

Request for Decision City Council



Type of Decision

| | | | | | | | | | |
|--------------------|------------------|-----|-------------------------------------|----|-----------------|-------------------------------------|------|--|--------|
| Meeting Date | October 13, 2005 | | | | Report Date | October 5, 2005 | | | |
| Decision 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 |

Report Title

2005 Current Budget Variance Report - August

Policy Implication + Budget Impact

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

☒ Background Attached

Recommendation

FOR INFORMATION ONLY

Recommendation Continued

Recommended by the Department Head

Lorella Hayes
Lorella Hayes
Chief Financial Officer / Treasurer

Recommended by the C.A.O.

Mark Mieto
Mark Mieto
Chief Administrative Officer

Date: October 5, 2005

Report Prepared By

Ed Stankiewicz
Co-Ordinator of Current Budget**Division Review****EXECUTIVE SUMMARY**

This report provides Council with a year end projection based on the expenditures and revenues for the period ending August 31, 2005.

A summary of material variances is as follows:

| | Net underexpenditures (Net overexpenditures) |
|---|---|
| | \$ |
| Taxation Levy | 1,350,000 |
| Grants and Subsidies | (300,000) |
| Other Revenues | 170,000 |
| Administrative Services | (280,000) |
| Greater Sudbury Transit Services | 220,000 |
| Housing Services | 900,000 |
| Ontario Works | 1,070,000 |
| Roads Services | (730,000) |
| Solid Waste Management | 530,000 |
| Fire Services | (880,000) |
| Restructuring | 300,000 |
| Miscellaneous (Variances less than \$100,000) | <u>(100,000)</u> |
| Projected Surplus | <u>2,250,000</u> |

BACKGROUND

Departments were requested to provide year end estimates for each account in their area based on the expenditures and revenues in their sections as of August 31, 2005.

In the April variance report, a number of potential variances were identified. Most of these variances, both positive and negative still exist, while other variances have been identified. Based on information supplied by the departments, a year end surplus of \$2.25 million is anticipated.

Attached are tables summarizing the Cost Centre Report which reflects annual budgets, year end projections and year end variances.

Date: October 5, 2005

For this report, potential year end variances greater than \$100,000 have been identified and are detailed as follows:

1. ***Taxation Levy***

As a result of the strong building activity over the last two years, the City's supplementary taxation will exceed budget by approximately \$1,200,000. The residential sector remains vibrant while the commercial sector was boosted due to additional businesses in the Millenium Centre.

In addition, better than budgeted payment-in-lieu of taxation revenue results in another \$150,000 positive variance.

Overall, this section is anticipating a positive budget variance of \$1.35 million.

2. ***Grants and Subsidies***

The Ontario Municipal Partnership Fund (OMPF), which replaces the Community Reinvestment Fund (CRF), has a different funding formula than the CRF. This new formula provided the City with a grant allocation of \$2.7 million less than budgeted for 2005. However, the reconciliation of the CRF for 2003 and 2004 yielded the City additional funding in the amount of \$3.4 million, which has to be applied to 2005 (the year in which it was received). This would leave the City with a positive variance in this area of \$.7 million.

As part of the OMPF, the City receives funding through four grants. Two of these grants are based on social program expenditures and as these expenditures increase or decrease, so does the grant.

Our best estimate at this time is that this grant will be reduced by approximately \$1 million as a result of the net underexpenditure in Ontario Works and Child Care. With this reduction, the OMPF will reflect a \$300,000 shortfall when compared to budget at year end.

3. ***Other Revenues***

Based on payments to date from the Ontario Lottery and Gaming Corporation, our 2005 revenues are expected to fall short of budget by approximately \$120,000. On a positive note, our aggressive tax collection process has resulted in reduced interest revenue from tax arrears. However, this has increased our cashflow and allowed for investment of additional funds resulting in increased investment income. Better than anticipated investment income has more than offset the losses and is responsible for having this section reflect a positive year end variance of \$170,000.

4. ***Administrative Services***

As a result of the City's move to a business registry, a reduction of \$100,000 in revenues has occurred. In addition, it is anticipated that lottery licence revenues will be under budget by \$100,000. The two revenue shortfalls combined with higher advertising, postage and courier expenses will result in the Council Support section experiencing a year end net overexpenditure of approximately \$340,000.

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As a result of various vacancies currently in the Information Technology (IT) section, as well as reductions in miscellaneous materials and purchased services, this area is projecting a \$570,000 net underexpenditure. However, in accordance with current policy, the Information Technology division contributes its net underexpenditures to the reserve if the Corporation is also in a surplus position at year end.

Overall, with other miscellaneous underexpenditures being considered, the Administrative Services division will experience a year end net overexpenditure of \$280,000 once the \$570,000 contribution to the IT Reserve is made.

5. ***Building Services***

As reported previously, the exceptional building activity continues in 2005 and due to the increased revenue generated from this activity, it is anticipated that this area will experience a net underexpenditure of \$400,000 by year end. However, as a result of Bill 124, all underexpenditures must be contributed to a reserve to ensure future stability.

6. ***Greater Sudbury Transit Services***

The Greater Sudbury Transit Service has seen increased ridership translating into increased revenues. However, this additional revenue has been offset by the soaring cost of diesel fuel. The cost of fuel from now to year end will be the determining factor of whether this section experiences an underexpenditure or overexpenditure. If fuel prices remain relatively stable over the last quarter of the year, a year end net underexpenditure of \$220,000 is expected.

7. ***Housing Services***

As reported previously, the Housing Services budget was developed on the premise that the Province would implement a new funding model based on benchmarks effective January 1, 2005. To date the Province has not yet finalized the benchmarking process. It is not anticipated that the new funding model will be retroactive to January 1, 2005. If this is the case, this section will reflect a year-end net underexpenditure of approximately \$900,000. In the past, in accordance with policy, these underexpenditures would be contributed to a reserve. However, this reserve has now reached the cap of \$5 million.

8. ***Ontario Works***

Lower caseload levels in both the Ontario Works assistance and Sole Support is the main reason that this division is reflecting a net underexpenditure. This budget was developed on a monthly caseload of 4,100, however, the current monthly caseload is 3,900. The lower caseload levels are due to the buoyant economy and greater job opportunities for Ontario Works clients. The Ontario Disability Support Program (OSDP), administered by the Province, is reflecting an underexpenditure as well. By year end, this area will be under budget by approximately \$1.07 million.

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However, as previously mentioned, it is anticipated that the social programs that are linked to OMPF will have their net expenditures analysed by the Province and there will be a corresponding reduction to the grant allocation. For this reason, it is not anticipated that the net underexpenditures in this area will affect the year end forecast.

9. ***Water Maintenance***

The GSU will be providing consumption values and projected revenues very shortly. Due to the hot summer, it is expected that water revenue will be on or over budgeted values.

Both water treatment and water repairs and maintenance are reflecting net underexpenditures of \$450,000. However, as per policy, underexpenditures and overexpenditures are contributed to or funded from the Water Capital Reserve Fund. Therefore, there will be no impact on the corporate year end position.

10. ***Waste Water Maintenance***

As was the case with water, the GSU will be providing revenue figures for this utility. Again, the waste water treatment and the waste water repairs and maintenance is reflecting a net underexpenditure of \$400,000. As was the case with water, policy dictates that underexpenditures and overexpenditures affect the reserve and therefore, there will be no impact on the corporate year end.

11. ***Roads Maintenance***

As reported previously, favourable weather conditions in the first part of the year have resulted in the winter control budget being currently underspent. Given a normal November and December season, the winter budget should be underspent at year end by approximately \$570,000. However, in accordance with policy, underexpenditures in winter roads maintenance must be contributed to the Winter Control Reserve Fund. If no extraordinary weather conditions are experienced, there will be a contribution to this reserve fund.

Additional work for summer road maintenance, such as pothole patching, surface treatment patching, and gravel patching was performed and is currently over expensed by \$730,000.

Overall, the roads maintenance area will reflect a year end net overexpenditure of \$730,000.

12. ***Solid Waste Management***

Better than expected tipping fee revenues and a return to the practice of using our own crews to provide collection services in the former City of Sudbury, will see this section experiencing a net underexpenditure of \$530,000. The increase in revenue is due to increased building activity and a return of one of the City's major waste disposal clients for the summer season. The City will continue to use our own crews for the former City of Sudbury as it will prove to be a less expensive alternative to contracting out.

Date: October 5, 2005

13. ***Fire Services***

As a result of higher call out volumes, the career overtime budget, as well as the volunteers budget, will be overspent. In addition, a number of retirements has required the City to provide vacation payouts which are charged to the current budget. These staffing issues relate to an overexpenditure of approximately \$700,000. In addition, overexpenditures of approximately \$200,000 in vehicle, equipment and building maintenance will be experienced for a total of \$880,000 net overexpenditures for the division.

14. ***Restructuring***

For 2005, Phase 1 restructuring savings of approximately \$300,000 will be realized and are reflected in the General Manager's office in Community Development and water, wastewater, roads and solid waste. An additional \$1.6 million in Phase 2 restructuring will be realized by the end of 2007. The impact of Phase 2 restructuring will yield minimal savings for 2005.

SUMMARY

Departments continue to monitor their budgets to make adjustments to balance controllable items. Currently, based on our projection, the corporate position reflects a surplus of \$2.25 million.

YEAR END PROJECTIONS

(Based on period ending August 31, 2005)

(000)

| SUMMARY | | | |
|-------------------------------------|--------------------------|--------------------------------|---|
| | Annual Budget | Year-end Projection | Year-end Surplus (Deficit) |
| GENERAL REVENUES | (74,140) | (75,360) | 1,220 |
| EXECUTIVE, ADMIN, HR & FINANCE | 10,145 | 10,375 | (230) |
| GROWTH & DEVELOPMENT SERVICES | 15,482 | 15,132 | 350 |
| COMMUNITY DEVELOPMENT SERVICES | 70,027 | 68,027 | 2,000 |
| INFRASTRUCTURE & EMERGENCY SERVICES | 84,643 | 85,733 | (1,090) |
| OUTSIDE BOARDS | 41,435 | 41,435 | - |
| EXPENDITURES | 221,732 | 220,702 | 1,030 |
| | | | |
| NET BUDGET | 147,592 | 145,342 | 2,250 |

YEAR END PROJECTIONS

(Based on period ending August 31, 2005)

(000)

| GENERAL REVENUES | | | | |
|-------------------------|---------------------------|------------------|------------------------|----------------------------------|
| | | Annual Budget | Year-end Projection | Year-end Surplus (Deficit) |
| (1) | TAXATION LEVY | (5,604) | (6,954) | 1,350 |
| (2) | GRANTS & SUBSIDIES | (57,754) | (57,454) | (300) |
| (3) | CORPORATE REVENUE/CAPITAL | (10,782) | (10,952) | 170 |
| GENERAL REVENUES | | (74,140) | (75,360) | 1,220 |

YEAR END PROJECTIONS

(Based on period ending August 31, 2005)

(000)

| EXECUTIVE & ADMIN, HR & FINANCE | | | |
|--|--------------------------|--------------------------------|---|
| | Annual Budget | Year-end Projection | Year-end Surplus (Deficit) |
| EXECUTIVE AND LEGISLATIVE | 1,221 | 1,201 | 20 |
| OFFICE OF THE CAO | 354 | 354 | - |
| (4) ADMINISTRATIVE SERVICES | 1,992 | 2,272 | (280) |
| HUMAN RESOURCES | - | - | - |
| FINANCE | 6,578 | 6,548 | 30 |
| EXECUTIVE & ADMIN, HR & FINANCE | 10,145 | 10,375 | (230) |

YEAR END PROJECTIONS

(Based on period ending August 31, 2005)

(000)

| GROWTH & DEVELOPMENT SERVICES | | | |
|--|--------------------------|--------------------------------|---|
| | Annual Budget | Year-end Projection | Year-end Surplus (Deficit) |
| GENERAL MANAGER'S OFFICE | 531 | 521 | 10 |
| ECONOMIC DEVELOPMENT | 2,246 | 2,216 | 30 |
| PLANNING AND DEVELOPMENT SERVICES | 3,414 | 3,334 | 80 |
| (5) BUILDING SERVICES | 875 | 875 | - |
| (6) GREATER SUDBURY TRANSIT SERVICES | 8,171 | 7,951 | 220 |
| CROSSING GUARDS | 245 | 235 | 10 |
| GROWTH & DEVELOPMENT SERVICES | 15,482 | 15,132 | 350 |

YEAR END PROJECTIONS

(Based on period ending August 31, 2005)

(000)

| COMMUNITY DEVELOPMENT SERVICES | | | |
|--------------------------------------|------------------|------------------------|----------------------------------|
| | Annual Budget | Year-end Projection | Year-end Surplus (Deficit) |
| GENERAL MANAGER'S OFFICE | 2,285 | 2,105 | 180 |
| COMMUNITY PARTNERSHIPS | 228 | 228 | - |
| HOUSING SERVICES | 17,289 | 16,389 | 900 |
| LONG TERM CARE & SENIOR SERVICES | 1,603 | 1,683 | (80) |
| ONTARIO WORKS | 24,950 | 23,880 | 1,070 |
| PUBLIC LIBRARIES & CITIZENS SERVICES | 7,067 | 6,977 | 90 |
| CHILDREN SERVICES | 3,582 | 3,652 | (70) |
| CEMETERY SERVICES | 122 | 122 | - |
| LEISURE & RECREATION SERVICES | 12,901 | 12,991 | (90) |
| COMMUNITY DEVELOPMENT SERVICES | 70,027 | 68,027 | 2,000 |

YEAR END PROJECTIONS

(Based on period ending August 31, 2005)

(000)

| INFRASTRUCTURE & EMERGENCY SERVICES | | | | |
|-------------------------------------|---|------------------|------------------------|----------------------------------|
| | | Annual Budget | Year-end Projection | Year-end Surplus (Deficit) |
| | GENERAL MANAGER'S OFFICE | 158 | 158 | - |
| | ENGINEERING SERVICES & ASSET MANAGEMENT | 4,432 | 4,482 | (50) |
| (9) | WATER MAINTENANCE | 2,499 | 2,499 | - |
| (10) | WASTE WATER MAINTENANCE | (131) | (131) | - |
| (11) | ROADS MAINTENANCE | 43,265 | 43,995 | (730) |
| | STRATEGIC SUPPORT SERVICES | 284 | 284 | - |
| (12) | SOLID WASTE MANAGEMENT | 10,931 | 10,401 | 530 |
| | EMERGENCY PLANNING & PREPAREDNESS | 450 | 450 | - |
| (13) | FIRE SERVICES | 15,376 | 16,256 | (880) |
| | EMERGENCY MEDICAL SERVICES | 7,379 | 7,339 | 40 |
| INFRASTRUCTURE & EMERGENCY SERVICES | | 84,643 | 85,733 | (1,090) |

Request for Decision City Council

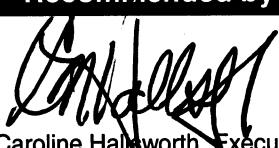


| Type of Decision | | | | | | | | | |
|--------------------|--|------------------|-----|-------------------------------------|-----------------|-------------|-------------------------------------|-------------------------------------|--------|
| Meeting Date | | October 13, 2005 | | | | Report Date | | October 5, 2005 | |
| Decision Requested | | | Yes | <input checked="" type="checkbox"/> | No | Priority | | <input checked="" type="checkbox"/> | High |
| | | Direction Only | | | Type of Meeting | | <input checked="" type="checkbox"/> | Open | Closed |

| Report Title |
|--------------------------------|
| Short-Term Communications Plan |

| Policy Implication + 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. |
| The funds are available in existing Budgets. | |
| <input checked="" type="checkbox"/> | Background Attached |

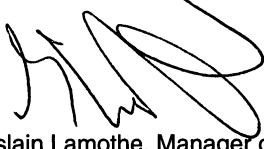
| Recommendation |
|--------------------------|
| FOR INFORMATION ONLY |
| Recommendation Continued |

| Recommended by the Department Head |
|--|
|  Caroline Hallsworth, Executive Director Administrative Services Department |

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

Date: October 5, 2005

Report Prepared By



Ghislain Lamothe, Manager of
Corporate Communications & French Language Services

Division Review

EXECUTIVE SUMMARY

This Report summarizes the highlights of the new Short Term Communications Plan that has been developed to ensure that communications across the City of Greater Sudbury are well co-ordinated, effectively managed and responsive to information needs of the public. This Report is provided for the information of Council.

BACKGROUND:

The Short Term Communications Plan describes seven initiatives which will be implemented within the next year. These initiatives consist of:

Initiative #1: Introduce a Citywide Newsletter

This initiative is to address a concern from some members of the public who say they are not fully aware of Council's decisions and City programs, services and activities. It is recommended that this newsletter be published at least twice a year. The newsletter will be distributed to all homes in the City, and will be posted on the City's website.

Initiative #2: Commence One-day-a-Week Advertising Model

Currently, Departments are responsible for providing the media with the information for the civic page listings, while Departments work with Corporate Communications and French-language Services (CC&FLS) to produce display ads. There is no consistency in the ads, the ads are printed throughout the papers, and it is difficult for the public to know when and where municipal information is provided. It is recommended that CC&FLS produce/design 100% of the ads, with the exception of the job opportunity ads. The ads will be published one-day a week in the three local papers.

Initiative #3: Review Internal Communication Procedures

The following is a series of initiatives that will be examined to improve internal communications: (1) provide current events through a newsletter, the Intranet and information boards; (2) inform staff of matters affecting them before informing the public; (3) require all Departments to schedule regular Department meetings to inform staff of Corporate and Department matters; and (4) improve employee recognition practices.

Initiative #4: Implement Service Level Agreements

This Initiative will help to improve the City's service delivery approach. An important component of this action is the development of internal operating procedures. All staff should be informed of the numerous steps required to produce communications materials. Common operating procedures will ensure that we maximize opportunities to communicate with the public.

Date: October 5, 2005

Initiative #5: Initiate Six-month Projects List

It is recommended that CC&FLS introduce a six-month Communications Project List. This List would include the project contacts, the objectives of the project, the components (i.e. ads, news releases, brochures, speeches, etc.), the estimated hours of effort by CC&FLS, the reach factor, and the risk/opportunity element.

Initiative #6: Convert to a Service Oriented Website

It is recommended that the entire website be converted to a service oriented model which would consist of using the stream system and eliminating the current organizational structure model.

Initiative #7: Establish a Benchmarking and Performance Measurement Program

The effectiveness of communication most often relies upon many factors (i.e. efficiency of service delivery, accessibility of services delivered, timing of service delivery, etc.). Therefore, a number of performance measures will be used to evaluate the efficiency of the City's communication services.

Resources:

This new Communications Plan will be realized through the internal reallocation of resources and without any new costs to the organization. Staff resources will be re-allocated to Corporate Communications to assist in writing and developing proactive communications strategies. To ensure strong, knowledgeable and consistent messaging, centralized co-ordination will be retained for all communications.

While this Communications Plan introduces new initiatives, sufficient funds exist in marketing, promotion and advertising accounts throughout the organization to resource these initiatives.