



FINANCE AND ADMINISTRATION COMMITTEE AGENDA

Finance and Administration Committee Meeting
Tuesday, September 20, 2016
Tom Davies Square

COUNCILLOR MIKE JAKUBO, CHAIR

Deb McIntosh, Vice-Chair

4:00 p.m. FINANCE AND ADMINISTRATION COMMITTEE MEETING
COUNCIL CHAMBER

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please call 3-1-1 or email clerks@greatersudbury.ca.

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 ITEMS C-1 AND C-2)

ROUTINE MANAGEMENT REPORTS

- C-1. Report dated August 24, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2016 Operating Budget Variance Report - June. **4 - 8**
(RESOLUTION PREPARED)
(This report identifies the areas of concern in the 2016 Operating Budget as of June 30, 2016.)
- C-2. Report dated August 24, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2016 Water Wastewater Operating Budget Variance Report - June. **9 - 12**
(RESOLUTION PREPARED)
(This report projects a year end position of the Water Wastewater Operating Budget based on expenditures and revenues to the end of June, 2016.)

CORRESPONDENCE FOR INFORMATION ONLY

- C-3. Report dated August 22, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2016 Water Wastewater Capital Budget Option Projects. **13 - 14**
(FOR INFORMATION ONLY)
(This report provides the Finance and Administration Committee with a list of projects funded by the \$600,000 Capital Budget option approved during the 2016 budget deliberations.)
- C-4. Report dated August 19, 2016 from the Acting Chief Financial Officer/City Treasurer regarding Accounts Receivable - Mitigating Risk. **15 - 19**
(FOR INFORMATION ONLY)
(This report provides alternatives for consideration to reduce potential loss on accounts receivable)
- C-5. Report dated August 19, 2016 from the Acting Chief Financial Officer/City Treasurer regarding Changes to Water Wastewater Billing. **20 - 22**
(FOR INFORMATION ONLY)

(Changes are required by the OEB for electricity billing to occur on a monthly basis. This therefore impacts water/wastewater billing as they are produced by GSU at the same time as electricity invoices.)

REGULAR AGENDA

MANAGERS' REPORTS

- R-1. Report dated August 31, 2016 from the General Manager of Assets, Citizen and Leisure Services regarding Playgrounds.

23 - 25

(FOR INFORMATION ONLY)

(This report responds to a question posed to staff at Finance and Administration regarding the current state of parks and the capital needed to bring all parks up to a city wide standard.)

ADDENDUM

CIVIC PETITIONS

QUESTION PERIOD AND ANNOUNCEMENTS

NOTICES OF MOTION

ADJOURNMENT

Request for Decision

2016 Operating Budget Variance Report - June

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Sep 20, 2016

Report Date Wednesday, Aug 24,
2016

Type: Routine Management
Reports

Resolution

THAT the City of Greater Sudbury accepts the June 30, 2016 Variance Report dated August 24, 2016, from the Acting Chief Financial Officer/Treasurer outlining the projected year end position.

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 June 2016. The projected deficit for 2016 is approximately \$2.1 million. With the \$1.8 million contribution from the Roads Winter Control Reserve Fund, the projected year end deficit is approximately \$300,000.

Background

The purpose of this report is to provide Council with an updated projection based on results as of June 30th of the municipality's year end position including potential year-end variances. 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 after each quarter end. This report is an update from the 1st quarter projection provided to the Finance and Administration Committee in June 2016.

The Reserves and Reserve Funds By-law allows certain operations to keep the surpluses generated in their respective areas, only if this does not put the municipality in a deficit position; these areas include Information Technology, Land Reclamation Services, Social Housing Services, Libraries, Police Services and professional development. Based on the preliminary projection for 2016, these areas will not be able to retain their respective surpluses as the municipality is projecting a deficit at year end.

Attached is an additional 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.

Signed By

Report Prepared By

Liisa Brule
Senior Budge Analyst
Digitally Signed Aug 24, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Aug 24, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 26, 16

Variance Explanations

1) Other Revenues and Expenses

This area is reflecting a projected net over expenditure of \$280,000 as follows:

- Decreased investment income of \$310,000 as the bond market so far for 2016 has not been as volatile as prior years
- Projected reduction in OLG slot revenue of \$120,000
- Increased interest on current taxation arrears of \$100,000
- A decrease of \$50,000 in grants distributed as a result of the province declaring non profit Long Term Care Facilities tax exempt

2) Court Services

The projected year end over-expenditure of \$220,000 is a result of:

- Decreased POA revenue of \$220,000 is attributed to the variations in fine amounts ordered by the Courts and the volumes and types of tickets issues by enforcement agencies. Staff had put increased emphasis on the collection of defaulted fines in an attempt to reduce the projected variance.

3) Leisure and Recreation Services

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

- Summer Programs have a projected \$70,000 net over expenditure primarily due to a decrease in user fees and a reduction in grant funding for summer student staffing
- Ski Hill Operations are projecting a \$90,000 net over expenditure due to costs in excess of revenues as a result of the later than normal start to the ski season where most season start up costs were realized in 2016
- Community Halls have a projected \$150,000 net over expenditure. Increased usage of community halls by nonprofit groups has increased operating costs with no offsetting increase in revenue.
- Community Arenas are projecting a \$110,000 net over expenditure as a result of a shortfall in revenues

4) Transit and Fleet

The projected year-end net over expenditure of \$520,000 consists of over expenditures of \$300,000 in Transit and \$225,000 in Fleet.

The Transit projected net over expenditures of \$300,000 is largely a result of:

- Over expenditures in Transit bus repairs and maintenance of \$600,000 which includes unexpected repairs to major components and the rise in the price of parts
- Expected shortfall in Transit fare box revenues of approximately \$240,000 which is primarily due to continuing declines in ridership
- Under expenditures resulting from vacancies in Administration which are expected to amount to about \$110,000
- Under expenditure in diesel fuel costs of \$150,000 as a result of favourable market rates in fuel prices
- Under expenditure in handi-transit costs of \$100,000
- Other under expenditures of approximately \$180,000 related to utilities expense and bus operator salaries

The Fleet projected net over expenditure of \$220,000 is primarily a result of:

- Over expenditures in vehicle repair and maintenance costs, partially a result of fleet vehicles remaining in services beyond their useful lives and damages to department fleet vehicles

5) Roads Maintenance

Roads maintenance is projecting an overall net over expenditure of \$2 million as follows:

- The above average snowfall in the first four months of the year contributed to an over expenditure of approximately \$1.8 million in winter control activities. Large over expenditures occurred in sanding/salting/plowing, snow removal and sidewalk maintenance. In accordance with the Reserve and Reserve Fund by-law, any Roads Winter Control over expenditures may be funded from the Roads Winter Control Reserve Fund
- Increased utility costs are contributing to a projected \$200,000 over expenditure in street lighting

6) Environmental Services

The projected net under expenditure of \$780,000 is a result of the following items:

- The most recent tendering the Sudbury Landfill site has resulted in a projected net savings of \$710,000
- Increased collection revenue from Multi Unit Residential Buildings of \$130,000 as a result of increased rates to achieve full cost recovery
- Implementation costs for the changes to waste collection projected at \$60,000

Summary

As per the attached chart, the City's projected net year end position will result in a draw from the Winter Control Reserve Fund of \$1.8 million, and approximately \$300,000 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.

City of Greater Sudbury
Net Revenue and Expenditure Projection
(Based on resulted up to June 30, 2016)
For year ended December 31, 2016



	Annual Budget	Year End Net Projections	Surplus (Deficit)	Projected YE Variance %	Notes*
Corporate Rev and Exp Summary					
Revenue Summary	(272,862,621)	(272,890,274)	27,653	0.00	
Other Revenues and Expenses	(10,508,887)	(10,226,499)	(282,388)	(0.03)	1
TOTAL CORPORATE REVENUES	(283,371,508)	(283,116,773)	(254,735)	(0%)	
Executive and Legislative					
Office of the Mayor	613,739	613,739	(0)	(0.00)	
Council Memberships & Travel	73,596	71,340	2,256	0.03	
Council Expenses	1,051,115	1,000,524	50,591	0.05	
Auditor General	353,406	346,866	6,540	0.02	
Office of the C.A.O. Summary	1,435,177	1,482,582	(47,405)	(0.03)	
Executive and Legislative	3,527,032	3,515,051	11,981	0%	
Administrative Services					
Clerks Administrative Services	1,017,651	1,023,164	(5,513)	(0.01)	
Election Services	200,000	200,000	0	0.00	
Court Services	(1,567,535)	(1,352,038)	(215,497)	0.14	2
Legal Services	1,473,918	1,407,044	66,874	0.05	
Debt & Contribution to Capital	476,453	476,453	0	0.00	
Information Technology	(2,625)	(73,889)	71,264	(27.15)	
Security & By-law	667,351	601,029	66,322	0.10	
Administrative Services	2,265,213	2,281,763	(16,550)	-1%	
Financial Services					
Financial Service	7,059,041	6,962,556	96,485	0.01	
Financial Services	7,059,041	6,962,556	96,485	1%	
Human Resources and O.D.					
Human Res & Org Dev	11,978	30,450	(18,472)	(1.54)	
Human Resources and O.D.	11,978	30,450	(18,472)	-15.4%	
Growth and Development					
Growth and Development Other	(27,192)	6,457	(33,649)	1.24	
Economic Development	4,843,224	4,789,882	53,342	0.01	
Growth and Development	4,816,032	4,796,339	19,693	0%	
Assets Citizen & Leisure					
Assets Citizen & Leisure - GM	3,529,955	3,679,429	(149,474)	(0.04)	
Citizen Services Summary	8,867,471	8,825,318	42,153	0.00	
Cemetery Services	0	0	0	0.00	
Leisure-Recreation Summary	18,748,652	19,164,317	(415,665)	(0.02)	3
Asset Services Summary	4,830,660	4,868,620	(37,960)	(0.01)	
Transit and Fleet Summary	14,211,566	14,735,548	(523,982)	(0.04)	4
Assets Citizen & Leisure	50,188,304	51,273,232	(1,084,928)	-2%	
Health & Social Services					
G.M. Office	1,038,550	1,012,013	26,537	0.03	
Children Services	2,038,421	2,036,810	1,611	0.00	
Housing Services Summary	19,085,817	19,027,289	58,528	0.00	
Long Term Care-Senior Services	3,889,958	3,872,487	17,471	0.00	
Social Services Summary	7,353,081	7,229,198	123,883	0.02	
Health & Social Services	33,405,827	33,177,797	228,030	1%	
Infrastructure Services					
Infrastructure Services Other	231,590	231,134	456	0.00	
Public Works Depots	1,196,646	1,198,139	(1,493)	(0.00)	
Engineering Services	(2,826)	(1)	(2,825)	1.00	
Water - Wastewater Summary	3,459,000	3,459,001	(1)	(0.00)	
Roads Maintenance Summary	65,376,334	67,401,573	(2,025,239)	(0.03)	5
Environmental Services Summary	11,638,633	10,855,728	782,905	0.07	6

City of Greater Sudbury
Net Revenue and Expenditure Projection
(Based on results up to June 30, 2016)
For year ended December 31, 2016



	Annual Budget	Year End Net Projections	Surplus (Deficit)	Projected YE Variance %	Notes*
Planning and Development	4,613,050	4,614,415	(1,365)	(0.00)	
Building Services	0	0	0	1.00	
Infrastructure Services	86,512,427	87,759,989	(1,247,562)	-1%	
Emergency Services					
Chief Office	(0)	0	(0)	1.00	
Emergency Management	697,221	652,154	45,067	0.06	
CLELC Section	261,124	235,484	25,640	0.10	
Emergency Medical Service	10,145,374	10,140,539	4,835	0.00	
Fire Services	24,344,468	24,281,560	62,908	0.00	
Emergency Services	35,448,187	35,309,737	138,450	0%	
Outside Boards					
Outside Boards Other	6,587,748	6,587,748	0	0.00	
Police Services	53,549,719	53,548,661	1,058	0.00	
Outside Boards	60,137,467	60,136,409	1,058	0%	
TOTAL EXPENDITURES	283,371,508	285,243,323	(1,871,815)	-1%	
TOTAL	(0)	2,126,550	(2,126,550)		

Report ID: RE_SMT0

Layout Name: CGS REV SMT EXP SUMMARY

Run Date: August 17, 2016 at 13:22

Contribution from Winter Control Reserve Fund 1,841,845
Amount to be funded from Tax Rate 284,705
Stabilization Reserve and Capital Financing
Reserve Fund - General

Request for Decision

2016 Water Wastewater Operating Budget Variance Report - June

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Sep 20, 2016

Report Date Wednesday, Aug 24,
2016

Type: Routine Management
Reports

Resolution

THAT the City of Greater Sudbury accepts the June 30, 2016 Water Wastewater Variance Report dated August 24, 2016 from the Acting Chief Financial Officer/City Treasurer and the General Manager of Infrastructure Services outlining the projected year end position.

YEAR END VARIANCE

The year end net under expenditure for Water and Wastewater Services is projected to be \$742,624 as outlined in Schedule A.

Water is projecting an under expenditure of \$1,141,630 while Wastewater is trending to an over expenditure of \$399,006.

The major contributors to this under expenditure are:

Category	Favourable/(Unfavourable)
User Fees	\$(1,652,370)
Frontage and Other Revenues	\$212,265
Salaries and Benefits	\$954,144
Materials	\$652,700
Energy	\$(670,100)
Purchased Services	\$1,204,945
Other net variances	<u>\$41,040</u>
Total Projected Under Expenditure	<u>\$742,624</u>

Signed By

Report Prepared By

Dion Dumontelle
Co-ordinator of Finance, Water
Wastewater
Digitally Signed Aug 24, 16

Division Review

Shawn Turner
Manager of Financial & Support
Services
Digitally Signed Aug 24, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Aug 24, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Sep 7, 16

VARIANCE EXPLANATIONS

User Fees

Actual user fee revenues are trending below budgeted amounts. For 2016 the estimated consumption has been budgeted at 14.0 million cubic metres. Based upon the most recent information provided by GSU, it is estimated that the consumption will be approximately 13.5 million cubic metres. This is still an estimate as final consumption numbers will be known in early 2017.

Other miscellaneous user fees are projected to be under budget as well.

Salaries and Benefits

Salaries and benefits are projected to be under budget by approximately \$954,145. The division experienced staff turnover and in some cases were / are unable to successfully fill those specialized vacancies on a timely basis. At the time of the writing of this report, there were as many as 5 temporary full-time vacancies that were unfilled. Overtime has been kept to a minimum, particularly in the plants areas.

Materials

Materials are projected to be under budget by \$652,800. This is a combination of savings in chemicals, break down repair related materials and other plant related maintenance savings.

Energy

Energy costs are projected to be over budget by approximately \$670,100. Energy consumption at the Wanapitei water treatment plant was higher than normal during the winter event as production was increased to maintain flows through the system. The Sudbury Wastewater plant electricity costs will be higher than budgeted as it is supplying power to the Biosolids plant through a sub-meter. The additional electricity costs related to the Biosolids operation are being recovered through other revenue resulting in a net cost of zero to the City.

Purchased Services

Purchased service costs are projected to be under budget by approximately \$1.2 million:

1. There have been 41 watermain breaks to the end of June 2016. This number is projected to be 80 for the calendar year using historical averages for the remaining months, compared to 184 breaks for 2015 and 141 for 2014. It is estimated that contracted repairs of watermains will be under budget by \$1.0 million.
2. All other repair work to water related infrastructure (hydrants, curb boxes, and valves) are anticipated to exceed budget by \$100,000.
3. Sewer main and manhole repairs will be under budget by \$200,000.
4. Sludge haulage is anticipated to be under budget by \$100,000 due to savings realized through the tendering process.
5. Locate costs will be under budget by \$200,000 due to decreased activity and the ability of staff to limit the amount of locates performed by the contractor.
6. Other contracted services are over budget by \$200,000 due to snowplowing and additional repairs and maintenance costs.

Conclusion

The under expenditure in 2016 is a result of the favourable weather and in particular, milder winter conditions offsetting reduced consumption. Operations works to balance the use of own crews versus contractors to maximize value and maintain service response levels as quickly as possible for citizens.

The final year end water under expenditure will be contributed to the Water Capital Financing Reserve Fund while the wastewater over expenditure will be funded by a contribution from the Waste Water Capital Financing Reserve Fund in accordance with the By-law.

Revenue & Expense Summary Water/Waste Water Mtce.

Projected for Year Ended December 31, 2016 (based on June 30 operating results)



Schedule A

	Annual Budget	Projected Actual at December 31	Variance Favourable/ (Unfavourable)	Projected % of Budget
Frontage Charges	58,908	127,908	69,000	217
Provincial Grants & Subsidies	-	-	-	
User Fees	65,372,751	63,720,381	(1,652,370)	97
From Reserve and Reserve Funds	374,998	374,998	-	100
Other Revenues	517,100	660,365	143,265	128
Municipal Levy (fire protection)	3,459,000	3,459,000	-	100
Total Revenues	69,782,757	68,342,652	(1,440,105)	98
Salaries & Benefits	13,339,361	12,385,217	954,144	93
Materials Expenses	4,656,746	4,004,047	652,699	86
Equipment Expenses	-	-	-	
Energy Costs	4,313,559	4,983,660	(670,101)	116
Purchased/Contract Services	11,847,764	10,642,819	1,204,945	90
Debt Repayment	4,010,789	4,010,789	-	100
Prof Development & Training	75,198	102,966	(27,768)	137
Grants/Rents and Financial	24,260	24,927	(667)	103
Prov to Reserves & Capital	24,473,260	24,473,260	-	100
Internal Recoveries	7,041,820	6,972,343	69,477	99
Total Expenses	69,782,757	67,600,028	2,182,729	97
Excess (Deficiency) of Revenue Over Expenses (before contribution to Reserve Funds)	-	742,624	742,624	
Contribution from (to) Water Reserve Fund	-	(1,141,630)		
Contribution from (to) Waste Water Reserve Fund	-	399,006		
Excess (Deficiency) of Revenue Over Expenses (after contribution to Reserve Funds)	-	-		

For Information Only

2016 Water Wastewater Capital Budget Option Projects

Presented To:	Finance and Administration Committee
Presented:	Tuesday, Sep 20, 2016
Report Date	Monday, Aug 22, 2016
Type:	Correspondence for Information Only

Resolution

For Information Only

Background

Purpose of Report

During the 2016 Water Wastewater Budget Deliberations on January 5, 2016, Council approved \$600,000 in Capital Budget Options with \$300,000 allocated equally to water and wastewater projects. Staff was to provide Council with a list of those projects at a later date.

Staff has identified the following projects to be funded by the additional \$600,000:

Water

1. Hope Street Lining - \$71,705

Completion of this project will serve to co-ordinate with roads projects slated for 2016. This project was identified as unfunded on the 2016 Capital Budget document.

2. Noble Street Lining - \$66,262

Completion of this project will serve to co-ordinate with roads projects slated for 2016. This project was identified as unfunded on the 2016 Capital Budget document.

3. MR 35 Watermain - \$162,033

This project was identified in the 2016 capital budget but due to competing capital priorities there was insufficient funding to allow for the full scope of the watermain upsizing.

Signed By

Report Prepared By

Dion Dumontelle
Co-ordinator of Finance, Water Wastewater
Digitally Signed Aug 22, 16

Division Review

Shawn Turner
Manager of Financial & Support Services
Digitally Signed Aug 22, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City Treasurer
Digitally Signed Aug 24, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 26, 16

Wastewater

1. Laurier St Forcemain - \$300,000

The purpose of this project is to perform condition assessment of the existing forcemain and complete detail design with contract administration for a new parallel forcemain. Amounts spent on this linear infrastructure will improve waste water flows from the Laurier St. lift station to the Azilda wastewater treatment plant.

For Information Only

Accounts Receivable - Mitigating Risk

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Sep 20, 2016

Report Date Friday, Aug 19, 2016

Type: Correspondence for
Information Only

Resolution

For Information Only

Purpose

This report provides information to Council on existing policies and procedures to mitigate risk on accounts receivable as well as provides information regarding items in progress and other tools that could be utilized to further mitigate the risk of loss to the City.

Background

At the May 10th, 2016 in camera meeting, Council requested a report that would provide alternatives to better protect the City against risk of loss as it relates to its accounts receivable.

Existing Accounts Receivable Processes

The City's accounts receivables (AR) are managed by various systems such as PeopleSoft, Class (Leisure programs and facilities), Point Click Care (Pioneer Manor residents) and NorthStar (managed by GSU for water/wastewater fees). In general, City departments work within the guidelines of the Accounts Receivable and Collection Policy. There are receivables managed by operating departments directly and follow other guidelines such:

- water and waste water receivables (managed by GSU in accordance with the operating agreement and their operating guidelines),
- receivables from residents at Pioneer Manor (managed by operating department), and
- grants receivable as these are recorded based on when revenue is earned in accordance with terms and conditions of agreement.

Below is a summary of items in the Accounts Receivable and Collection Policy as they relate to Council's request:

Signed By

Report Prepared By

Lorraine Laplante
Manager of Accounting
Digitally Signed Aug 19, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Aug 19, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 22, 16

- The Directors that extend credit are responsible for determining how much credit they are willing to extend,
- Monthly aged accounts receivable are provided to operating department managers/directors, SMT Members, Finance management and CFO/Treasurer,
- The City's standard payment terms are 30 days, deviations from these terms require the Manager of Accounting's approval,
- Amounts over 30 days are subject to interest charges, any waiving of interest requires the Manager of Accounting's approval,
- Customers receive 3 dunning letters (past due notices). The first dunning letter is sent fifteen days after due date. Fifteen days after the third dunning letter, Finance then has the ability to:
 - Offset amounts owing from payments to be made through Accounts Payable, or
 - Transfer eligible receivables to the tax roll, or
 - Transfer customers to a collection agency, or
 - Transfer to the legal department.

Discussions are held with the operating departments regarding collection of overdue accounts and preferred method to collect delinquent accounts.

Status of CGS Accounts Receivable at June 30, 2016

The following outlines the aged details of the City's accounts receivable (PeopleSoft) at June 30, 2016:

Less than 30 days	\$1,753,915
31 to 60 days	\$29,553
61 to 90 days	\$267,285
91 to 120 days	\$63,422
Over 120 days	\$124,563
Total Accounts Receivable	\$2,238,738

The City collects 75% of its invoices issued before a dunning letter is issued. There are currently 624 customer accounts with balances owing as of June 30, 2016. Five point six percent (5.6%) are 120 days or more overdue. Of the \$124,563 in the over 120 days category, \$89,895 (118 accounts – average balance of \$760) are with collection agencies.

Items in progress

Finance has been working on a variety of improvements relating to accounts receivables. These items would assist by providing:

- Additional information to the operating departments (AR PeopleSoft only) such as date sent to collection agencies, dunning status,
- The ability to track credit limits and notify managers when customers approach or surpass the limit (AR PeopleSoft only),
- A more fulsome Accounts Receivable Policies and Procedures, and
- New policies and procedures such as Customer Database Management and Customer Credit Policy.

There is currently a revised Accounts Receivable and Collection Policy drafted for review. This policy and procedures provides:

- Clarification of roles and responsibilities for Finance staff, operating departments and approvals permitted by position and transaction type,
- A reduction in the number of dunning letters from 3 to 2 to speed up the process for transferring

delinquent accounts to collection agencies or starting legal action,

- For an authorized person to approve billing advices, therefore introducing an element of review before the invoices are produced to ensure accuracy before being sent to the customers,
- Encouragement to departments to proactively reduce the amount of invoicing generated, thereby reducing the credit issued to customers. This involves offering cash, debt, credit card payments as a first means of payment for services,
- The ability for Pre-authorized payment plans, where the City is given authority by the customer to withdraw monies owing directly from their bank account, based on a pre-authorized schedule,
- Encouragement of billing on a more frequent basis for larger amounts (current policy states monthly). This is usually determined at the department level and may differ based on the SMT member's risk tolerance.
- Interest exemptions to specific organizations (i.e. federal government, provincial government, municipalities and related entities).
- A process for the approval of credit invoices and adjustments and the requirement to indicate a reason for the credit or adjustment.
- Guidance on the processing of payments received when the customer does not specify the invoice they are paying. The amount would now be applied to the oldest amount on the customer's account for both interest and principal.
- Improved documentation for internal processes relating to internal collection on accounts:
 - Transfer eligible amounts to property taxes,
 - Off set amounts on Accounts Payable for the same customer,
 - Off set Letters of Credit or other performance guarantees on hand,
 - Review contract to determine if there was a breach of contract,
 - Obtain SMT participation in the collection process and
 - Transfer accounts to the legal department for the preparation of demand letter or legal recourse.
- For Accounts Receivable to receive an updated list of letters of credit and performance guarantees on a quarterly basis to verify letters of credit that may be available to apply to delinquent accounts.
- Additional guidance on repayment arrangements. Repayments must occur the earlier of the next event/season or 12 months and requires Finance and the operating department Manager/Director to sign off on these agreements. If the agreement is to exceed 12 months then the CFO/Treasurer must also approve. Repayment arrangements greater than a specified amount requires the approval of the CFO and affected SMT member. Repayment arrangements require the customer to provide post dated cheques or sign a pre-authorized payment plan for the duration of the repayment period.

In addition, there are two policies in progress:

1. Customer Credit Policy

This policy provides guidance and establishes responsibilities for the establishment of customer credit. This includes:

- Responsibilities and process for providing credit. This includes credit request, application process, approval process and communication with customers,
- An evaluation of credit risk, determination of acceptable credit exposure, the amount of credit we would issue, and
- Monitoring the credit usage.

The stumbling blocks on this policy are twofold:

- a. What is the amount of credit that the City is willing to provide to customers? Are there limits by

operating departments and a corporate limit? And how is this determined, as the service level, and tolerance to risk can vary by SMT Member and type of customers they deal with. Finance is currently testing the functionality available in the system before starting discussions with operating departments.

b. Would the City have a sufficient mechanism to manage the credit usage? Most departments have subsystems that are used to generate the information to bill the customers. These are generally prepared after the service has been provided, and can occur a month after the service has been completed.

PeopleSoft does have the ability to track and maintain credit limits; however it is only as current and accurate as the information that Finance has received. Therefore in PS the customer can show they are within their credit limit, however the department might not have generated a billing advice and provided it to Finance which would push the customer over their credit limit.

The business processes required for these two items are quite complex due to the various businesses the City is engaged in providing. In addition, the City would need to determine how to transition existing clients to the “new” credit policy.

The City has started a pilot project with the hauled liquid waste group as this was a new service being provided in 2015. The City has set up credit limits for these customers as well as notifications to the operating department when approaching their credit limit. This pilot required changes to our PeopleSoft configuration to implement as well as an assessment and reassessment of the credit limits required to manage these accounts. However it does provide some hope that additional functionality can be utilized. Conversations with each operating department on the establishment of credit, monitoring and customer management are required to proceed.

2. Customer Master File Database Policy

Similar to the Vendor Master File Database Policy, we are in the process of developing similar guidelines for customers. This will ensure that we are billing the correct customer for services rendered. If a collection issue occurs, the City has recourse against the correct party for litigation or to be able to offset against amounts owing in Accounts Payable.

With improvements to reporting and utilization of additional functionality in PeopleSoft Finance had to review how Customer information is collected and entered into PeopleSoft. Finance has started the process to update customer information based on work done to date and we are still in the process of determining the fields required before finalizing this policy.

Additional items for consideration:

There are additional options available to the City to mitigate the risk of loss relating to accounts receivable. The City needs to evaluate the impact of the changes to the existing customers and their ability to comply with any new requirements. Accounts Receivable or invoicing for services provides a means for customers to manage their cash flow. A phase in approach or dollar limit threshold and communication strategy would be required with any major changes to the way the City currently does business with its customers.

The following are some additional risk mitigating strategies that can be considered:

- **Request Deposit:** Require new customers to provide a deposit that can be held for a specified time (i.e. 3 or 6 month) equivalent to an estimated amount of revenue that may be generated by this customer. The deposit will be returned or applied to the customer account after proof of timely payments for the 3 or 6 month period). If the customer does not make payments in accordance with payment terms, the deposit will be applied to the account and no further credit issued.

- Request Letter of Credit: Similar to the request for deposit, however the City would receive a letter from the bank, that is not cashed until non payment or breach of contract has occurred. The letter of credit would be applied to customer account at that time.
- Establish required more frequent billings based on dollar thresholds (i.e. at \$5,000 must bill bi-monthly or weekly). Consideration needs to be made to the additional workload created by this additional administration as operating departments are staffed and their sub systems are set to generate monthly billing in most circumstances.
- Obtain credit reports for individuals and corporate customers at an additional cost to the City. The City would need to establish a procedure for the review of the results including the interpretation of the information contained in those reports.

Further discussion would need to be conducted to determine which strategy to pursue as well as developing an implementation plan and communication strategy.

Conclusion:

The City has detailed, rigorous collection procedures. Information regarding these procedures are contained the Account Receivable and Collection Policy and Procedures. The City continues to review and improve the functionality available to it via PeopleSoft and continues to monitor and improve the collection process to better mitigate the risk of loss to the City.

For Information Only

Changes to Water Wastewater Billing

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Sep 20, 2016

Report Date Friday, Aug 19, 2016

Type: Correspondence for
Information Only

Resolution

For Information Only

Finance Implications

The 2017 water/wastewater budget will increase by \$229,000 resulting in a net increase to the water/wastewater rate of 0.4%.

Purpose

This report provides information to Council on the changes to the water/wastewater billing cycle that will occur by January 1, 2017.

Background

In 2015, the Ontario Energy Board (OEB) announced that by the end of 2016, all electricity distributors in Ontario will be required to bill their customers on a monthly basis. The OEB believes that more frequent billing will assist customers in managing their cost, understanding their energy habits, would prompt more conservation behaviour and improve communication. The OEB recognizes that there could be incremental costs to distributors for additional bill production and distribution but believes these costs could be mitigated by improved cash flow.

Since Greater Sudbury Utilities Inc. (GSU) bills water and wastewater customers on behalf of the City on the same bills as electricity, the City's customers are impacted by this change.

Existing Billing Process

GSU bills 48,135 City customers for water/wastewater services. Currently, most (99%) of customers are billed bimonthly and only large customers are billed monthly.

Billing occurs in a billing cycle which approximates two months of consumption depending on the number of days in the billing cycle.

Signed By

Report Prepared By

Lorraine Laplante
Manager of Accounting
Digitally Signed Aug 19, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Aug 22, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 22, 16

Currently customers can sign up for the:

- Variable Payment Plan which has bimonthly withdrawals based on the due date. There are currently 8,943 customers set up on this plan, or
- Equal Billing Plan which has eleven equal monthly payments with any difference being processed on the twelfth month. There are currently 5,314 customers set up on this plan.

Customers also have the following payment options: at the GSU office, online, telephone banking and at Citizen Service Centres including Tom Davies Square.

Billing options considered

GSU and the City considered various options relating to water/wastewater billings:

1. Move water/wastewater billing to monthly billing with electricity including monthly meter readings,
2. Estimate and bill water/waste water consumption the first month along with the fixed service charges and read and bill actual consumption and fixed service charges the following month, or
3. Bill fixed service charges monthly and record zero water consumption every second bill. In this option actual consumption for two months is billed every second month.

Considerations were made to ensure that the option selected would be the most beneficial to the customers and would result in a minimal cost increase.

Benefits

- Aligns billing frequency with other bills (such as gas, telephone, cable, etc.).
- Assists customers in managing their month-to-month finances.
- Smaller, more manageable payments for customers.
- Better manage water consumption by providing customers with actual usage on a more frequent basis.
- More timely identification of a plumbing issue for quicker resolution.
- Customers continue to receive one bill for both hydro and water/wastewater.
- Customers currently on equal billing will not be impacted by the change other than the fact that they will now receive a bill on a monthly basis.
- The City will have more accurate information to prepare projections and year end accruals.
- Improved cash flow for the City as payments will be received more frequently.

Drawbacks

The change to monthly billing requires technical changes to GSU's software, additional staff time for transition and post transition support.

There will be less time available for GSU, meter reader contractor and City staff to follow up and take corrective action when a direct read is not obtained.

Option 1 would result in an annual costs for 2017 of approximately \$418,000 for additional stationary, postage and meter reading. This results in an estimated increase to the water rate of 0.7% to the customers. GSU continues to review the cost estimates for potential reductions. GSU will encourage more customers to move to paperless billing to reduce the cost impact.

Options 2 and 3:

- Would result in an annual cost increase for 2017 of approximately \$229,000 for additional stationary and postage. This results in an estimated increase to the water rate of 0.4% to the customers.

- Some of the benefits noted above would not be achieved as actual usage will not be billed monthly (i.e. actual usage available on a more frequent basis, more timely identification of a plumbing problem).

Automated Meter Readings

The City is in the process of completing a feasibility study for automated meter reading/ automated metering infrastructure and advance metering analytics. If the results indicate that the City should invest in automated meters, the costs for existing water meter readings would be eliminated. This savings could offset the additional costs incurred for monthly billing. There may be additional cost savings in 2018 with the introduction of this new technology which might automate additional processes.

Impact to Service agreement between City and GSU

The April 1, 2013 service level agreement requires GSU to provide notice to the City and to the affected customers of the proposed change in billing frequency at least one billing cycle prior to the change being implemented. No changes are required to the agreement for the change in billing frequency.

Summary

Option 2 which is to estimate and bill water/wastewater consumption the first month along with the fixed service charges and read and bill actual consumption and fixed service charges the following month was considered by GSU and City staff to provide the best balance between costs and benefits for all parties: customers, City and GSU. This billing will not change the total annual amount billed for water/wastewater services. Each monthly bill will be smaller than the bimonthly bills as they will now reflect one month rather than two.

Transition to monthly billing

GSU is working on a transition schedule and the change will be in effect on or before January 1, 2017.

Communication strategy

GSU is working on a communication strategy which will include buck slips, key messages via news releases, social media and other methods of advertising. Additional information will also be available on GSU's website.

For Information Only

Playgrounds

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Sep 20, 2016

Report Date Wednesday, Aug 31,
2016

Type: Managers' Reports

Resolution

For Information Only

Background

Overview and Current State

The City of Greater Sudbury has a current inventory of 189 playgrounds and tot lots. The Parks department has completed an inventory of the 189 sites and ranked the current inventory based on a poor, satisfactory, or good rating, which is defined as follows:

Signed By

Report Prepared By

Tyler Campbell
Director of Leisure Services
Digitally Signed Aug 31, 16

Division Review

Tyler Campbell
Director of Leisure Services
Digitally Signed Aug 31, 16

Recommended by the Department

Ron Henderson
General Manager of Assets, Transit
and Fleet
Digitally Signed Aug 31, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Sep 1, 16

Poor - Old wooden structure – needing replacement in less than 5 years

Satisfactory – Older structures that need replacement within 10 years

Good – newly installed within the last 5 to 8 years with a 20 to 25 year lifecycle

A breakdown of the inventory by Ward is displayed in Table 1.

Table 1 – Number of Sites by Ward

Ward	Number of Parks/ Playgrounds/Tot Lots	Condition of Parks/ Playgrounds/Tot Lots		
		Good	Satisfactory	Poor
1	17	8	5	4
2	20	5	6	9
3	24	9	8	7
4	16	8	5	3
5	15	8	1	6
6	14	10	1	3
7	20	4	6	10
8	15	7	2	6
9	11	5	1	5
10	11	10	0	1
11	16	7	8	1
12	10	5	2	3
Totals	189	86	45	58

Playground Costs

Based on these rankings there is a projected need for renewal of 58 sites within the next 5 years, and this would bring the playgrounds back to a “good” ranking without any other enhancements. Based on current year numbers, the revitalization of a playground site has an average cost of \$40,000, noting that it is dependent on size. Based on these figures the total cost to revitalize the playground equipment infrastructure would be \$2,320,000, thus bringing them to current standards.

Field House Costs

Along with playground equipment infrastructure, the City also owns 63 sites that have a physical field house building on the property. These field houses were generally built in the 1970's and as such require capital repairs to bring them back to a good state of repair. Building condition assessments of the field house buildings were completed and they show that \$2,757,000 is needed to return the 63 sites to an “as new” state with no apparent defects. It is important to note that one playground building in particular was closed this year due to the prevalence of structural issues with the roof of the building. If adequate capital maintenance is not applied to these building in the near future, further building envelope failures could occur which would mean more costly upgrades in future years.

Accessibility and Equity

The Parks department also incorporates accessibility features into parks when complete revitalizations are needed or when new parks are built by developers. It is important to note that approximately only one third of playground sites have accessible features. When reviewing the table above, playgrounds in the “satisfactory” column do not necessarily have accessibility features. To add accessibility features to existing sites would add approximately another \$20,000 per site and further work would be required to determine what features would fit best into individual playground sites.

Finally, equity is another consideration when the Parks department assesses repairs to playground infrastructure. Some areas of the City have neighbourhood associations that are much more active in terms of applying for grants or having access to donations to help leverage grants for new play structures. Therefore, it may take longer for certain neighbourhoods to see new equipment based on the demands from the Leisure Capital budget in any particular year. As mentioned, the standards for new playgrounds in the City are much different than the existing stock of older playgrounds that make up the majority of the sites.

Sun Shade and Seating

Ward based HCI funds have been used in the past to address additional needs beyond play equipment and field house repairs. The two additional areas of investment in the past few years has been the purchase of picnic tables or bench seating along with sun shade areas. Currently, 24 sites have picnic table seating, and less than 10 sites have shade structures. It is important to note however that in many of the older park areas, there is treed shade over parts of the park and the parks department has tried to place benches under treed areas for sun shading.

To outfit the remainder of the sites with the composite hexagon picnic tables (with anti theft install) would require an additional investment of \$1,200 per site.

Healthy Communities Initiative (HCI) and Capital Support

The two primary sources of funding for playgrounds in the City come from the Leisure Capital budget and more recently through HCI funding from individual wards. The Leisure Capital budget generally allocates approximately \$125,000 per year to playground capital which includes field house capital repairs. HCI funding has been another source of revenue for playground revitalization with approximately one third of HCI funds being spent on playgrounds over the past three years. This amounts to approximately \$600,000 worth of capital funding including the purchase of items such as picnic tables for parks over the three year period.

One of the other sources for revenue that is available to Council would be to give staff direction to implement one of the recommendations from the Parks and Open Space Master Plan, which recommended a review of surplus parkland. Action items 51 and 52 in the 2014 report reference reviewing the Parkland Disposal Policy noting that “OMBI indicates that the City of Greater Sudbury has the most maintained parkland compared to the other benchmarked municipalities.” (Master Plan).

Currently, the Disposal by-law 2010-158 outlines the criteria for declaring a park space surplus and further directs that any sale of surplus space be re-invested between the Ward and the rest of the community. Staff could bring back a report reviewing which properties would fit the criteria with an aim to divest of some parkland, and re-investing the proceeds into the existing stock of playgrounds.

In conclusion, staff would continue to use the Leisure Capital budget as the primary funding source for capital repairs, although it should be noted that there are many competing priorities in the Leisure Capital budget such as arenas and other Leisure facilities such as pools.



City of Greater Sudbury Charter

WHEREAS Municipalities are governed by the Ontario Municipal Act, 2001;

AND WHEREAS the City of Greater Sudbury has established Vision, Mission and Values that give direction to staff and City Councillors;

AND WHEREAS City Council and its associated boards are guided by a Code of Ethics, as outlined in Appendix B of the City of Greater Sudbury's Procedure Bylaw, most recently updated in 2011;

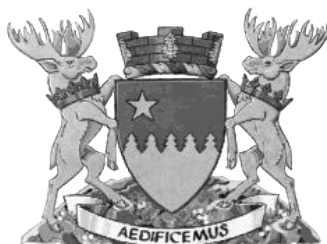
AND WHEREAS the City of Greater Sudbury official motto is "Come, Let Us Build Together," and was chosen to celebrate our city's diversity and inspire collective effort and inclusion;

THEREFORE BE IT RESOLVED THAT Council for the City of Greater Sudbury approves, adopts and signs the following City of Greater Sudbury Charter to complement these guiding principles:

As Members of Council, we hereby acknowledge the privilege to be elected to the City of Greater Sudbury Council for the 2014-2018 term of office. During this time, we pledge to always represent the citizens and to work together always in the interest of the City of Greater Sudbury.

Accordingly, we commit to:

- Perform our roles, as defined in the Ontario Municipal Act (2001), the City's bylaws and City policies;
- Act with transparency, openness, accountability and dedication to our citizens, consistent with the City's Vision, Mission and Values and the City official motto;
- Follow the Code of Ethical Conduct for Members of Council, and all City policies that apply to Members of Council;
- Act today in the interest of tomorrow, by being responsible stewards of the City, including its finances, assets, services, public places, and the natural environment;
- Manage the resources in our trust efficiently, prudently, responsibly and to the best of our ability;
- Build a climate of trust, openness and transparency that sets a standard for all the City's goals and objectives;
- Always act with respect for all Council and for all persons who come before us;
- Ensure citizen engagement is encouraged and promoted;
- Advocate for economic development, encouraging innovation, productivity and job creation;
- Inspire cultural growth by promoting sports, film, the arts, music, theatre and architectural excellence;
- Respect our historical and natural heritage by protecting and preserving important buildings, landmarks, landscapes, lakes and water bodies;
- Promote unity through diversity as a characteristic of Greater Sudbury citizenship;
- Become civic and regional leaders by encouraging the sharing of ideas, knowledge and experience;
- Work towards achieving the best possible quality of life and standard of living for all Greater Sudbury residents;



Charte de la Ville du Grand Sudbury

ATTENDU QUE les municipalités sont régies par la Loi de 2001 sur les municipalités (Ontario);

ATTENDU QUE la Ville du Grand Sudbury a élaboré une vision, une mission et des valeurs qui guident le personnel et les conseillers municipaux;

ATTENDU QUE le Conseil municipal et ses conseils sont guidés par un code d'éthique, comme l'indique l'annexe B du Règlement de procédure de la Ville du Grand Sudbury dont la dernière version date de 2011;

ATTENDU QUE la devise officielle de la Ville du Grand Sudbury, « Ensemble, bâtissons notre avenir », a été choisie afin de célébrer la diversité de notre municipalité ainsi que d'inspirer un effort collectif et l'inclusion;

QU'IL SOIT RÉSOLU QUE le Conseil de la Ville du Grand Sudbury approuve et adopte la charte suivante de la Ville du Grand Sudbury, qui sert de complément à ces principes directeurs, et qu'il y appose sa signature:

À titre de membres du Conseil, nous reconnaissons par la présente le privilège d'être élus au Conseil du Grand Sudbury pour le mandat de 2014-2018. Durant cette période, nous promettons de toujours représenter les citoyens et de travailler ensemble, sans cesse dans l'intérêt de la Ville du Grand Sudbury.

Par conséquent, nous nous engageons à :

- assumer nos rôles tels qu'ils sont définis dans la Loi de 2001 sur les municipalités, les règlements et les politiques de la Ville;
- faire preuve de transparence, d'ouverture, de responsabilité et de dévouement envers les citoyens, conformément à la vision, à la mission et aux valeurs ainsi qu'à la devise officielle de la municipalité;
- suivre le Code d'éthique des membres du Conseil et toutes les politiques de la municipalité qui s'appliquent à eux;
- agir aujourd'hui pour demain en étant des intendants responsables de la municipalité, y compris de ses finances, biens, services, endroits publics et du milieu naturel;
- gérer les ressources qui nous sont confiées de façon efficiente, prudente, responsable et de notre mieux;
- créer un climat de confiance, d'ouverture et de transparence qui établit une norme pour tous les objectifs de la municipalité;
- agir sans cesse en respectant tous les membres du Conseil et les gens se présentant devant eux;
- veiller à ce qu'on encourage et favorise l'engagement des citoyens;
- plaider pour le développement économique, à encourager l'innovation, la productivité et la création d'emplois;
- être une source d'inspiration pour la croissance culturelle en faisant la promotion de l'excellence dans les domaines du sport, du cinéma, des arts, de la musique, du théâtre et de l'architecture;
- respecter notre patrimoine historique et naturel en protégeant et en préservant les édifices, les lieux d'intérêt, les paysages, les lacs et les plans d'eau d'importance;
- favoriser l'unité par la diversité en tant que caractéristique de la citoyenneté au Grand Sudbury;
- devenir des chefs de file municipaux et régionaux en favorisant les échanges d'idées, de connaissances et concernant l'expérience;
- viser l'atteinte de la meilleure qualité et du meilleur niveau de vie possible pour tous les résidents du Grand Sudbury.