



FINANCE AND ADMINISTRATION COMMITTEE AGENDA

Finance and Administration Committee Meeting
Tuesday, August 13, 2019
Tom Davies Square - Council Chamber

COUNCILLOR MIKE JAKUBO, CHAIR

Deb McIntosh, Vice-Chair

10:00 a.m. FINANCE AND ADMINISTRATION COMMITTEE MEETING
COUNCIL CHAMBER

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DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

CONSENT AGENDA

(For the purpose of convenience and for expediting meetings, matters of business of repetitive or routine nature are included in the Consent Agenda, and all such matters of business contained in the Consent Agenda are voted on collectively.

A particular matter of business may be singled out from the Consent Agenda for debate or for a separate vote upon the request of any Councillor. In the case of a separate vote, the excluded matter of business is severed from the Consent Agenda, and only the remaining matters of business contained in the Consent Agenda are voted on collectively.

Each and every matter of business contained in the Consent Agenda is recorded separately in the minutes of the meeting.)

ADOPTING, APPROVING OR RECEIVING ITEMS IN THE CONSENT AGENDA

(RESOLUTION PREPARED FOR ITEM C-1)

ROUTINE MANAGEMENT REPORTS

- C-1. Report dated July 25, 2019 from the Interim General Manager of Community Development regarding Healthy Community Initiative Fund Applications. **4 - 9**
(RESOLUTION PREPARED)

(This report is requesting approval(s) of eligible Healthy Community Initiative Fund application(s) in accordance with By-law 2018-129.)

REGULAR AGENDA

MANAGERS' REPORTS

- R-1. Report dated July 30, 2019 from the General Manager of Corporate Services regarding Debt Financing for Major Projects. **10 - 19**
(RESOLUTION PREPARED)

(This report is seeking the Committee's direction on securing or issuing debt for major projects in advance of construction to ensure low interest rate stability.)

- R-2. Report dated July 31, 2019 from the General Manager of Corporate Services regarding SDEC Agreement. **20 - 25**
(RESOLUTION PREPARED)

(This report provides a status update and options regarding the heating and cooling of TDS and the sunsetting of the existing agreement with the Sudbury and District Energy Corporation (SDEC).)

MEMBERS' MOTION

CORRESPONDENCE FOR INFORMATION ONLY

- I-1. Report dated July 16, 2019 from the General Manager of Corporate Services regarding Contract Awards Exceeding \$100,000 January 1 - March 31, 2019. **26 - 37**
(FOR INFORMATION ONLY)
(This report outlines information regarding the City of Greater Sudbury Contract awards exceeding \$100,000 from January 1 - March 31, 2019.)
- I-2. Report dated July 31, 2019 from the General Manager of Corporate Services regarding 2019 Operating Budget Variance Report - May. **38 - 43**
(FOR INFORMATION ONLY)
(This report identifies the areas of concern in the 2019 Operating Budget as of May 31, 2019.)

ADDENDUM

CIVIC PETITIONS

QUESTION PERIOD

ADJOURNMENT

Request for Decision

Healthy Community Initiative Fund Applications

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Aug 13, 2019

Report Date Thursday, Jul 25, 2019

Type: Routine Management
Reports

Resolution

THAT the City of Greater Sudbury approves the Healthy Community Initiative Fund requests, as outlined in the report entitled "Healthy Community Initiative Fund Applications", from the Interim General Manager of Community Development, presented at the Finance and Administration Committee meeting on August 13, 2019;

AND THAT any necessary by-laws be prepared.

Relationship to the Strategic Plan / Health Impact Assessment

This report supports Council's Strategic Plan in the area of Quality of Life and Place as it aligns with the Population Health Priorities of Building Resiliency, Investing in Families, Creating Play Opportunities, and Promoting an Age-Friendly Strategy. The Healthy Community Initiative funds support community-based projects and initiatives that are affordable and promote inclusiveness for the benefit of citizens.

Report Summary

By-law 2018-129 requires Council's approval for all eligible Healthy Community Initiative Capital fund requests exceeding \$10,000, and Grant requests exceeding \$1,000. The General Manager of Community Development is recommending that funding requests identified in the report be approved as proposed.

Financial Implications

The Healthy Community Initiative (HCI) Fund is allocated within prescribed budgets. Approval of an HCI capital project includes approval of operating costs to be provided in the base budget in subsequent budget

Signed By

Report Prepared By

Lyne Côté Veilleux
Co-ordinator of Community Initiatives &
Quality Assurance
Digitally Signed Jul 25, 19

Division Review

Jeff Pafford
Director of Leisure Services
Digitally Signed Jul 26, 19

Financial Implications

Liisa Lenz
Coordinator of Budgets
Digitally Signed Jul 26, 19

Recommended by the Department

Ian Wood
Interim General Manager of Community
Development
Digitally Signed Jul 26, 19

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jul 29, 19

years for the operating department.

Background

By-law 2018-129, requires Council's approval for all Grant requests which meet Healthy Community Initiative (HCI) funding criteria and exceed \$1,000 and all Capital requests which meet HCI funding criteria and exceed \$10,000. Eligible applications for Grant requests of \$1,000 or less, and eligible Capital requests of \$10,000 or less may be approved by the General Manager of Community Development.

HCI Fund Applications and Financial Summary

Appendix A - Healthy Community Initiative Fund - Applications, lists HCI Fund requests by Ward as recommended by the General Manager of Community Development for approval by Council. All projects listed in Appendix A have been evaluated against By-law 2018-129 and its related criteria and have been verified to ensure sufficient funds are available within each Ward's funding allocation.

Appendix B – Healthy Community Initiative Fund – Application Outcomes, provides a list of HCI Fund applications that were approved or denied by the General Manager of Community Development since the last report presented at the Finance and Administration Committee meeting on July 9, 2019.

Appendix C – Healthy Community Initiative Fund Financials, includes the recommended approvals contained in this report as well as a summary of HCI Fund allocation balances up to August 13, 2019. The amounts may increase due to reimbursement of under-spent funds from completed and reconciled projects/initiatives.

Next Steps

Upon Council approval, applicants will receive written notification confirming their approved funding and the intended use of funds and grant recipients will also receive a Final Report form. The Final Report form is to be completed by the applicant and returned post-event/project completion for reconciliation by Financial Services. Grant recipients will receive funding via electronic fund transfer or by cheque (where applicable) for the approved amount, whereas a capital funded project will be managed by the City of Greater Sudbury, working closely with the applicant.

Should an HCI fund request not be approved, the applicant will be notified of same.

Resources Cited

Healthy Community Initiative Fund, By-law 2018-129
<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=24310.pdf>

Healthy Community Initiative (HCI) Fund

Applications for Council Approval – August 13, 2019

CAPITAL FUNDS

Ward	Recipient/ Project/ Location	Purpose for Funds	Amount Requested	Amount Recommended for Approval by the GM
8	Ward 8 Community Action Network and Twin Forks Neighbourhood Association/ Twin Forks splash pad / Sudbury	To further support the purchase and installation of a splash pad at Twin Forks playground. Annual operating costs approximately \$7,000/yr.	\$10,000	\$10,000 (\$94,100 in HCI funds awarded for this project in 2017)
9	Coniston Community Gardens and Seniors Helping Seniors / Greenhouse solar system / Coniston	To purchase and install a solar system to provide power to run fans and heat in the community garden greenhouse. Annual operating costs approximately \$1,000/yr.	\$11,000	\$11,000
11	Minnow Lake Lions / Carmichael skate park sunshade and benches / Sudbury	To purchase and install a sunshade and benches at the Carmichael skate park location. Annual operating costs approximately \$2,000/yr.	\$37,000	\$37,000
11	Downe Neighbourhood Association / Downe Playground play structure / Sudbury	To purchase and install additional playground structure(s). Annual operating costs approximately \$1,000/yr.	\$35,000	\$16,840 (Remaining capital funds in the Ward 11 allocation)

GRANTS

Ward	Recipient/Initiative	Purpose for Funds	Amount Requested	Amount Recommended for Approval by the GM
3	Onaping Falls Recreation Committee / Power skating program (Sept. 22-29/19)	To assist with the cost of ice rental fees.	\$1,000	\$1,000 (Cumulative 2019 grant allocation to group exceeds \$1,000, therefore; requires Council approval)
4	Les Productions Café-musique Rayside-Balfour / 2019 Lions SuperSTARS youth vocal competition (Oct. 20/19)	To assist with sound, lighting, and video production/recording costs.	\$2,500	\$2,500
5	Councillor-led event / Seniors' Summit (Oct. 24 & Nov. 21/19)	To assist with venue rental and snack/refreshment costs.	\$3,000	\$3,000

Healthy Community Initiative Fund

Applications: Approved/Denied by the General Manager, Community Development

For the period of June 22, 2019 to July 22, 2019

Successful Applications

<i>Capital Funds</i>			
Ward	Group / Project	Amount Requested	Amount Approved
2	Copper Cliff Community Action Network / Community mural	\$ 2,700	\$ 2,700
6	Valley Acres Playground Association / Shed replacement	\$ 4,000	\$ 4,000
12	Centre Victoria pour femmes / Percy Park community garden	\$ 5,000	\$ 5,000

<i>Grants</i>			
Ward	Group / Project	Amount Requested	Amount Approved
1	Robinson Bocce Association / Appreciation luncheon	\$ 500	\$ 500
5	Councillor-led initiative / EMS Exhibit	\$ 1,000	\$ 1,000
7	Royal Canadian Legion Branch 179 / Capreol Days celebration	\$ 1,000	\$ 1,000
9	Coniston Community Action Network / Canada Day celebration	\$ 1,000	\$ 1,000
9	Wanup Community Builders / Wanup community BBQ	\$ 950	\$ 950
10	Laurentian Para Nordic / Program equipment	\$ 1,000	\$ 1,000
11	Canadian Cancer Society / Mudmoiselle event	\$ 500	\$ 500

Unsuccessful Applications

Ward	Group / Project	Amount Requested	Reason(s) for Denial
No items to report			

Healthy Community Initiative (HCI) Fund Financials for the Period Ending August 13, 2019

Schedule 1.1 – Capital Funds

Capital	2019 Allocation	Uncommitted Funds from 2018 (carry forward)*	Approved by Community Development GM 2019	Approved by Council 2019	Proposed for Approval by Council	End Balance of Uncommitted Funds After Resolution*	Pending HCI Funding Requests (to Jul. 17/19)
Ward 1	\$ 24,500	\$ 18,487	\$ 0	\$ 0	\$ -	\$ 42,987	\$ 0
Ward 2	\$ 24,500	\$ 12,417	\$ 2,700	\$ 30,000	\$ -	\$ 4,217	\$ 0
Ward 3	\$ 24,500	\$ 39	\$ 0	\$ 24,500	\$ -	\$ 39	\$ 0
Ward 4	\$ 24,500	\$ 618	\$ 0	\$ 0	\$ -	\$ 25,118	\$ 955
Ward 5	\$ 24,500	\$ 14,154	\$ 0	\$ 0	\$ -	\$ 38,654	\$ 0
Ward 6	\$ 24,500	\$ 40,068	\$ 4,000	\$ 20,000	\$ -	\$ 40,568	\$ 0
Ward 7	\$ 24,500	\$ 15,774	\$ 0	\$ 0	\$ -	\$ 40,274	\$ 0
Ward 8	\$ 24,500	\$ 39,224	\$ 970	\$ 7,000	\$ 10,000	\$ 45,754	\$ 0
Ward 9	\$ 24,500	\$ 26,454	\$ 4,000	\$ 18,000	\$ 11,000	\$ 17,954	\$ 5,500
Ward 10	\$ 24,500	\$ 35,993	\$ 0	\$ 0	\$ -	\$ 60,493	\$ 0
Ward 11	\$ 24,500	\$ 29,344	\$ 0	\$ 0	\$ 53,840	\$ 4	\$ 2,000
Ward 12	\$ 24,500	\$ 8,662	\$ 5,000	\$ 0	\$ -	\$ 28,162	\$ 0

Schedule 1.2 – Grants

Grant	2019 Allocation	Uncommitted Funds from 2018 (carry forward)	Approved by Community Development GM 2019	Approved by Council 2019	Proposed for Approval by Council	End Balance of Uncommitted Funds After Resolution*	Pending HCI Funding Requests (to Jul. 17/19)
Ward 1	\$ 12,250	N/A	\$ 1,398	\$ 0	\$ -	\$ 10,852	\$ -
Ward 2	\$ 12,250	N/A	\$ 3,133	\$ 0	\$ -	\$ 9,117	\$ -
Ward 3	\$ 12,250	N/A	\$ 2,583	\$ 7,000	\$ 1,000	\$ 1,667	\$ -
Ward 4	\$ 12,250	N/A	\$ 583	\$ 6,000	\$ 2,500	\$ 3,167	\$ 1,500
Ward 5	\$ 12,250	N/A	\$ 2,583	\$ 2,750	\$ 3,000	\$ 3,917	\$ -
Ward 6	\$ 12,250	N/A	\$ 583	\$ 0	\$ -	\$ 11,667	\$ -
Ward 7	\$ 12,250	N/A	\$ 2,083	\$ 0	\$ -	\$ 10,167	\$ -
Ward 8	\$ 12,250	N/A	\$ 1,083	\$ 3,500	\$ -	\$ 7,667	\$ -
Ward 9	\$ 12,250	N/A	\$ 2,283	\$ 5,650	\$ -	\$ 4,317	\$ -
Ward 10	\$ 12,250	N/A	\$ 4,533	\$ 500	\$ -	\$ 7,217	\$ 500
Ward 11	\$ 12,250	N/A	\$ 833	\$ 500	\$ -	\$ 10,917	\$ -
Ward 12	\$ 12,250	N/A	\$ 1,328	\$ 2,200	\$ -	\$ 8,722	\$ 500

* The amounts may increase due to reimbursement of under-spent funds from completed and reconciled projects/initiatives.

Request for Decision

Debt Financing for Major Projects

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Aug 13, 2019

Report Date Tuesday, Jul 30, 2019

Type: Managers' Reports

Resolution

WHEREAS long term interest rates are currently at very attractive levels for borrowing and the City has a number of Council approved financing plans for initiatives and major projects approved in the 2017 - 2019 capital budgets that require debt in order to proceed;

THEREFORE BE IT RESOLVED that the City of Greater Sudbury delegates authority to the Executive Director of Finance, Assets and Fleet to secure debt up to \$200 million in order to take advantage of the low interest environment to finance Council approved capital projects, as outlined in the report entitled "Debt Financing for Major Projects", from the General Manager of Corporate Services, presented at the Finance and Administration Committee meeting on August 13, 2019.

Relationship to the Strategic Plan / Health Impact Assessment

This report relates to Council's Strategic Plan objective of Economic Capacity and Investment Readiness.

Report Summary

Current long term interest rates remain historically low. Some forecasts call for steady increase in interest over the next few years. Staff will be issuing an RFP to secure debt to test the environment regarding interest rates currently available in the marketplace.

Financial Implications

Until the projects require funding, the differential between the borrowing interest rate and the investment interest rate will be funded from the annual budgeted debt repayment amounts totalling approximately \$4 million.

Signed By

Report Prepared By

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed Jul 30, 19

Financial Implications

Jim Lister
Manager of Financial Planning and
Budgeting
Digitally Signed Jul 30, 19

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jul 31, 19

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jul 31, 19

Background

There are a number of initiatives that Council approved over the last three years that require debt financing in order to proceed with the implementation. These include the Arena/Events Centre, the Junction, MR35, playground revitalization, bridge and culvert rehabilitation and a grant to Place des Arts. Some of these projects are currently at the design stage and the actual construction may be a year or two away.

The current low interest rate environment provides an opportunity for the City to borrow the necessary funds for these projects in advance of construction in order to secure a very favourable rate. Infrastructure Ontario is the benchmark used by the City to gauge the current interest rate environment. The 30-year term currently offered by Infrastructure Ontario is 2.83%. Staff would go out to the capital markets to potentially secure a more favourable rate. The City's current public debt rating of AA stable would be viewed by financial institutions as a sign of financial stability, which could result in lower interest rates. Refer to Appendix I – Infrastructure Ontario Rates.

Differential in Budget Interest Rates and Current Rates

The two large projects, Arena/Events Centre and the Junction, had business cases developed based on a 4.0% interest rate over 30 years. For the Arena/Events Centre, the annual debt repayment budgeted was \$5.2 million. Based on the City's ability to borrow at the current rate, the annual debt repayment would be \$4.5 million. Securing a low interest rate now would eliminate interest rate risk in borrowing for these major projects.

Options Available and Risks

The City has a number of options available as a result of the AA stable rating.

- 1) The City may borrow funds today and secure a firm rate for 30 years for projects that will require funding within the next year or two. There is a minimal risk that interest rates will decline further and the City would lose out on a lower interest rate. The consensus amongst financial institutions is that the yield curve will normalize over time resulting in higher long term interest rates even if the Bank of Canada overnight lending rate decreases.
- 2) The City may secure funding by forward booking an interest rate. The rate could be set now for funds being borrowed ten months from now. Based on estimations from financial institutions, the premium associated with forward booking the rate ten months in the future could range from 10 – 15 basis points (0.1% – 0.15%). The benefit of forwarding booking a rate is that the City would not be making debt repayments until funding of the projects takes place in ten months from now. The drawback is that the City will be paying the higher

interest rate for the entire 30 year term. The RFP will have both options included for the proponents to bid.

- 3) If the results of the RFP do not yield the desired effect, the City may engage a financial institution to assist the City in issuing debentures. This would potentially result in additional costs and administration burden on City staff. The risk is that the debenture issue may not sell out and the debenture would have to be repriced causing additional costs to the City.

Projects with Approved Debt Financing Components

The following capital projects approved through the 2017 – 2019 capital budgets have a financing plan that incorporates debt:

Arena/Events Centre	\$90.0 million
The Junction	\$68.0 million
Municipal Road 35	\$30.8 million
Bridge & Culverts	\$6.9 million
Place des Arts	\$5.0 million
Playground Revitalization	\$2.3 million
McNaughton Terrace Treatment Facility	<u>\$2.2 million</u>
Total	<u>\$205.2 million</u>

In the 2020 Capital Budget, funding of additional initiatives may also require debt financing.

City's Debt Repayment

Currently the City's debt repayments as a percentage of the City's own source revenues is 2.5%. City Council has approved a debt repayment limit of 10% of own source revenues which provides the City with additional debt borrowing capacity of between \$550 million and \$650 million depending on borrowing interest rates. Securing the \$200 million of debt would increase the debt repayment as a percentage of own source revenue to 5.0%; well within Council's imposed limit of 10%.

Delegated Authority

Capital markets can be volatile and reactive to events such as: economy news or forecasts, geopolitical uncertainty and government monetary policy. As a result staff is requesting that Council provides delegated authority to the Executive Director of Finance, Assets and Fleet to secure debt to take advantage of optimum interest rates for borrowing. Banks and other financial institutions may only provide a limited amount of time to take advantage of their proposed rate through a Request for Proposal. There may not be sufficient time to seek Council's approval in securing debt at the proposed interest rate.

How to Make Use of these Funds

Although the funds would not be required immediately, they could be invested in financial instruments. The City currently sets funds aside in a High Interest Savings Account (HISA). The funds in this account receive a 2.6% interest rate. This rate is linked to the Canadian Bank Prime Rate. Should the Prime Rate fall, so will the interest on the HISA. The current guidance from the Bank of Canada indicates that no interest rate change is expected in the near future. The HISA account has no ceiling on funds being deposited. The HISA also has one day settlement, which means the funds are fully liquid.

The differential from the borrowing interest rate (indicated by Infrastructure Ontario) and the investment rate (currently approximately 0.23%) can be easily funded from the budgeted debt repayment amounts in excess of \$4.0 million currently in the 2019 Operating Budget. For every \$100 million borrowed, the current differential of the annual debt requirement compared to the investment income from the HISA account is \$230,000.

Interest Rate Forecasts

Economists and financial analysts forecast for the Bank of Canada rate, range from a quarter point rate increase in the first quarter of 2020, to no rate increase until 2021.

However, the financial institutions are projecting the Canadian 30 year bond yield to increase from where they are currently. Although, little movement is expected in the Bank of Canada overnight lending rate, it is anticipated that the yield curve will normalize over time causing the 30 year bond rate to increase. The City's borrowing rate would be impacted by the movement on the Canada 30 year bond. Refer to Appendix II, which reflects the projections for the Canada bonds from a number of financial institutions.

As a result, the current interest rate environment provides the City with an opportunity to borrow for major projects at an extremely favourable rate in advance of requiring the funds.

Summary

The current low interest environment provides the City with an opportunity to secure funding now for future projects and eliminates the risk of borrowing at higher interest rates. Providing delegated authority to the Executive Director of Finance, Assets and Fleet allows the City to take advantage of the best available rate and reduces the risk of securing debt in an increasing interest rate environment in the future.

Appendix I – Infrastructure Ontario Lending Rates as of July 30, 2019

	Amortizer
5Y	2.17%
10Y	2.36%
15Y	2.54%
20Y	2.69%
25Y	2.78%
30Y	2.83%



FINANCIAL MARKET FORECASTS

July 12, 2019

Interest rates (% end of quarter)

	Actual							Forecast					Actual		Forecast	
	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	2017	2018	2019	2020
Canada																
Overnight	1.25	1.25	1.50	1.75	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.00	1.75	1.75	1.50
Three-month	1.10	1.26	1.59	1.64	1.67	1.66	1.65	1.60	1.40	1.40	1.40	1.40	1.06	1.64	1.60	1.40
Two-year	1.78	1.91	2.21	1.86	1.55	1.47	1.60	1.45	1.35	1.40	1.45	1.50	1.69	1.86	1.45	1.50
Five-year	1.97	2.07	2.34	1.89	1.52	1.39	1.60	1.55	1.45	1.50	1.55	1.65	1.87	1.89	1.55	1.65
10-year	2.09	2.17	2.43	1.97	1.62	1.47	1.70	1.70	1.60	1.60	1.70	1.80	2.04	1.97	1.70	1.80
30-year	2.23	2.20	2.42	2.18	1.89	1.69	1.85	1.85	1.90	1.95	2.00	2.00	2.27	2.18	1.85	2.00
Yield curve (10s-2s)	31	26	22	11	7	0	10	25	25	20	25	30	35	11	25	30
United States																
Fed funds*	1.75	2.00	2.25	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	1.50	2.50	2.00	2.00
Three-month	1.73	1.93	2.19	2.45	2.40	2.12	1.90	1.90	1.90	1.90	1.90	1.90	1.39	2.45	1.90	1.90
Two-year	2.27	2.52	2.81	2.48	2.27	1.75	1.85	1.90	1.95	2.00	2.10	2.15	1.89	2.48	1.90	2.15
Five-year	2.56	2.73	2.94	2.51	2.23	1.76	1.85	1.95	2.00	2.10	2.20	2.30	2.20	2.51	1.95	2.30
10-year	2.74	2.85	3.05	2.69	2.41	2.00	2.05	2.15	2.25	2.30	2.35	2.45	2.40	2.69	2.15	2.45
30-year	2.97	2.98	3.19	3.02	2.81	2.52	2.55	2.60	2.65	2.70	2.75	2.80	2.74	3.02	2.60	2.80
Yield curve (10s-2s)	47	33	24	21	14	25	20	25	30	30	25	30	51	21	25	30
Yield spreads																
Three-month T-bills	-0.63	-0.67	-0.60	-0.81	-0.73	-0.46	-0.25	-0.30	-0.50	-0.50	-0.50	-0.50	-0.33	-0.81	-0.30	-0.50
Two-year	-0.49	-0.61	-0.60	-0.62	-0.72	-0.28	-0.25	-0.45	-0.60	-0.60	-0.65	-0.65	-0.20	-0.62	-0.45	-0.65
Five-year	-0.59	-0.66	-0.60	-0.62	-0.71	-0.37	-0.25	-0.40	-0.55	-0.60	-0.65	-0.65	-0.33	-0.62	-0.40	-0.65
10-year	-0.65	-0.68	-0.62	-0.72	-0.79	-0.53	-0.35	-0.45	-0.65	-0.70	-0.65	-0.65	-0.36	-0.72	-0.45	-0.65
30-year	-0.74	-0.78	-0.77	-0.84	-0.92	-0.83	-0.70	-0.75	-0.75	-0.75	-0.75	-0.80	-0.47	-0.84	-0.75	-0.80

Note: Interest Rates are end of period rates. * Top of 25 basis point range

Exchange rates (end of quarter)

	Actual								Forecast				Actual		Forecast	
	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	2017	2018	2019	2020
AUD/USD	0.77	0.74	0.72	0.71	0.71	0.70	0.69	0.68	0.67	0.67	0.66	0.66	0.78	0.71	0.68	0.66
USD/CAD	1.29	1.31	1.29	1.36	1.33	1.31	1.28	1.29	1.30	1.31	1.32	1.33	1.26	1.36	1.29	1.33
EUR/USD	1.23	1.17	1.16	1.15	1.12	1.14	1.10	1.12	1.14	1.15	1.15	1.18	1.20	1.15	1.12	1.18
USD/JPY	106.3	110.8	113.7	109.7	110.9	107.9	111.0	113.0	115.0	114.0	113.0	112.0	112.7	109.7	113.0	112.0
USD/CHF	0.95	0.99	0.98	0.98	1.00	0.98	1.02	1.01	1.00	1.00	1.01	0.98	0.97	0.98	1.01	0.98
GBP/USD	1.40	1.32	1.30	1.28	1.30	1.27	1.25	1.27	1.30	1.31	1.31	1.34	1.35	1.28	1.27	1.34

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Interest Rate Outlook												
	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canada												
Overnight Target Rate	1.25	1.25	1.50	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
3-mth T-Bill Rate	1.10	1.26	1.59	1.64	1.67	1.66	1.65	1.65	1.65	1.65	1.65	1.65
2-yr Govt. Bond Yield	1.77	1.91	2.21	1.86	1.55	1.38	1.50	1.55	1.60	1.65	1.70	1.75
5-yr Govt. Bond Yield	1.96	2.06	2.33	1.88	1.52	1.33	1.50	1.55	1.65	1.70	1.75	1.80
10-yr Govt. Bond Yield	2.09	2.17	2.42	1.96	1.62	1.44	1.55	1.65	1.75	1.85	1.90	1.95
30-yr Govt. Bond Yield	2.23	2.20	2.42	2.18	1.89	1.70	1.80	1.90	2.00	2.10	2.15	2.20
10-yr-2-yr Govt Spread	0.32	0.26	0.21	0.10	0.07	0.05	0.05	0.10	0.15	0.20	0.20	0.20
U.S.												
Fed Funds Target Rate	1.75	2.00	2.25	2.50	2.50	2.50	2.25	2.00	2.00	2.00	2.00	2.00
3-mth T-Bill Rate	1.70	1.89	2.15	2.40	2.35	2.14	1.98	1.85	1.85	1.85	1.85	1.85
2-yr Govt. Bond Yield	2.27	2.52	2.81	2.48	2.27	1.84	1.95	2.00	2.05	2.10	2.15	2.20
5-yr Govt. Bond Yield	2.56	2.73	2.94	2.51	2.23	1.83	2.00	2.10	2.20	2.30	2.35	2.40
10-yr Govt. Bond Yield	2.74	2.85	3.05	2.69	2.41	2.08	2.20	2.30	2.40	2.45	2.50	2.55
30-yr Govt. Bond Yield	2.97	2.98	3.19	3.02	2.81	2.59	2.45	2.55	2.65	2.70	2.75	2.80
10-yr-2-yr Govt Spread	0.47	0.33	0.24	0.21	0.14	0.24	0.25	0.30	0.35	0.35	0.35	0.35
Canada-U.S. Spreads												
Can - U.S. T-Bill Spread	-0.60	-0.63	-0.56	-0.76	-0.68	-0.47	-0.33	-0.20	-0.20	-0.20	-0.20	-0.20
Can - U.S. 10-Year Bond Spread	-0.65	-0.68	-0.63	-0.73	-0.79	-0.65	-0.65	-0.65	-0.65	-0.60	-0.60	-0.60

F: Forecast by TD Bank Group as at June 2019. All forecasts are end-of-period.
Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics. * Spot rate as at June 14, 2019 with the exception of policy rates.

United States						
Quarters	Fed Fund	3 Mth Bill	2YR	5YR	10YR	30YR
07/03/19	2.50	2.21	1.76	1.74	1.95	2.47
Q3	2.25	1.93	1.72	1.78	2.05	2.58
Q4	2.00	1.81	1.60	1.67	1.97	2.53
Q1/20	2.00	1.81	1.75	1.84	2.13	2.65
Q2	2.00	1.81	1.90	2.02	2.30	2.79
Q3	2.00	1.81	2.00	2.25	2.46	2.93
Q4	2.00	1.81	2.02	2.28	2.49	2.95

Canada						
Quarters	Overnight	3 Mth Bill	2YR	5YR	10YR	30YR
07/03/19	1.75	1.66	1.50	1.42	1.46	1.66
Q3	1.75	1.68	1.43	1.39	1.45	1.66
Q4	1.75	1.71	1.55	1.46	1.56	1.74
Q1/20	1.75	1.71	1.71	1.73	1.84	1.97
Q2	1.75	1.71	1.78	1.81	2.04	2.14
Q3	1.75	1.89	2.07	2.18	2.28	2.31
Q4	2.00	1.96	2.10	2.18	2.30	2.33

Regards
Dave

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https://www.nbin.ca/disclosure_english.jhtml

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MARKET CALL

- With the US economy looking like its slowing down, and with downside risks from tariffs rising, Fed members have started talking about the possibility of cutting interest rates. And with core PCE inflation likely to remain below 2% through the end of the year (see pages 6-7), there's scope for them to do so. Assuming no near-term resolution to the US-China trade dispute, we have brought forward and added to our previous forecast for Fed rate cuts. We now expect two, in Q4 2019 and Q1 2020.
- While we're likely to get some better news on the Canadian economy over the remainder of 2019 (see pages 3-5), the BoC is still relying heavily on exports and business investment to drive the economy by 2020. However, continued global trade uncertainties, combined with a temporary appreciation in the C\$ as the Fed cuts interest rates, could see the BoC reluctantly join in and reduce rates by 25bp in Q2 2020.
- Financial markets may be correct in assuming that interest rate cuts are coming. However, they may be incorrect in just how many will be needed to stabilize growth and inflation. Long-term interest rates appear to be pricing in a much more dire outlook than the 1½% growth rates we forecast for next year. As such, there's scope for 10-year yields to rise even as central banks cut at the short end.

INTEREST & FOREIGN EXCHANGE RATES

END OF PERIOD:		2019			2020		
		12-Jun	Sep	Dec	Mar	Jun	Sep
CDA	Overnight target rate	1.75	1.75	1.75	1.75	1.50	1.50
	98-Day Treasury Bills	1.67	1.70	1.70	1.60	1.40	1.45
	2-Year Gov't Bond	1.46	1.60	1.60	1.50	1.40	1.45
	10-Year Gov't Bond	1.51	1.75	1.85	1.70	1.65	1.50
	30-Year Gov't Bond	1.76	1.95	2.00	2.05	1.95	1.90
U.S.	Federal Funds Rate	2.375	2.375	2.125	1.875	1.875	1.875
	91-Day Treasury Bills	2.25	2.35	2.13	1.80	1.70	1.80
	2-Year Gov't Note	1.88	2.05	2.00	1.90	1.70	1.90
	10-Year Gov't Note	2.13	2.35	2.45	2.20	2.20	2.30
	30-Year Gov't Bond	2.62	2.75	2.75	2.70	2.65	2.65
Canada - US T-Bill Spread		-0.59	-0.65	-0.43	-0.20	-0.30	-0.35
Canada - US 10-Year Bond Spread		-0.62	-0.60	-0.60	-0.50	-0.55	-0.80
Canada Yield Curve (10-Year — 2-Year)		0.05	0.15	0.25	0.20	0.25	0.10
US Yield Curve (10-Year — 2-Year)		0.25	0.30	0.45	0.30	0.50	0.40
EXCHANGE RATES	CADUSD	0.75	0.76	0.75	0.75	0.74	0.74
	USDCAD	1.33	1.31	1.34	1.34	1.35	1.36
	USDJPY	108	106	105	104	103	101
	EURUSD	1.13	1.16	1.18	1.20	1.23	1.23
	GBPUSD	1.27	1.33	1.37	1.41	1.46	1.46
	AUDUSD	0.70	0.70	0.71	0.74	0.76	0.78
	USDCHF	0.99	0.97	0.96	0.94	0.93	0.93
	USDBRL	3.86	3.65	3.80	3.85	3.95	3.90
	USDMXN	19.7	20.1	19.9	20.1	20.4	20.6

Request for Decision

SDEC Agreement

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Aug 13, 2019

Report Date Wednesday, Jul 31, 2019

Type: Managers' Reports

Resolution

THAT the City of Greater Sudbury directs staff to enter into a sole source agreement with the Sudbury District Energy Corp (SDE), as the only company that has the infrastructure in place to meet the requirements of the City, for the provision of heating and cooling to Tom Davies Square and to negotiate rates for a period of 20 years, as outlined in the report entitled "SDEC Agreement", from the General Manager of Corporate Services, presented at the Finance and Administration Committee meeting on August 13, 2019.

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to the provision of heating and cooling to Tom Davies Square and the replacement of aging infrastructure.

Report Summary

An agreement was negotiated in 1999 between the former City of Sudbury and the Sudbury District Energy Corp (SDE) to supply heating to Tom Davies Square (TDS) and heating and cooling to the Sudbury Community Arena. The 20 year contract expires in November 2019.

An analysis of options (renegotiating an agreement with SDE or investing in capital infrastructure to self-generate heating and cooling) was completed by staff. It is recommended that the City of Greater Sudbury renegotiate the agreement with SDE.

Financial Implications

Should the City proceed to enter into the agreement recommended in this report, the 2020 operating budget will need to be increased approximately \$137,000 to reflect the capital portion of the agreement in regards to cooling. This operating expense will negate the requirement for approximately \$2 million in capital

Signed By

Report Prepared By

Rob Blackwell
Corporate Project Management
Coordinator
Digitally Signed Jul 31, 19

Financial Implications

Jim Lister
Manager of Financial Planning and
Budgeting
Digitally Signed Jul 31, 19

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jul 31, 19

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jul 31, 19

funding as the City will no longer need to replace the current chillers that are at the end of their useful lives.

Background

An agreement was negotiated in 1999 between the former City of Sudbury and the Sudbury District Energy Corp (SDE) to supply heating to Tom Davies Square (TDS) and heating and cooling to the Sudbury Community Arena. The 20-year contract expires in November 2019.

As part of the overall district energy concept, significant infrastructure was created to support the transportation of energy (hot water, steam, chilled water) to various buildings in the downtown core. These buildings' heating and cooling energy requirements are supplied by a centralized heating and cooling plant. The Energy Service is delivered in the form of hot and chilled water from centralized facilities. The buildings use hot and chilled water to provide for their space heating, domestic hot water, and cooling requirements. Figure 1 illustrates the buildings in the downtown core currently serviced by SDE.

The City of Greater Sudbury (CGS) currently uses SDE for heating 200 Brady and cooling and heating the Sudbury Community Arena. The original contract for services for TDS and the Sudbury Community Arena provided for a "fixed capacity charge" to assist the service provider in funding capital costs for the infrastructure, and incremental "energy costs" that were calculated based on actual energy consumption.

In addition to the SDE contract expiring, the chillers currently being utilized to provide cooling for TDS are reaching end of useful life and would require significant capital investment to replace. Since the original agreement with SDE. Not renewing the SDE contract would also result in CGS having to further invest in a solution to heat TDS and find a solution to heat and cool the Sudbury Community Arena.

Options and Financial Information

A recent cost/benefit analysis, based on historical costs for heating and cooling, anticipated capital costs to self-generate and estimates from SDE, have been completed to compile options to ensure that CGS has a cost-effective means of heating and cooling the affected facilities moving forward. Additionally, SDE has committed to ensuring that cost of heating and cooling utilizing their system will not exceed the costs that could be anticipated if CGS chose to self-generate heating and cooling.

Considerations for the financial impact of any decision taken regarding the heating and cooling of TDS include several factors. As SDE infrastructure is currently in place for heating and any additional capital costs for cooling would be borne by SDE (and recovered as a "fixed capacity charge"), there is no immediate impact to current or future capital budgets for CGS.

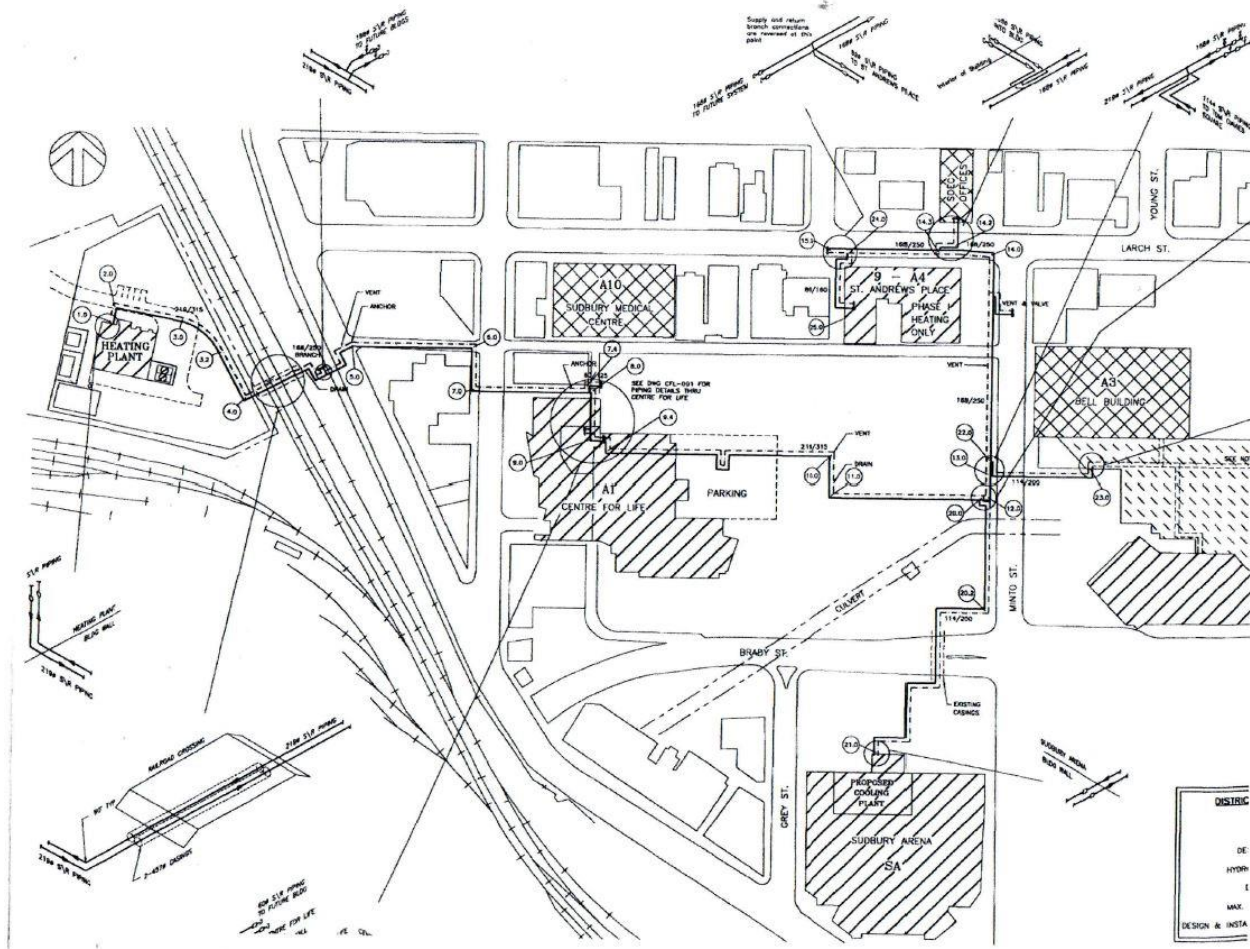


Figure 1: SDE Map – Downtown

A solution that includes self-generating heating and cooling for TDS would require significant capital investment as the current infrastructure does not exist to adequately provide the necessary level of service. Estimates for the initial capital investment for heating are approximately \$977,400. Capital investment for a self-generated cooling solution is estimated to be approximately \$2M. These estimates are for TDS but do not address the requirements of the Sudbury Community Arena, which currently relies on SDE for heating and cooling.

As referenced in Table 1, when comparing the cost of providing heating and cooling using SDE or self-generating heating and cooling, the overall costs are relatively equal on an annual basis, but when a longer term calculation is applied using present value over a 20 year term, there is a significant advantage in maintaining the relationship with SDE. As per "Note 2" in the table below, this longer-term calculation includes the requirement to make approximately \$3M in capital expenditures in 2020.

Table 1: Annual Costs

	SDEC	Self-Generated	Variance
Heating			
Operating	\$125,700	\$125,700	
Capital	\$98,300 ¹	\$67,102 ²	
Sub-Total	\$224,000	\$192,802	\$31,198
Cooling			
Operating	\$61,300	\$61,300	
Capital	\$106,200 ¹	\$137,306 ²	
Sub-Total	\$167,500	\$198,606	(\$31,106)
TOTAL	\$391,500	\$391,408	\$92
Notes:			
¹ Annual Fixed Capacity Charge - operating budget expense			
² Capital annualized @ 3.23% over 20 years			

Table 2: Present Value - 20 yrs

	SDEC	Self-Generated	Variance
Heating	\$3,781,799	\$3,517,782	\$264,017
Cooling	\$2,831,495	\$3,755,877	(\$924,382)
TOTAL	\$6,613,294	\$7,273,659	(\$660,365)

A net present value calculation is used as a comparison tool to show the impact of various options for an investment that has differing costs over a period. In the above example the cost avoidance of not having to do a large capital investment in the cooling system shows that the decision to procure heating and cooling provides a lower cost to the City.

Other Considerations

Capital Costs Avoidance

Many competing priorities for capital funding across the organization and partnering with SDE removes the requirement for further capital funding for heating and cooling at TDS and the Sudbury Arena.

Community Impact

An agreement will see a continuance of the long-standing partnership that benefits not only CGS but neighbouring downtown businesses and institutions.

Green Initiatives

An agreement would result in reduced carbon dioxide emissions, resulting in a reduced carbon footprint (reduction of approximately 73 tons of carbon dioxide emissions).

Economic Drivers

There is potential for CGS to advocate for SDE as a creative incentive for downtown businesses and initiatives, to include district energy as a source of heating and cooling for new development or replacement of heating and cooling systems for existing businesses.

Conclusion

The CGS renegotiate the sole source agreement with SDE, including a rate structure, for a period of 20 years. SDE has committed to ensuring that costs for a new contract will not exceed costs anticipated if self-generating heating/cooling. This option avoids the risk of a major capital project that would require the procurement, installation and ongoing maintenance of self-generating. It also ensures that the Sudbury Community Arena has a consistent source of heating and cooling and with the continued presence of SDE in the downtown core, other buildings currently being serviced, and future development can access the service.

For Information Only

Contract Awards Exceeding \$100,000 January 1 - March 31, 2019

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Aug 13, 2019

Report Date Tuesday, Jul 16, 2019

Type: Correspondence for
Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to Responsive, Fiscally Prudent, Open Governance: Focus on openness, transparency and accountability in everything we do.

Report Summary

Bid Solicitations are advertised electronically on the City's website in the form of either Request for Tender or Request for Proposal. Where a Request for Tender is used, the Award is to the Lowest Compliant Bid. Where a Request for Proposal is used, the Award is to the highest scored Bid based on Best Value defined as the optimal balance of performance and cost determined in accordance with pre-defined evaluation criteria; all in accordance with the Purchasing By-Law.

During the reporting period there were eleven (11) Contract Awards and three (3) non-competitive Contract Awards exceeding \$100,000. In addition this report includes five (5) Contract Awards exceeding \$100,000 for prior reporting periods.

Financial Implications

Sufficient funding exists within the previous approved budgets in accordance with the Operating and Capital Budget Policies at that time. Council approved policies for the Operating and Capital Budgets enable staff to reallocate budget dollars or obtain funding from the respective Holding Account Reserve (for Capital only) in order to award tenders when the tendered amount exceeds the budgeted amount. The budget amount is an

Signed By

Report Prepared By

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Chief Procurement Officer
Digitally Signed Jul 16, 19

Manager Review

Lorraine Laplante
Manager of Accounting
Digitally Signed Jul 16, 19

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
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Digitally Signed Jul 17, 19

Financial Implications

Liisa Lenz
Coordinator of Budgets
Digitally Signed Jul 23, 19

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jul 17, 19

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jul 25, 19

estimate whereas the tendered amount is the actual cost received by the City through a competitive tender process from the marketplace.

BACKGROUND

This report provides a summary of procurements \$100,000 or greater for the period of January 1, 2019 to March 31, 2019 and includes omitted procurements from previous reports. In addition, starting this quarter, this report will include reporting as required per section 26(2) Emergency Purchases of the Purchasing By-Law.

As required by the City of Greater Sudbury's Purchasing By-Law:

- Section 8(2), regular information reports shall be provided to Council on the Bid Solicitations, cooperative purchases, Emergency purchases and Revenue Generating Contracts Awarded with a Total Acquisition Cost or revenue of \$100,000 or greater.
- Section 26(2), soon after the purchase as reasonably possible, a report to Council is required advising of the circumstances of the Emergency Purchase when greater than \$100,000. Only emergency procurements where budget authorization is not required are included in this report. All other emergencies will be reported separately.

BID SOLICITATION DETAILS:

- For additional information regarding Bid Solicitations posted on or after March 29th, please visit the City's bids&tenders webpage:
<https://greatersudbury.bidsandtenders.ca/Module/Tenders/en>
- For additional information regarding Bid Solicitations posted before March 29th, please visit the City's tenders & Results webpage: <https://www.greatersudbury.ca/do-business/bidding-opportunities/tenders/>

APPENDICIES:

- **APPENDIX A - Current Reporting Period Competitive Procurement Contract Awards \geq \$100,000:** All competitive procurements where awards were authorized by City's management (contracts may be pending execution).
- **APPENDIX B – Amendments to Previous Reporting Periods Competitive Procurement Contract Awards \geq \$100,000:** All competitive procurements where awards were authorized by City's management (contracts may be pending execution).
- **APPENDIX C – Non-Competitive Procurement Contract Awards (Including Emergency Purchases) \geq \$100,000:** All non-competitive contracts that were executed during the reporting period.

NOTE:

- Prices exclude applicable taxes.
- All prices rounded to the nearest dollar.
- All scores rounded to the nearest point.
- Operating budgets are presented on an annual basis.
- Capital budgets are presented on a project basis.

APPENDIX A – Current Reporting Period Competitive Procurement Contract Awards ≥ \$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$) or Score	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Request for Proposal CPS18-149 Dry Cleaning and Laundry Services for Greater Sudbury Police, Fire, Paramedic and Water/Wastewater Services	1	<u>224,420</u> 500,000	Sudbury Cleaners Inc.	100/100	Estimated Contract Value 500,000 Note 1	Sudbury Cleaners Inc. 1/4/2019	MULTI-YEAR 2019-2022 Option to Extend: 2023 & 2024
Tender ENG18-37 Kingsway Entertainment District Site Grading	7	100,000,000 Note 2 18,336,535	BOT Engineering & Construction Ltd. Teranorth Construction & Engineering Limited Pioneer Construction Inc. William Day Construction Limited Denis Gratton Construction LTD Garson Pipe Contractors Limited R.M. Belanger Limited	8,498,000 9,479,820 9,542,174 9,904,036 10,432,191 10,864,652 12,436,230	8,498,000	BOT Engineering & Construction Ltd. 1/7/2019	ONE-TIME

Note 1: The estimated contract value reflects dry cleaning services for all departments on an as and when required basis.

Note 2: This budget funds multiple tenders/purchases relating to this project.

APPENDIX A – Current Reporting Period Competitive Procurement Contract Awards ≥ \$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$) or Score	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Tender ISD18-241 Three (3) Operated, Hydro Excavators	7	2,458,915 Note 3 1,000,000	Herby Enterprises Ltd.	10,443	Weekly Rate/ Excavator: 10,443 Estimated Contract Value 790,400	Herby Enterprises Ltd. 1/8/2019	ONE-TIME
			Tait Excavation Inc.	10,550			
			BM Metals Services Inc.	10,572			
			Revolution Environmental Solution	12,110			
			Bruce Tait Construction Inc.	13,185			
			Dufour Waste Disposal Inc.	13,825			
			Infratech Sewer & Water Services Inc.	14,580			
Tender ENG18-29 Asphalt/Concrete Reinstatement Southeast & Northeast	5	679,040 1,071,623	Garson Pipe Contractors Limited	667,295	667,295	Garson Pipe Contractors Limited 1/14/2019	ONE-TIME
			Comet Contracting Ltd.	899,215			
			Beamish Construction Inc.	1,147,625			
			R.M Belanger Limited	1,276,550			
			Bruce Tait Construction Ltd.	1,306,525			

Note 3: This budget funds other operating costs.

APPENDIX A – Current Reporting Period Competitive Procurement Contract Awards ≥ \$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$) or Score	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Tender ENG18-28 Asphalt/Concrete Reinstatement South, Southwest & Northwest Sections	4	<u>947,559</u> 1,417,991	Garson Pipe Contractors Limited Pioneer Construction Inc. R.M. Belanger Limited Bruce Tait Construction Ltd.	931,170 1,537,311 1,620,200 1,662,900	931,170	Garson Pipe Contractors Limited 1/14/2019	ONE-TIME
Request for Proposal CPS18-168 Human Capital Management (HCM) and Finance Supply Chain Management (FSCM) PeopleSoft Support	4	Capital: 312,161 Operating: 67,155 <u>Note 4</u> 217,000	Spyre Solutions Inc. Katalogic Inc. ERP Analyst Inc. Other Bidders: BuzzClan Canada Inc.	HCM 118/130 FSCM 113/130 HCM 111/130 FSCM 93/130	224,907	HCM- Spyre and Katalogic FSCM - Spyre and ERP Analysts 1/17/2019	MULTI-YEAR (2019 Option to Extend 2020 & 2021)
Request for Proposal CPS18-128 Benefits Consultant Services to Support CGS in Matters related to our Group Benefits	6	<u>Note 5</u> 450,000	Mercer Other Bidders: Benefit Partners Inc.; Cowan Insurance Group Ltd.; DiBrina Group; Matheis Financial Group; Schuster Boyd McDonald	107/150	406,000	Mercer 1/21/2019	MULTI-YEAR (2019-2023)

Note 4: The capital budget funds multiple ERP/PeopleSoft related projects.

Note 5: Consultant paid from commissions collected and included in benefit premiums paid to Great West Life.

APPENDIX A – Current Reporting Period Competitive Procurement Contract Awards ≥ \$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$) or Score	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Request for Standing Offer FES18-238 Structural Fire Fighting Boots	6	504,201 Note 6 150,000	M & L Supply, Fire & Safety Darch Fire Inc. SPI Health and Safety AJ Stone Company Ltd Soucie Salo Safety Inc. PPE Solutions Inc.	550/495/ per pair 370/402/443 450 493/528 490 469	Unit Price Contract Estimated Contract Value \$150,000	All Bidders 1/23/2019	MULTI-YEAR (2019-2024)
Tender CDD18-245 Supply and Delivery of Ride Cards for the Greater Sudbury Transit Services	1	45,000 Note 7 225,000	Magnetic Ticket & Label Corp.	69,511 per year based on current volumes	Unit Price Contract Estimated Contract Value \$350,000	Magnetic Ticket & Label Corp. 2/11/2019	MULTI-YEAR (2019-2021 Option to Extend 2022 & 2023)

Note 6: This budget funds several tenders/purchases of personal protective equipment.

Note 7: Sufficient inventory for Ride Cards exists for the remainder of 2019. The 2020 budget will be adjusted accordingly.

APPENDIX A – Current Reporting Period Competitive Procurement Contract Awards ≥ \$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$) or Score	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Tender ENG19-36 Paquette Whitson Drain-Site Preparation	8	8,580,537 Note 8 185,915	1650939 Ontario Ltd. o/a Dominion Construction Premier Construction Inc. Garson Pipe Contractors Limited Denis Gratton Construction Limited R.M. Belanger Limited Teranorth Construction & Engineering Pioneer Construction Inc. Trent Jobson	177,871 256,775 308,708 330,620 428,180 434,865 692,543 771,235	177,871	1650939 Ontario Ltd. o/a Dominion Construction 3/22/19	ONE-TIME
Tender FES18-187 Fire Helmets	3	<u>138,760</u> 100,000	A.J. Stone Company SPI Health and Safety Levitt Safety Ltd.	88,550 99,750 125,486	Unit Price Contract Estimated Contract Value 88,550 (First Year)	A.J. Stone Company 3/26/2019	MULTI- YEAR (2019- 2021 Option to Extend 2022 & 2023)

Note 8: This budget funds several tenders/purchases relating to this project.

APPENDIX B - Amendments of Previous Report - Competitive Procurement Contract Awards ≥\$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$ or Score)	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Tender ENG18-27 Crack Sealing – Various Locations	2	<u>300,000</u> 300,000	Pavetech Ottawa Ltd.	248,290	248,290	Pavetech Ottawa Ltd.	ONE-TIME
			Roadlast Asphalt & Sealing Maintenance Inc.	275,500		5/24/2018	
Tender ENG18-35 Maley Drive Extension and Widening Project Barry Downe Road to Falconbridge Road	7	80,100,000 Note 9 11,500,000	Teranorth Construction & Engineering Limited	9,519,596	9,519,596	Teranorth Construction & Engineering Limited	ONE-TIME
			Garson Pipe Contractors Ltd.	9,793,914		9/19/2018	
			R.M. Belanger Limited	10,571,942			
			Pioneer Construction Inc.	11,120,309			
			Aecon Construction and Materials Limited	11,391,978			
			John Bravakis Enterprises Ltd.	14,065,942			
			BOT Engineering & Construction Ltd.	14,425,000			

Note 9: The total budget for Maley Drive Phase 1 is \$80.1 million. Multiple tenders issued for this project.

APPENDIX B - Amendments of Previous Report - Competitive Procurement Contract Awards ≥\$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$) or Score	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Tender ENG18-60 William Avenue Bridge Replacement Coniston, ON Nickel Street to Walter Street	5	<u>1,640,000</u> 1,300,000	R.M. Belanger Limited 1650939 Ontario Ltd. o/a Dominion Construction MCA Contracting Ltd Denis Gratton Construction Ltd PC: Constructors Canada Inc.	1,186,115 1,412,961 1,591,486 1,595,081 1,891,279	1,186,115	R.M. Belanger Limited 10/19/2018	ONE-TIME
Request for Proposal CPS18-91 Provide Building Condition Assessments and Designated Substance Surveys for Various Facilities	13	<u>260,000</u> 260,000	ECOH Management Inc. Accent Building Services Inc. McIntosh Perry Limited Riskcheck Environmental Ltd. Other Bidders: DST Consulting Engineering Inc.; Englobe Corp.; EXP Services Inc.; GHD Limited; IRC Building Sciences Group; Nadine International Inc.; Ontario Environmental & Safety Network; Pinchin Ltd.; Wood Environment & Infrastructure Solutions.	86/100 (25,350) 80/100 (87,200) 79/100 (58,700) 78/100 (15,169)	186,419	ECOH Management Inc. Accent Building Services Inc. McIntosh Perry Limited Riskcheck Environmental Ltd. 6/28/2018	ONE-TIME

APPENDIX B - Amendments of Previous Report - Competitive Procurement Contract Awards \geq \$100,000

Report period: January to March 2019

Procurement Method Contract Number Description	No. of Bids	Budget Estimate (\$)	Bidder(s)	Bid Amount (\$ or Score)	Award (\$)	Contractor Award Authorization Date	Contract Type (Term)
Tender FES18-176 Supply of Panasonic Ruggedized Laptops	1	<u>240,000</u> 205,000	Interdev Technologies Inc.	211,955	224,050 Note 10	Interdev Technologies Inc. 12/6/2018	ONE-TIME

Note 10: Price includes an upgrade to the storage drive, increasing the award by \$12,095.

APPENDIX C - Non-Competitive Procurement Contract Awards (Including. Emergency) ≥ \$100,000

Report period: January to March 2019

Description	Budget (\$)	Trade Agreement / By-Law Exemption	Award (\$)	Contractor Awarded Date	Contract Type (Term)
Emergency Procurement Snow Removal – Fire Hydrants (February/March)	Note 11	Emergency Procurement – Fire hydrants covered in snow created a potential health and safety threat.	117,260	Bruce Tait Construction 02/04/2019	ONE-TIME
Emergency Procurement Snow Removal – Bus stops, downtown centres, sightlines/lane widths	Note 12	Emergency Procurement – accumulation of snow at Bus stops, downtown centres, sightlines/lane widths created a potential health and safety threat.	\$142,690	Pioneer Contruction 1022901 Ontario Inc. Comet Contracting Various dates (February-March)	ONE-TIME
Single Source Procurement PUR19-118 Three (3) Ambulances	510,000	Limited Tendering (Single Source) as approved by Emergency Services Committee resolution ES2018-05 from the meeting of May 16, 2018.	456,581	Demers Ambulances Manufacturer Inc. 3/11/2019	ONE-TIME

Note 11: Emergency procurements are not budgeted for; operating funds were allocated to cover this procurement.

Note 12: Emergency procurements are not budgeted for; additional information was presented at:

- Operations Committee on June 3, 2019
<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=26727.pdf>
- Operations Committee on May 3, 2019
<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=26413.pdf>
- Operations Committee on April 15, 2019
<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=26159.pdf>
- Finance and Administration on June 4, 2019
<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=9&id=1368>

For Information Only

2019 Operating Budget Variance Report - May

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Aug 13, 2019

Report Date Wednesday, Jul 31, 2019

Type: Correspondence for
Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to operational matters.

Report Summary

This report provides the Finance and Administration Committee with a forecast of the City's year-end position based on revenues and expenditures to the end of May 2019. The projected deficit for 2019 is approximately \$7.3 million.

Financial Implications

There are no financial implications associated with this report.

Signed By

Report Prepared By

Liisa Lenz
Coordinator of Budgets
Digitally Signed Jul 31, 19

Manager Review

Jim Lister
Manager of Financial Planning and
Budgeting
Digitally Signed Jul 31, 19

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
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Digitally Signed Jul 31, 19

Financial Implications

Liisa Lenz
Coordinator of Budgets
Digitally Signed Jul 31, 19

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jul 31, 19

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jul 31, 19

Executive Summary

This report provides the Finance and Administration Committee with a forecast of the City's year-end position based on revenues and expenditures to the end of May 2019. The projected deficit for 2019 is approximately \$7.3 million.

Background

The purpose of this report is to provide Council with an updated projection of the municipality's year end position including potential year-end variances based on results as of May 31st. The monitoring and reporting of variances has been conducted in accordance with the Operating Budget Policy and bylaw. Council is provided with a variance report quarterly. This report is an update from the 1st quarter projection provided to the Finance and Administration Committee in June 2019.

Attached is a chart that reflects the annual net budget, year-end position and variance for each area. In accordance with the Operating Budget Policy, the following explanations relate to areas where a variance of greater than \$200,000 resulted within a division or section.

Variance Explanations

1) Revenue Summary

This area is reflecting a projected net over expenditure of \$260,000 as follows:

- Increased tax write offs of \$500,000 as a result of recent assessment review board decisions on property appeals.
- The Ontario Municipal Partnership Fund allocation was announced higher than anticipated at the time of budget preparation by \$130,000.
- Payments in lieu of taxation have resulted in higher than anticipated revenues by \$110,000.

2) Finance, Assets & Fleet

This area is projecting a combined net over expenditure of \$790,000. The variances per section are as follows: Finance – under expenditure of \$110,000; Assets is projecting to be on budget; and Fleet – over expenditure of \$900,000.

The Finance net under expenditure of \$110,000 is primarily a result of:

- Higher than anticipated user fees for taxation of \$90,000.
- Under expenditure in wages and benefits due to vacancies of \$20,000.

The Fleet net over expenditure of \$900,000 is primarily a result of:

- Over expenditure in transit maintenance costs of \$730,000 are primarily the results of continued costs associated with maintaining an aging bus fleet, particularly parts, as well as additional costs to maintain the fleet in exceptionally poor spring conditions resulting in an unexpected higher than usual amount of repairs that were contracted out in order to maintain service levels. Furthermore, recommendations from the Transit Action Plan to add service will further increase the need for additional maintenance in the latter half of 2019.
- Over expenditure in fleet services of \$170,000, largely a result of fleet vehicles remaining in service beyond their useful lives. Staff continue to work on finding better prices for parts, improve ordering and maintenance practices and continue to pursue contracts for other parts and services.

3) Long Term Care

The projected year-end net over expenditure of \$860,000 is a result of:

- Under expenditure in utility costs of \$230,000 due to savings from the use of more efficient technology.
- Increase in revenues of \$110,000 as a result of supplier incentives.
- Over expenditure in salaries and benefits of \$860,000 due to increased benefits related to introduction of short-term and long-term disability programs for CUPE employees.
- Lower than anticipated Case Management Index (CMI) funding rate of \$340,000.

4) Leisure and Recreation

This area is projecting a net over expenditure of \$420,000 as follows:

- An over expenditure of \$210,000 as a result of a shortfall in user fee revenues for arenas, fitness centres, and community halls.
- An over expenditure of \$210,000 due to additional winter maintenance required to remove snow load for leisure facilities.

5) Transit

The projected year-end net over expenditure in Transit of \$340,000 consists of the following:

- Over expenditure in salary and benefits for transit bus operators of \$140,000 primarily due to modified work and unplanned overtime.
- Over expenditure due to increased shelter and bus stop snow removal of \$110,000 as a result of harsh winter conditions.
- Over expenditure in transit bus parts totaling \$90,000 is due to continued component and farebox failures.

6) Linear Infrastructure Maintenance

The projected year-end net over expenditure in Linear Infrastructure Services of \$4.2 million is a result of:

- Roads winter control is anticipating an over expenditure of \$4.2 million by year end. This is largely due to snow accumulation and infrequent thaw events. The City received 259 cm. of snow (8.5 feet) to date in 2019, compared to the 30 year average of 164 cm., or 5.4 feet. Operations Committee was presented a projected over expenditure of \$3.9 million in early June, however additional street sweeping and pothole repairs were required.

7) Fire Services

The projected year-end net over expenditure in Fire Services of \$310,000 consists of the following:

- Over expenditures in salaries and benefits of \$310,000 due to arbitration awards and overtime as a result of front line staff shortages, offset by WSIB absences.

8) Police Services

The projected year-end net over expenditure in Police Services of \$340,000 consists of the following:

- Higher than budgeted relief staffing primarily in communications.
- Higher than anticipated overtime due to significant disclosure timing requirements and staffing.
- Higher than budgeted outside legal counsel.
- Reduced Prisoner Transportation and Court Security Revenue of approximately \$43,000.

Water / Wastewater Services

Water / Wastewater Services is projecting an overall net under expenditure of \$270,000 as follows:

- User fee revenues are projected to be under budget by \$730,000 as actual billed consumption is estimated to be 13.3 million cubic metres while the budget for 2019 is 13.5 million cubic metres.
- Administrative salaries and benefits are projected to be under budget by approximately \$300,000 due to staffing vacancies in positions approved during previous budget deliberations.

- Distribution and Collection Services is projected to be under budget by approximately \$700,000 as a result of City crews assuming the responsibility for performing emergency repairs to its linear infrastructure. Due primarily to favourable weather conditions there were a below average number of breaks in 2017 and 2018. There have been 29 watermain breaks through the end of May 2019. That compares to 46 in 2018 (93 annual) and 45 in 2017 (88 annual).
- In summary, Water is projecting an under expenditure of \$350,000 which will be contributed to the Capital Financing Reserve Fund – Water in accordance with policy. Wastewater is projecting an over expenditure of \$80,000 which will be funded by a contribution from the Capital Financing Reserve Fund- Wastewater in accordance with policy.

Summary

As per the attached chart, the City's projected net year end position may result in a draw of \$7.3 million to be funded equally from the Tax Rate Stabilization Reserve and the Capital Financing Reserve Fund – General in accordance with the Reserve and Reserve Fund by-law. Departments have been continually working to mitigate this potential deficit, however; costs of items like the extraordinary snowfall in the period January to April and the snow removal costs to improve sightlines will require mitigation or savings in other areas. Staff will continue to implement measures to reduce future expenditures wherever possible in order to further reduce this deficit. Staff will be deferring the hiring of non-union positions, when possible, and is reviewing the use of the annual debt payments in the operating budget earmarked for projects for which the debt has not been obtained to date as sources of funds. Staff will also be reviewing capital projects to identify projects that can be deferred and reenter the prioritization process to reduce or eliminate the potential deficit and to lessen the reliance on draws from reserves.

City of Greater Sudbury
Net Revenue and Expenditure Projection
(Based on results up to May 31, 2019)
For the year ended December 31, 2019



Annual Budget	May month-end Projections	Surplus (Deficit)	Notes
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Corporate Rev and Exp Summary

Revenue Summary

Other Revenues and Expenses

TOTAL CORPORATE REVENUES

(304,010,483)	(303,754,206)	(256,277)	1
31,421,149	31,283,668	137,481	
(272,589,334)	(272,470,538)	(118,796)	

Executive and Legislative

Office of the Mayor

Council Memberships & Travel

Council Expenses

Auditor General

Office of the C.A.O.

Executive and Legislative

696,664	696,664	0	
77,411	77,411	0	
1,194,363	1,194,363	0	
382,911	382,911	0	
3,165,232	3,165,635	(403)	
5,516,581	5,516,984	(403)	

Corporate Services

Corporate Services -GM Office

Legal & Clerks Services

Security and By-Law

Information Technology

Human Resources and O.D.

Finance, Assets and Fleet

Corporate Services

542,040	542,040	0	
2,096,100	2,137,636	(41,536)	
626,612	626,612	0	
110,644	110,606	38	
1,044	93,284	(92,240)	
13,160,472	13,955,092	(794,620)	2
16,536,912	17,465,270	(928,358)	

Economic Development Summary

Economic Development

Economic Development Summary

4,724,491	4,673,870	50,621	
4,724,491	4,673,870	50,621	

Community Development Services

G.M. Office

Housing Services

Long Term Care-Senior Services

Social Services

Children and Citizen Services

Leisure-Recreation

Transit

Community Development Services

404,084	382,086	21,998	
21,125,986	21,014,386	111,600	
4,636,257	5,496,299	(860,042)	3
5,561,819	5,561,779	40	
10,059,155	10,118,932	(59,777)	
20,545,864	20,965,158	(419,294)	4
14,238,559	14,577,788	(339,229)	5
76,571,724	78,116,428	(1,544,704)	

Growth and Infrastructure

Growth I.S. Other

Inf Capital Planning

Engineering Services

Water - Wastewater

Linear Infr Maintenance

Environmental Services

Planning and Development

Treatment & Compliance

Building Services

Growth and Infrastructure

215,028	215,028	0	
6,043,315	6,014,946	28,369	
0	26,058	(26,058)	
0	0	0	
39,237,367	43,463,021	(4,225,654)	6
14,873,908	14,806,054	67,854	
5,512,700	5,388,663	124,037	
0	1	(1)	
0	0	0	
65,882,318	69,913,771	(4,031,453)	

City of Greater Sudbury
Net Revenue and Expenditure Projection
(Based on results up to May 31, 2019)
For the year ended December 31, 2019



	Annual Budget	May month-end Projections	Surplus (Deficit)	Notes
Community Safety				
C.S. G.M.'s Office	0	0	0	
Emergency Management	471,758	430,354	41,404	
CLELC Section	(854,896)	(806,023)	(48,873)	
Paramedic Services	10,755,750	10,785,173	(29,423)	
Fire Services	25,725,100	26,039,312	(314,212)	7
Community Safety	36,097,712	36,448,816	(351,104)	
Service Partners				
Service Partners	7,271,988	7,271,988	0	
Police Services	59,987,608	60,325,693	(338,085)	8
Outside Boards	67,259,596	67,597,681	(338,085)	
TOTAL EXPENDITURES	272,589,334	279,732,820	(7,143,486)	
TOTAL	\$0	\$7,262,282	(\$7,262,282)	