

Finance & Program Accountability Committee

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

Request for Recommendation Priorities Committee



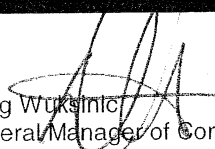
Type of Decision									
Meeting Date	September 25 th , 2002				Report Date	September 20 th , 2002			
Recommendation	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed

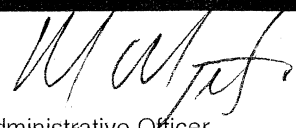
Sub-Committee Check-Off					
Please indicate which sub-committee will deal with this issue					
<input type="checkbox"/>	Community Viability	<input type="checkbox"/>	Public & Intergovernmental Affairs	<input checked="" type="checkbox"/>	Financial & Program Accountability

Report Title
Information Technology Division Resourcing 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
No impact in 2002.	
Current Budget Impact in 2003 - \$652,050;	
Plus one-time training cost of \$250,000, which will be used over the next two to three years to train staff. A funding source has not been identified.	
<input checked="" type="checkbox"/>	Background attached

Recommendation	
<p>THAT this Report be accepted by Council, subject to the hiring of four (4) Temporary Staff for seven (7) months; that a Consultant be retained to validate the findings of the Report; and that the results of the Operational Review be brought forward as part of the 2003 Base Budget; and that the costs associated with the hiring of the Temporary Employees and the Operational Review be funded from the Transition Budget.</p>	
<input type="checkbox"/>	Recommendation attached

Recommended by the General Manager
 Doug Wuksinic General Manager of Corporate Services, and Acting General Manager of Emergency Services

Recommended by the C.A.O.
 Mark Mieto Acting Chief Administrative Officer

1

Report Authored By



Bruno Mangiardi
Director of Information Technology

Division Review

Background:

The Information Technology Division Resourcing Plan was submitted to the Finance and Efficiencies Committee on August 12th, 2002. This Committee had grave concerns over the issues raised in the Report, and Staff were scheduled to make a detailed presentation to this Committee on August 26th, 2002.

As the Finance and Efficiencies Committee was eliminated prior to this August 26th meeting taking place, this Report is now being presented to the Priorities Committee. (Report dated August 12th, 2002 to the Finance and Efficiencies Committee is attached.)

The recommendation has been modified from that in the original Report to alleviate immediate concerns on a short-term basis, with no impact on the 2002 or 2003 Budget, being:

- 1) That four temporary staff be hired for a period of seven months to alleviate some of the workload at a cost of approximately \$170,000;
- 2) That an outside consultant be retained to perform an operational and resource audit to validate the findings of this Report;
- 3) That the results of this outside review form part of the 2003 Base Budget; and
- 4) That the cost of both the temporary staffing and the operational review be funded from the Transition Budget.

**Request for Recommendation
Finance & Efficiencies
Committee**



Type of Decision										
Meeting Date	August 12 th , 2002				Report Date	August 7 th , 2002				
Recommendation	<input checked="" type="checkbox"/>	Yes		No	Priority	<input checked="" type="checkbox"/>	High		Low	
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed	

Report Title
Information Technology Division Resourcing Plan

Policy Implications + Budget Impact

This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified

Current Budget Impact in 2002 - \$0

Current Budget Impact in 2003 - \$652,050

Plus one-time training cost of \$250,000 which will be used over the next 2-3 years to train staff. A funding source has not been identified.


Background attached

Recommendation

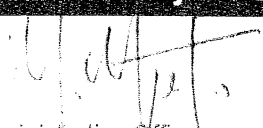
THAT the Finance and Efficiencies Committee supports the Information Technology Division Resourcing Plan as presented in the Report dated July 19th, 2002 from the General Manager of Corporate Services and Acting General Manager of Emergency Services, and recommends that it be brought forward in the 2003 Budget Process.

Recommendation attached


Recommended by the General Manager


Doug Wuksinic
General Manager of Corporate Services, and
Acting General Manager of Emergency Services

Recommended by the C.A.O.



Mark Mieto
Acting Chief Administrative Officer

Report Authored By



Doug Wuksinic
General Manager of Corporate Services, and
Acting General Manager of Emergency Services

Division Review



Georges Moreau
Acting Director of Information Technology

Background:

The Finance and Efficiencies Committee, at its first meeting, identified its task as one of providing options and opportunities to Council to improve the ways and means by which municipal services are currently provided. The Committee also recognized that to be able to provide these opportunities, the Corporation had to be able to tap into and harness the energy and the expertise of all employees; and to do that, the tools and systems that these employees rely on had to be working properly, had to be adequately maintained, and must not be a source of frustration.

In the course of a review of the ERP System, it quickly became evident that the Information Technology (IT) resources dedicated to this Project, and to the Information Technology Division in general, were inadequate to provide for the needs of the Corporation. ITD affects every service that is delivered by the municipality from financial reporting to maintaining the MMMS System that drives the Public Works Department, bookings, the dispensing of medications, scheduling, purchasing, payroll, building permits, economic development, databases, tax, etc. It is imperative that the Division be resourced properly or these Systems that the employees depend upon would become or would continue to be a source of frustration, and would not allow the Corporation to harness their expertise.

As such, the Committee requested that the General Manager of Corporate Services and Acting General Manager of Emergency Services prepare a Resourcing Plan that would adequately support the information technology requirements of the Corporation. Consequently, it is recommended that the Resourcing Plan, as outlined below be implemented, and that the 2002 Budget be adjusted accordingly. It is anticipated that the 2002 Budget will not be substantially affected as these individuals are not expected to be in place until the Fall; however, the full impact of this staff-gapping will be reflected in the 2003 Budget.

The following is a Report prepared by the Director of Information Technology detailing the background, municipal comparisons and staffing complement-increases required.

1. Introduction

The City has been in the amalgamation process for the last two years; and Senior Managers and many Councillors now realize that the workload in the Information Technology Division is overwhelming. Our infrastructure is collapsing because of old components, servers or cables; major corporate systems are not providing the financial information that the City requires; our clients are not being serviced in a timely manner; and other systems have not yet been integrated.

ITD staff has had to work many hours of overtime just to keep up, and we are failing. At any given time, there are more than 100 outstanding service calls logged in our Help Desk System. We are all so busy fighting fires, that we are making mistakes that force us to revisit the same case 2 or 3 times. We do not have the time to document and record solutions, so we waste resources researching and re-discovering "known" solutions.

In the midst of all this activity, we undertook a very large ERP Project that taxed our resources to the limit. All our people who have been involved in this one Project, not to mention all of the other Systems requirements, logged over 1,600 hours of overtime alone; while the three Managers logged in excess of 2,300 hours, or the equivalent of 1.5 FTE's.

This level of activity is taking its toll on our people. Two employees have been off on stress leave in the last 8 months, and it is almost inevitable that one or more is on the verge of leaving again.

As you know, the IT Task Force recommended a staffing level of 25 to the Transition Board. Behind closed doors, this was subsequently reduced to 20. In hindsight, the original number of 25 was low because it failed to recognize the needs of the Citizen Service Centres, the additional support required by the outside Library Branches, the large geographic area that we must travel to service our clients, and the Provincial download of Provincial Offences, Social Housing, etc. In addition, all of the former Towns and Cities, with the exception of the City of Sudbury and its Libraries and the Regional Municipality of Sudbury, outsourced all of their IT support, something that was never included in the original staffing decisions.

If we are to realize the goal of the City of Greater Sudbury becoming a "Smart Community", and that of the Finance and Efficiencies Committee to recognize and provide opportunities to Council for the provision of more cost-effective services, we must resource the IT Division appropriately. To not resource the Division adequately would mean the continued frustration levels of user departments because the systems and/or tools that they are using are failing and/or are inadequate to handle their needs. This Corporation ... this Division cannot continue to operate with its current ITD structure. The Division must be expanded to accommodate all that is expected of it. The recommendation is that the staff complement be increased by a total of 10 FTE's.

A detailed explanation for the additional resources is contained in the following sections.

As well, attached is a copy of the current ITD Organizational Chart, along with the new Proposed Organizational Structure for your reference.

A review of other municipal IT organizations shows an average staffing level of 4.4 employees per 10,000 households. The current ratio for the City of Greater Sudbury is 2.5 employees per 10,000 households, substantially less than the average. The recommended staff complement of 30 employees will only increase the ratio to 3.8 per 10,000, still substantially below the municipal average.

Along with the additional staffing, a sufficient budget for training must also be set aside to properly train both existing and new staff on the new technologies that have been and will be implemented.

2. Director's Office

The Information Technology Division provides a variety of essential services to the Corporation, as it is responsible for all aspects of information technology, communications (both voice and data), copying, print shop services, kiosks, and business applications. Its mandate includes the development of corporate strategic plans for information technology so that they are aligned with corporate goals and Council's direction. These services are delivered in two main sections – Network and Support, and Business Applications.

The Director's Office provides front-line service and support to the Mayor and the twelve Councillors. This same level of service is also delivered to senior management. Training, servicing and supporting this group has been a daunting task, but the results have been very good.

The Director's Office also maintains and operates a corporate-wide technology equipment pool for notebook computers, multi-media projectors, cell phones, overhead projectors, slide projectors and teleconference phones.

In addition to the normal administrative and strategic planning duties, it is proposed that responsibility for the fleet of copiers, the telephone network, cell phones and the print shop operations be transferred from the Network and Support Section to the Director's Office. The Print Shop Operator will now report directly to the Administrative Assistant who will also take on more responsibilities for the fleet of copiers, telephones, cell phones and equipment pool.

No extra staff is required

3. Network and Support Section

This Section is further sub-divided into two major areas – Help Desk and End User Support, and Network and Major Projects.

3.1 Help Desk and End User Support

To fully appreciate the scope and magnitude of responsibility for this Section, you must know that it is the first line of support for:

- Over 1,000 personal computers, notebook computers and their users, scattered over a very large geographic area;
- These clients are located in over 80 buildings or plants, including 14 Branch Libraries, 7 Citizen Service Centres, 4 Community Centres, 11 Sewage Treatment Plants (STP) and Water Treatment Plants (WTP), 17 Arenas, 16 Fire Halls/EMS Stations, Pioneer Manor, 2 major Operations Depots, etc.;
- Hundreds of printers, scanners, digital cameras, bar code readers, receipt printers;
- Installation, configuration, maintenance and return of all leased computers;
- All personal computer software used by our employees;
- Palm Personal Data Assistants used by Council and many other staff;
- New technologies like Video Conferencing Equipment;
- Inventories of all hardware and software;
- Documentation of known problems and their resolution.

We have attempted to provide this service with 3 Support Technicians and supervision by the Manager. As mentioned above, we have over 80 various locations to attend to in an area of over 3,000 square kilometres. Send a Technician out to one of our remote Citizen Service Centres, and that person is usually gone for the better part of the day! This happens very frequently. Trying to service everyone with this staff complement has not worked and cannot work! In fact, Departments are reacting to the poor level and quality of service by hiring students as IT support staff, under the auspices of Special Provincial Programs/Grants and/or Capital Projects (Pioneer Manor, Library, Airport). Decentralized IT support and service can be disastrous, as they will not be adhering to ITD policies and procedures. At the end of their contract, they will depart with all the knowledge about that area, leaving ITD with the fallout.

To provide an acceptable level of service to our clients, we require additional resources. A Non-Union, hands-on Supervisor for this Section is required to ensure that service requests are dealt with in a timely and efficient manner; that problems are documented, and that the service is managed properly. In addition, two more Support Technicians are required to ensure that the service is viable, to allow for vacation relief, and to provide training for these resources.

Extra Staff: One Supervisor and two Support Technicians

3.2 Network and Major Projects

Where the Help Desk and End User Support Section provides a service to individuals or to very small groups, this Section provides services to the entire CGS client community as a whole. If any network component, server or software application fails, then all CGS clients are dead in the water; eg. if our GroupWise E-mail System should fail, then no one will be able to use e-mail to communicate with each other or with anyone on the Internet. If there is any failure, ITD is informed immediately by the fact that the phones ring off the hook, and we go into emergency mode to resolve the problem. The workload in this Section, and the need to complete any outstanding amalgamation issues has created an enormous backlog. There are still servers and software that were purchased over a year ago that have not yet been put into production. The responsibilities of this Section are critical to the operations of the City, and to the security and safety of our data. The following components are included:

- Network Infrastructure (routers, switches, LAN, WAN, fibre optics, CISCO 5500 Switch, etc.);
- Network Security;
- Over 30 Intel Level Servers that use various operating systems (NT, Netware, or WIN2000) to provide: file sharing, printer sharing, e-mail, virus scans, web server(s), network monitoring, Sewer and Water Treatment Plants monitoring, Provincial Offences Act (POA), Internet monitoring, kiosk, forms control, library, etc.;
- Five (5) UNIX Corporate Servers that support all major business applications - ERP, Library Innovative, other licensed software, and our own in-house developed applications;
- Amalgamate and Migrate all 1,000 users to new servers for e-mail, file and print sharing;
- 2nd and 3rd level technical support;
- GroupWise E-mail;

- Database Administration (DBA) for both Informix and Oracle;
- Back-up, recovery and data security for all servers;
- Virus scanning and controls using McAfee;
- Internet access at work and at home (for Council and senior staff);
- Monitoring the use of the Internet;
- STP and WTP Scada System support.

In addition to these operational services, this Section is also responsible for:

- PC and server acquisition;
- Support for Corel and MS Office Suites;
- Documentation;
- Training of support staff and our clients;
- Simplex Time Capture Devices (TCD) for Pioneer Manor and Simplex Security Control for Drug Cabinets in EMS;
- OntarioWorks Network.

The most important functions of this Section are strategic planning, innovation, and the integration of new projects. It has the responsibility to monitor industry trends and functions to identify those that are applicable and affordable. It must then plan for the implementation and monitor these major projects. Some examples are:

- Video conferencing equipment (launched June 2002);
- Novell's Zenworks which will automate the installation of all software and provide remote control of client pc's;
- Voice over IP that will allow us to use our fibre optics network instead of Bell Canada phone lines.

To protect our technology infrastructure investment, and to ensure that it is available, robust and secure, will require extra staff. It is recommended that the database administration function be transferred to the Business Application Section, but that the back-up for this function remain in the Network and Support Section. It is also recommended that one more Network Specialist and one more Senior Technician are required for this Section to function properly.

Extra Staff: One Network Specialist and one Senior Technician

4. Business Applications

This Section is responsible for all corporate administrative systems, including the development, support, implementation, documentation and training of CGS users. It also supports all purchased applications, Provincial downloaded or dictated software and our own on-house developed applications. This Section is also responsible for the support and maintenance of all Internet/Intranet-based services.

These services are delivered in the following four areas: Corporate Server Support, WEB Support, Corporate Application Support and Departmental Support.

4.1 Corporate Service Support

It is proposed that the support and maintenance of the main corporate servers and databases be transferred to this Section, but that the back-up support staff remain in the Network and Support Section, as indicated previously. Another Database Administrator (DBA)/System Specialist will be required to perform the following functions:

- Installation, maintenance and support for the Oracle and Informix databases and software;
- Installation, maintenance and support of the UNIX Operating System software;
- Installation, maintenance and support of the PeopleSoft modules, including processes, patches, bundles and major releases;
- Monitoring and troubleshooting the performance of these servers;
- System development, support and back-up for major systems.

Extra Staff: One Database Administrator/System Specialist

4.2 Web Support

This area is responsible for maintenance and support of our presence on the Internet. Its mandate includes the development and support of our Intranet and the development and/or support of any Web-based e-government applications. The following are some of the major services:

- Installation, maintenance and support of our Web servers;
- Installation, maintenance and support of our Web pages content management software – NetObjects;
- Installation, maintenance and support of ALL the City's Web sites; eg. city.greatersudbury.on.ca, elinks.city.greatersudbury.on.ca, e-sudbury, tourism, lake water quality, investment, etc.;
- Installation, maintenance and support of the new Election Web site;
- Development of on-line financial reports via E-links;
- Development and support of our on-line Parking Tickets Payment System called SmartPay;
- Development and support of Internet applications like on-line Tenders, news releases, road reports, surveys, etc.;
- Installation, maintenance and support of Arena on-line ticket sales.

There is currently two staff in this area, and we do not anticipate a requirement for any extra staff.

No extra staff is required

4.3 Corporate Applications Support

This Section is responsible for all the major corporate applications. If there is money involved, then we have a System for recording, reporting and controlling it. Our systems collect over \$125 million in taxes, and \$25 million in water billing; pays over 3,500 employees of the City; issues 40,000 accounts payable cheques. etc. This area is critical to the maintenance, tracking and monitoring of the financial well being of the Corporation.

The following is a partial list of these Systems:

- Payroll;
- Human Resources;
- Tax Billing and Collection;
- Water Billing and Collection;
- Budget Calculation and Reporting;
- General Ledger - PeopleSoft;
- Accounts Payable - PeopleSoft;
- Accounts Receivable;
- Inventory - PeopleSoft;
- Purchasing - PeopleSoft;
- Municipal Maintenance Management (MMMS);
- Fleet Maintenance;
- Building Permits;
- By-law Enforcement;
- Complaint Monitoring;
- Lottery/Business/Animal Licenses;
- Parking Tickets;
- Tipping Fees;
- Facilities Booking and Class Registrations.

The goal of Council to become a "Smart Community" will be accomplished by the staff in this Section. They will identify applications, and then work with other staff to make this goal a reality by Web-enabling all systems. This trend to develop Web-enabled applications is not unique to the City; in fact, many of the systems we license from third party vendors are Web-enabled and/or come with some Web features. The entire PeopleSoft System is Web-enabled.

This Section shouldered the brunt of the technical support and maintenance for the new PeopleSoft ERP System that we are implementing. It required a stellar effort by our staff in 2001 to accomplish what we have, in light of the effort that was required in 2000 to combine all of our systems in time for the creation of the new City of Greater Sudbury. This level of activity and pressure for the last two years has taken its toll on our staff, and has exposed a major weakness in our Division.

There are currently 6 staff in this Section, and we anticipate that we will need another 2 to ensure that we have some built-in back-up, extra payroll support, be able to complete the conversion of all systems to be Web-enabled, and to maintain all our corporate systems.

Extra Staff: 2 Senior System Programmer/Analysts

4.4 Departmental Applications Support

The City has licensed a number of administrative systems rather than develop them ourselves. Some examples of these special purpose applications are:

- Library Millennium System by Innovative;
- Election System;
- Pass3 for Arena Ticket Sales;
- CompuCare, Pioneer Manor;
- FormScape for the creation and formatting of reports; eg. tax bills, water bills, etc.;
- WCB Pro for tracking WSIB Reports;
- Ontrac for recording and reporting traffic accidents;
- Customer Relationship Management;
- Autodesk CAD & Mapping;
- Convera Document Imaging;
- Cartegraph for creation of traffic sign template;
- CD-Oasys to display assessment data;
- CD-Code for Ontario Building Code.

In addition, there are also systems that the Province requires us to use. The three major applications are:

- OntarioWorks - SDMT;
- Child Care Services;
- Provincial Offences Act - ICON.

And finally, we have developed a number of other systems to satisfy specific needs for some Departments:

- Committee of Adjustment;
- Construction Services Project;
- Watermain Break Tracker;
- EMS Training Records;
- Fire Services;
- Etc.

We propose to clearly delineate the responsibility for these various systems by making this Section responsible for anything that is not standard office software. Network and Support will support E-mail, Corel or MS office suites, and the Windows Operating System. Everything else will be supported by this Section, and will require an additional two Programmer/Analysts.

Extra Staff: Two Programmer/Analysts

5. Training

This is an area that is always left forgotten. Technology is changing at a rapid pace, and we must keep up to it. We have spent many dollars for the implementation of various new technologies and software applications. Unfortunately, there has been little time available to train our staff in these new changes. With the implementation of the new PeopleSoft ERP System, there was some additional training that some of the staff received. However, again because of the lack of staff, not enough training was done.

It is estimated that we would require one-time financing for training of roughly \$12,000 for each new position (10) and \$8,000 for existing positions (16).

Budget Impact:

The monetary impact of this Resourcing Plan for 2002 will be zero as we will not be able to hire all the new staff until very late in the year ... November or December. Any salary cost for any new staff will be offset by savings in the Current Salary Account for the Information Technology Division.

For Budget Year 2003, the annual salary cost of \$652,050 will be included in the Information Technology Division Budget. Details of these costs are:

No. of New Employees	Position	Annual Salary Cost (\$)
1	Network Supervisor	63,000
2	Support Technicians @ \$50,000 each	100,000
1	Network Specialist	62,000
1	Senior Technician	55,000
1	Database Administrator/System Specialist	63,000
2	Senior Programmer/Analysts @ \$57,000 each	114,000
2	Programmer/Analysts @ \$55,000 each	110,000
Total		567,000
Fringe Benefits @ 15%		85,050
Grand Total		652,050

In addition to these salary costs, additional one-time funding of about \$250,000 is required to train these new employees and to train existing employees over the next 2-3 years. A funding source has not been identified.

Summary:

Should this Report not be approved, the ramifications will be felt throughout the Corporation.

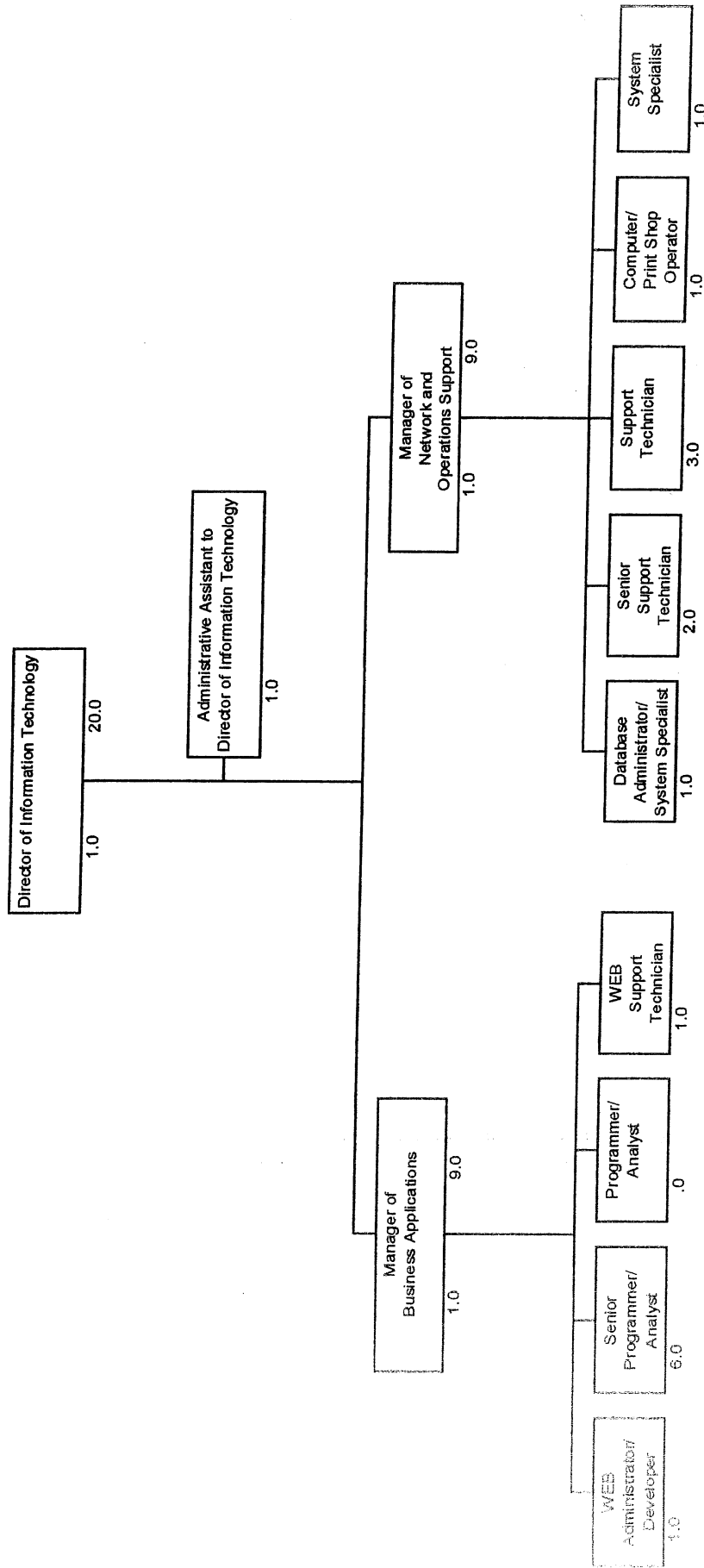
It is very likely that we may lose staff to stress and sickness, and that one "senior" staff person will probably quit or ask to be demoted to a Union position. Management staff cannot keep putting in the hours they have been as it is affecting their health and well being, which in turn affects our ability to service our clients.

Without additional staff, we will be unable to travel within our geographic area to service the Citizen Service Centres and the outside library branches, nor support the Provincially downloaded areas of POA, Social Housing, etc. in a timely manner. Service to our clients will continue to deteriorate; in fact, we are already seeing departments trying to hire IT staff in an attempt to satisfy their service needs. Decentralized IT staff will cost the Corporation much more as the IT function will be disjointed, unco-ordinated and will have different systems that cannot be integrated.

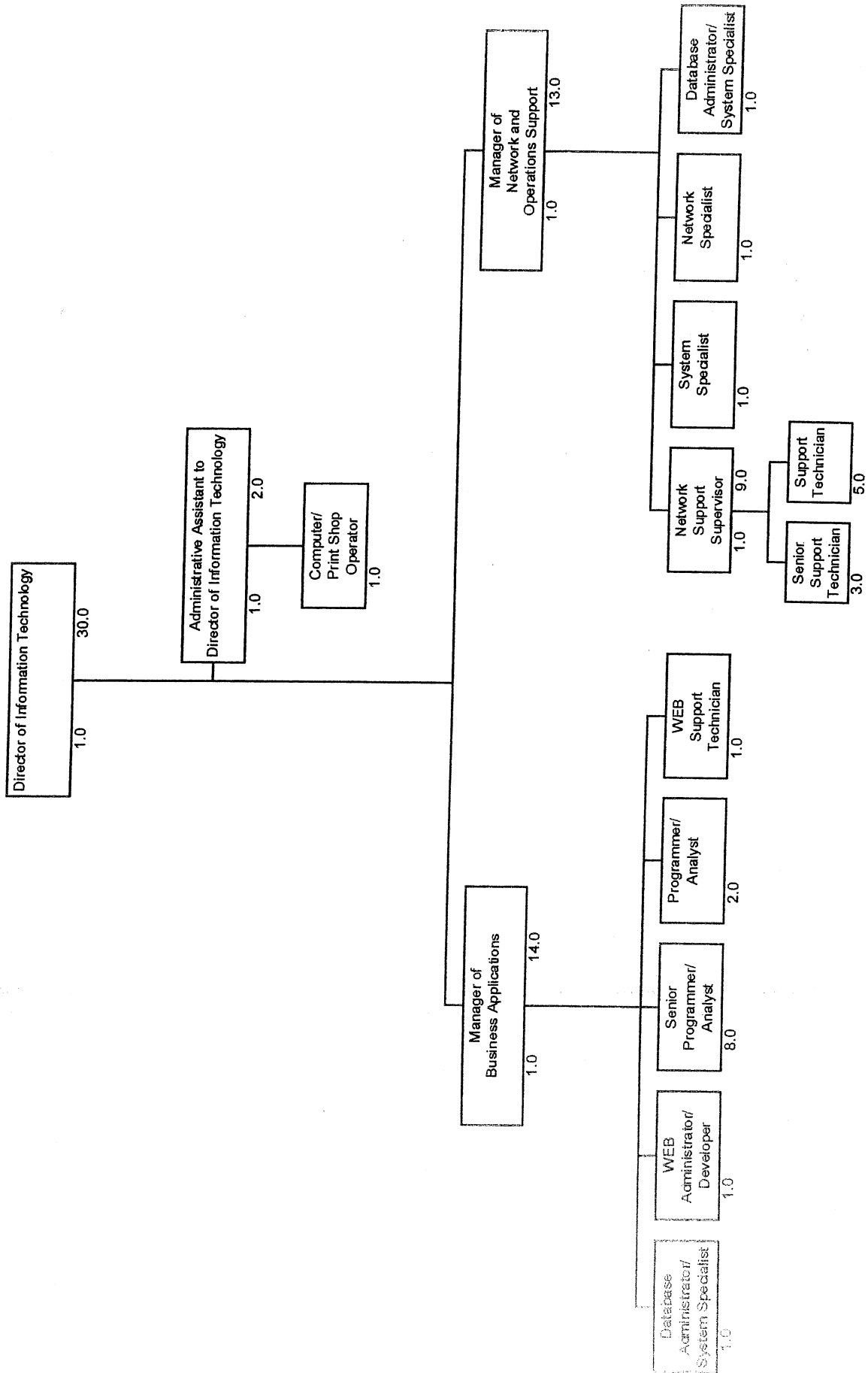
We are unable to convert the Legacy Systems to make them web-enabled e-government application systems which forces us to spend money to maintain old hardware servers and system licenses.

To realize the goal of Council to become a "smart community", we require additional staff and training to support the current infrastructure, software, application systems and Council's goals.

INFORMATION TECHNOLOGY DIVISION - Existing



INFORMATION TECHNOLOGY DIVISION - Proposed



Request for Recommendation Priorities Committee



Type of Decision									
Meeting Date	October 23, 2002				Report Date	October 10, 2002			
Recommendation		Yes		No	Priority	X	High		Low
	Direction Only				Type of Meeting	X	Open		Closed


Sub-Committee Check-Off			
Please indicate which sub-committee will deal with this issue			
Community Viability		Public & Intergovernmental Affairs	X Financial & Program Accountability

Report Title
Current Budget Process - 2003

Policy Implications + Budget Impact	
This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified	
N/A	
Background attached	

Recommendation
N/A
Recommendation attached

Recommended by the General Manager


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


Recommended by the C.A.O.


 M. Mieto
 Acting Chief Administrative Officer

Report Authored By


for
C. Mahaffy
Manager of Financial Planning and Policy/Deputy Treasurer

Division Review


S. Jonasson
Director of Finance/City Treasurer

Current Budget Process - 2003

The 2003 Budget will be influenced to a large part by decisions Council makes on the Long Term Financial Plan of the City of Greater Sudbury. Although this study is scheduled to be completed well in advance of year-end 2002, it will take staff some time to ensure that the 2003 Base Budget reflects Council's decisions.

Timing

For 2003, the timing of the Current Budget process will be considerably earlier than 2002. The initial steps in the process have already begun, and the second stage of the budget call will be going out to all budget preparers very shortly. Council's participation in the process will commence in November, when it is anticipated that a Public Input Session will take place. Unless directed otherwise, there will be only one of these sessions, as public input has been sought throughout the Long Term Financial Plan process.

It was originally anticipated that the initial Budget Presentation would be made at Council's first meeting of 2003. However, this does not allow staff sufficient preparation time, and it is proposed that the presentation take place in the third week of January. If Council wishes to have a special meeting one week earlier, the process could start then. It is then anticipated that Budget Review sessions will begin in late January, and continue throughout February, with final budget approval occurring before the end of February. It may not be possible to pass the Tax By-laws at that time since we are once again dealing with a reassessment year, and Provincial regulations regarding Tax Policy may not be finalized at that time.

A tentative budget schedule has been appended to this report.

Long Term Financial Plan

The Long Term Financial Plan, as approved by Council, will be incorporated into the Base Budget for 2003. The many financial issues facing Council should be addressed in the approved plan, and the initial steps in achieving long-term goals can be taken.

Identified Savings - 2002

During the 2002 Current Budget Process, two significant reductions were made: a \$2 million decrease in contributions to capital, and a \$1.8 million contribution from reserves and reserve funds was brought into the current fund. The decreased contribution to capital will be addressed in the Long Term Financial Plan, and staff was instructed to find \$1.8 million in permanent savings before the 2003 budget process commenced. As was reported to Council in July, these permanent savings have been identified:

- \$700,000 in decreased costs for Ontario Works
- \$600,000 in decreased Workers' Compensation Insurance Board (WSIB) allocations
- \$300,000 in miscellaneous savings throughout the budget and
- \$200,000 in increased Payments-in-Lieu (PILs) of taxes.

These identified savings have been communicated to the consultants for incorporation into the Long Term Financial Plan.

Budget Pressures

A number of budget pressures affecting 2003 and future budgets have been identified, and this information has also been passed on to the consultants for incorporation in the Plan. These pressures include

- the rising costs of fuel and energy
- negotiated wage settlements
- escalating costs for both statutory (e.g. Canada Pension Plan premiums) and negotiated (e.g. dental and extended health premiums) employee benefits
- the reintroduction (phased in) of Ontario Municipal Employees Retirement System (OMERS) premiums in 2003, with further increases in 2004 and 2005
- identified resourcing issues (e.g. Information Technology and Fire).

In addition to be above, provisions to the equipment reserve fund for the replacement of the fire and transit fleet must commence as the fleets are aged and replacement reserves do not exist. There is still uncertainty with regard to the continuation of portions of the Community Reinvestment Fund (CRF), and Provincial staff cannot guarantee the continuation of the supplementary assistance nor the bonuses beyond 2003. Also of concern is the fact that any wage increases beyond 2% for ambulance personnel will apparently not be covered by CRF funding, nor will any increases in Social Housing costs and administrative costs for Children's Services. Additional administration costs for Ontario Works and Children's Services are not eligible for Provincial subsidy nor are the portions of these costs related to Local Services Realignment (LSR) eligible for CRF funding.

User Fees

The by-laws which establish most user fees should be passed before the end of 2002 for 2003. It will be recommended that the by-laws incorporate annual inflation increases based on the September Consumer Price Index (CPI) of the preceding year. It is anticipated that inflation will be in the neighbourhood of 2.5% when the September CPI is published.

There are still some user fees that have yet to be harmonized (e.g. culvert installations), and these fees will be brought forward for Council's consideration during the Budget process.

Budget Options

Council will be presented with a number of budget options to consider, including

- any proposed increases emanating from the public input session
- any increases deemed necessary for the proper operation of the City
- any proposed costs reductions for identified efficiencies and process improvements
- any proposed service or program reductions
- any new or enhanced revenues

Capital Budget Process - 2003

The Long Term Financial Plan and the 2003 Current Budget process will provide allocations for each of the Capital Envelopes. It is anticipated that a Ten Year Capital Forecast can be approved as part of the adoption of the Financial Plan. Once the Plan has been adopted and the Current Budget struck, Council will be in a position to approve the 2003 Capital Program. The General Managers will be able to refine their priority lists for Council's approval shortly thereafter.

2003 Budget Schedule

The following Budget Review Process is being proposed:

Budget Committee of the Whole Council

November 7, 2002 (Thursday)	5:30 - 9:00 p.m.	Public Input
January 23, 2003 (Thursday)	5:30 - 9:00 p.m.	2003 Budget Overview Distribution of 2003 Budget Document
January 27, 2003 (Monday)	5:30 - 9:00 p.m.	Review of Base Budget
January 28, 2003 (Tuesday)	5:30 - 9:00 p.m.	Review of Base Budget
February 4, 2003 (Tuesday)	5:30 - 9:00 p.m.	Review of Base Budget
February 5, 2003 (Wednesday)	5:30 - 9:00 p.m.	Review of Base Budget
February 10, 2003 (Monday)	5:30 - 9:00 p.m.	Review of Base Budget Finalization of Base Budget
February 17, 2003 (Monday)	5:30 - 9:00 p.m.	Review of Current Budget Options Voting of Current Budget Options
February 18, 2003 (Tuesday)	5:30 - 9:00 p.m.	Review of Capital Budget Options Voting on Capital Budget Options Finalization of Five-Year Capital Priority Lists Finalization of Current Budget Development of Tax Rates
February 18, 2003 (Tuesday)	Special Council Meeting	Passing of Tax Rate By-law and all other relevant by-laws

*Additional meetings for Long Term Financial Plan and Capital Budget may be required.