding.

11. **Police Services**

Overexpenditures in salaries primarily in the area of overtime, increased cost of benefits paid on behalf of pensioners and the loss of revenue under the Firearm's Act will have this service experiencing a year end deficit. Additional revenue, operational savings in other areas and the OMERS contribution holiday offset this deficit somewhat. By year end, a \$320,000 deficit is anticipated.

**Summary**

Although the forecast currently reflects a deficit of \$350,000 the use of a portion of the \$900,000 reallocated to the Roads program from the realization of the NOHF funding will result in a balanced budget. Accounts will continue to be monitored closely for the remainder of the year.

# COST CENTRE REPORT

## PERIOD ENDING SEPTEMBER 30, 2002

(000)

<b>SUMMARY</b>							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
(1) <b>GENERAL REVENUES</b>	(183,795)	(138,909)	76	(132,982)	72	(185,333)	1,538
CORPORATE SERVICES	16,782	11,019	66	11,624	69	17,821	(1,039)
ECONOMIC DEV & PLANNING SERVICES	20,200	15,191	75	11,966	59	19,954	246
HEALTH & SOCIAL SERVICES	26,740	20,140	75	17,030	64	25,376	1,364
CITIZEN & LEISURE SERVICES	22,621	17,187	76	16,759	74	22,521	100
PUBLIC WORKS	46,868	37,592	80	41,824	89	49,470	(2,602)
EMERGENCY SERVICES	17,519	12,720	73	10,147	58	17,152	367
OUTSIDE BOARDS	33,065	24,734	75	24,708	75	33,388	(323)
<b>EXPENDITURES</b>	<b>183,795</b>	<b>138,583</b>	<b>75</b>	<b>134,058</b>	<b>73</b>	<b>185,682</b>	<b>(1,887)</b>
<b>NET BUDGET</b>	<b>-</b>	<b>(326)</b>		<b>1,076</b>		<b>349</b>	<b>(349)</b>

**NOTE:** Per Priorities Committee Recommendation 2002-18, as adopted by Council, any Corporate deficit is to be offset by the \$900,000 reallocated to the Roads Program as a result of the realization of the Northern Ontario Heritage Funding to be received.

# COST CENTRE REPORT

## PERIOD ENDING SEPTEMBER 30, 2002

(000)

<b>EXECUTIVE, ADMINISTRATIVE &amp; CORPORATE SERVICES</b>							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
EXECUTIVE AND ADMINISTRATIVE	1,016	741	73	684	67	1,013	3
OFFICE OF THE CAO	1,247	915	59	909	73	1,230	17
(2) CORPORATE SERVICES	14,519	9,363	5	10,031	69	15,578	(1,059)
<b>EXECUTIVE, ADMIN &amp; CORPORATE SERVICES</b>	<b>16,782</b>	<b>11,019</b>	<b>66</b>	<b>11,624</b>	<b>69</b>	<b>17,821</b>	<b>(1,039)</b>

# COST CENTRE REPORT

## PERIOD ENDING SEPTEMBER 30, 2002

(000)

<b>ECONOMIC DEVELOPMENT &amp; PLANNING SERVICES</b>							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL MANAGER'S OFFICE	444	388	87	372	84	444	-
ECONOMIC DEVELOPMENT	1,588	1,375	87	1,515	95	1,595	(7)
PLANNING AND DEVELOPMENT SERVICES	2,165	1,520	70	1,106	51	2,128	37
(3) SOCIAL HOUSING	16,003	11,908	74	8,973	56	15,787	216
<b>ECONOMIC DEVEL &amp; PLANNING SERVICES</b>	<b>20,200</b>	<b>15,191</b>	<b>75</b>	<b>11,966</b>	<b>59</b>	<b>19,954</b>	<b>246</b>

# COST CENTRE REPORT PERIOD ENDING SEPTEMBER 30, 2002

(000)

<b>HEALTH AND SOCIAL SERVICES</b>							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL MANAGER'S OFFICE	1,106	993	90	847	77	1,071	35
CHILDREN SERVICES	2,940	1,391	47	2,889	98	2,878	62
LONG TERM CARE & SENIORS	382	804	211	578	151	379	3
(4) ONTARIO WORKS	22,312	16,952	76	12,716	57	21,048	1,264
<b>HEALTH AND SOCIAL SERVICES</b>	<b>26,740</b>	<b>20,140</b>	<b>75</b>	<b>17,030</b>	<b>64</b>	<b>25,376</b>	<b>1,364</b>

# COST CENTRE REPORT PERIOD ENDING SEPTEMBER 30, 2002

(000)

<b>CITIZEN &amp; LEISURE SERVICES</b>							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
GENERAL MANAGER'S OFFICE	1,181	1,143	97	1,105	94	1,164	17
CEMETERY SERVICES	24	(35)	(146)	(160)	(667)	24	-
(5) PUBLIC LIBRARIES/CITIZENS SERVICES	5,405	3,953	73	4,261	79	5,197	208
(6) LEISURE & RECREATION SERVICES	9,218	7,363	80	7,670	83	9,412	(194)
TRANSPORTATION SERVICES	6,793	4,763	70	3,883	57	6,724	69
<b>CITIZEN &amp; LEISURE SERVICES</b>	<b>22,621</b>	<b>17,187</b>	<b>76</b>	<b>16,759</b>	<b>74</b>	<b>22,521</b>	<b>100</b>

# COST CENTRE REPORT

## PERIOD ENDING SEPTEMBER 30, 2002

(000)

<b>PUBLIC WORKS</b>							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
EARTHCARE SUDBURY	202	137	68	53	26	202	-
ENGINEERING SERVICES	140	91	65	130	93	131	9
BUILDINGS & FACILITIES	4,100	3,226	79	3,115	76	4,026	74
WATER MAINTENANCE	2,374	1,078	45	2,692	113	2,374	-
WASTE WATER MAINTENANCE	-	1,452		2,219		-	-
(7) ROADS MAINTENANCE	29,343	24,111	82	27,476	94	32,854	(3,511)
(7) FLEET	445	573	129	(769)	(173)	(397)	842
(8) WASTE MANAGEMENT	10,264	6,924	68	6,908	67	10,280	(16)
<b>PUBLIC WORKS</b>	<b>46,868</b>	<b>37,592</b>	<b>80</b>	<b>41,824</b>	<b>89</b>	<b>49,470</b>	<b>(2,602)</b>

# COST CENTRE REPORT PERIOD ENDING SEPTEMBER 30, 2002

(000)

<b>EMERGENCY SERVICES</b>							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
	286	207	72	253	89	286	-
	31	21	68	8	26	31	-
(9) FIRE SERVICES	11,942	8,760	73	7,180	60	11,575	367
(10) EMERGENCY MEDICAL SERVICES	5,260	3,732	71	2,706	51	5,260	-
<b>EMERGENCY SERVICES</b>	<b>17,519</b>	<b>12,720</b>	<b>73</b>	<b>10,147</b>	<b>58</b>	<b>17,152</b>	<b>367</b>

# COST CENTRE REPORT

## PERIOD ENDING SEPTEMBER 30, 2002

(000)

OUTSIDE BOARDS							
	Annual Budget	Y-T-D Budget	%	Y-T-D Actual	%	Year-end Projection	Year-end Surplus (Deficit)
SUDBURY AIRPORT OPERATIONS	-	(220)		-		-	-
N.D.C.A.	225	169	75	169	75	225	-
PUBLIC HEALTH (HEALTH UNIT)	5,537	4,311	78	4,152	75	5,537	-
(11) POLICE SERVICES	27,303	20,474	75	20,387	75	27,626	(323)
<b>OUTSIDE BOARDS</b>	<b>33,065</b>	<b>24,734</b>	<b>75</b>	<b>24,708</b>	<b>75</b>	<b>33,388</b>	<b>(323)</b>

# Request for Recommendation Priorities Committee



## Type of Decision

Meeting Date	November 27, 2002				Report Date	November 18, 2002			
Recommendation	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input type="checkbox"/>	Open	<input type="checkbox"/>	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
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## Report Title

Development Charges


### 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
<input checked="" type="checkbox"/>	Background attached

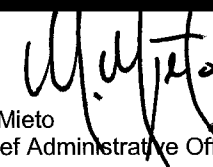
### Recommendation

<input type="checkbox"/>	Recommendation attached


### Recommended by the General Manager

  
 D. Wuksinic  
 General Manager of Corporate Services /  
 Acting Manager of Emergency Services

### Recommended by the C.A.O.

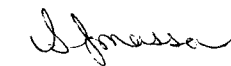
  
 M. Mieto  
 Chief Administrative Officer

**Report Authored By**



J.C. Mahaffy  
Manager of Financial Planning & Policy/Deputy Treasurer

**Division Review**



S. Jonasson  
Director of Finance/ City Treasurer

At a recent Council meeting, information was requested on Development Charges, and the following is provided for Council's information:

- The present Development Charges by-law came forward from the former Region, became effective September 1, 1999, and will expire on August 31, 2004. After that point in time, no Development Charges will apply without a new study and by-law.
- Development Charges apply only within the former Regional boundaries, and related only to services provided by the former Region.
- Development Charges for 2002 for a single family detached dwelling on a fully serviced lot are \$2,708. Lesser Development Charges apply if there are no water and / or wastewater services. Each January annual increases are applied, based on the Statistics Canada Quarterly Construction Prices Index of September.
- No Development Charges apply to Commercial or Industrial development.
- No Development Charges apply to Residential development in designated Town Centres.
- Development Charges proceeds are credited to specific Capital Financing Reserve Funds to be used in future capital projects as follows: Wastewater-29%, Water-43%, Roads-24% and Policing-3%.
- A reserve has been established to finance a new Development Charges study.

In addition, a review of the Municipal Competitiveness Study which was sent to Council early in 2002 indicates that of the forty plus municipalities surveyed, Sudbury's Development Charges for single family residential dwellings were second lowest in the Province, that only one other municipality exempted commercial development and only five other municipalities exempted industrial development.

The City of Greater Sudbury has collected just over \$1 million in Development Charges as follows:

2001 -	\$405,725
2002 (to date)-	\$629,358

In the years 1991 to 2000, the former Region collected just under \$9 million in Development Charges. During some of these years, many of the former Area Municipalities also had Development Charges in effect.

The current Development Charges by-law is built upon the original Development Charges study undertaken in 1991. The actual Development Charges revenue fell far short of that projected in the original study, yet the identified projects were undertaken (i.e. expansion of wastewater treatment plants and roads projects such as the Brady Street extension). The Development Charges collected today are credited back to the reserve funds which were used to finance these projects. The funds then become available to finance other capital works.

Given the negative or no growth predictions of the Long Term Financial Plan, and the fact that capital spending will, for the most part, be directed to maintenance of existing infrastructure, it may be that there will be no justification for further Development Charges after the expiration of the present by-law.

It is anticipated that the issue of the appropriateness of Development Charges will be looked at as part of the new Official Plan study.