

Vision: *The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.*



Agenda

Finance Committee

meeting to be held

Monday, November 21st, 2011

at 4:00 pm

Council Chamber, Tom Davies Square

FINANCE COMMITTEE AGENDA

For the 18th Finance Committee Meeting
to be held on **Monday, November 21, 2011**
Council Chamber, Tom Davies Square at 4:00 pm

COUNCILLOR TERRY KETT, CHAIR

Frances Caldarelli, Vice-Chair

(Please ensure that cell phones and pagers are turned off)

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DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

2012 BUDGET

(PLEASE BRING YOUR COPY OF THE BASE BUDGER DOCUMENT TO THE MEETING.)

OUTSIDE BOARD PRESENTATIONS

1. Sudbury and District Board of Health (SDBH)
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - Ron Dupuis, Chair, SDBH
 - Penny Sutcliffe, Medical Officer of Health/Chief Executive Officer, SDBH

PRESENTATIONS

2. Review of Financial Services 2012 Budget
(ELECTRONIC PRESENTATION)
 - Lorella Hayes, Chief Financial Officer/Treasurer

(Refer to Base Budget Document - Tab: Financial Services - Pages 102 to 118)
3. Review of Community Development Services 2012 Budget
(ELECTRONIC PRESENTATION)
 - Catherine Matheson, General Manager of Community Development

(Refer to Base Budget Document - Tab: Community Development Services - Pages 119 to 184)

Refer to Item 7 - Social Services Funding Model
4. Review of Infrastructure Services 2012 Budget (except WWW)
(ELECTRONIC PRESENTATION)
 - Greg Clausen, General Manager of Infrastructure Services

(Refer to Base Budget Document - Tab: Infrastructure Services - Pages 185 to 191 and 220 to 249)

(Water/Wastewater Services will be dealt with on November 24, 2011 - Tab: Infrastructure Services - Pages 192 to 219)
5. Report dated November 14, 2011 from the General Manager of Infrastructure Services regarding Summer Roads Maintenance - Zero Base Budget.
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - David Shelsted, P. Eng. MBA, Acting Director of Roads and Transportation Services

(The report explains the development of the 2012 Summer Roads Budget that was built using a zero-base budget approach.)

5 - 14

6. Review of Emergency Services 2012 Budget

(ELECTRONIC PRESENTATION)

- Tim Beadman, Chief of Emergency Services

(Refer to Base Budget Document - Tab: Emergency Services - Pages 250 to 267)

CORRESPONDENCE FOR INFORMATION ONLY

7. Report dated November 14, 2011 from the General Manager of Community Development regarding Social Services Funding Model. **15 - 19**
(FOR INFORMATION ONLY)

(Please type the annotation within the brackets)

8. Report dated November 17, 2011 from the General Manager of Infrastructure Services regarding Fleet Initiatives and Projects. **20 - 23**
(FOR INFORMATION ONLY)

(This is a report on initiatives and projects that are on-going with Fleet Services for 2011 and 2012.)

9. Report dated November 10, 2011 from the Chief Administrative Officer regarding Snowplowing Municipal Parking Lots. **24 - 26**
(FOR INFORMATION ONLY)

(A task force was commissioned by the Office of the Chief Administrative Officer to review the use of contractors to snowplow municipal parking lots.)

PARKING LOT REVIEW

The Chair of the Finance Committee will review each of the items placed in the Parking Lot. The consensus of Council will be required for each item listed in the Parking Lot.

Adjournment (Resolution Prepared)

BRIGITTE SOBUSH, DEPUTY CITY CLERK

FRANCA BORTOLUSSI, COUNCIL SECRETARY

For Information Only

Summer Roads Maintenance - Zero Base Budget

Presented To:	Finance Committee
Presented:	Monday, Nov 21, 2011
Report Date	Monday, Nov 14, 2011
Type:	Presentations

Recommendation

For Information Only

Finance Implications

The 2012 Summer Roads Maintenance budget was developed using a zero base budgeting methodology in conjunction with the Budget Preparation Policy. The Infrastructure Services Department and the Finance Department are currently undertaking the development of a Ten Year Fiscal Sustainability Plan for Roads, which will detail the annual operating budget requirements as well as the 10 year capital requirements. The plan will be made available to Council prior to the 2013 budget.

Background

See Attached Report.

Signed By

Report Prepared By

Shawn Turner
Manager of Financial & Support
Services

Digitally Signed Nov 14, 11

Division Review

David Shelsted, MBA, P.Eng.
Acting Director of Roads &
Transportation

Digitally Signed Nov 14, 11

Recommended by the Department

Greg Clausen, P.Eng.
General Manager of Infrastructure
Services

Digitally Signed Nov 14, 11

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer

Digitally Signed Nov 15, 11

Introduction

In 2010, the City's Chief Financial Officer/Treasurer presented a report to the Policy Committee titled Toward Fiscal Sustainability. Council subsequently adopted Resolution 2010-32 which states "That zero base budgeting be implemented, or alternatively another budget method adopted by Council, to be done department by department, starting in 2012, commencing with Infrastructure Services."

It was determined that staff would implement zero base budgeting for the 2012 Summer Roads Maintenance program.

Methodology for the 2012 Summer Roads Maintenance Budget

The development of a zero base budget for the 2012 Summer Roads maintenance program was completed in five steps described as follows.

The **first step** was to **verify and update the inventory of assets** for which the Roads Division is responsible. In this regard, the Roads Division is responsible for an asset inventory that includes, but is not limited to approximately:

- 3,600 lane km of roadway.
- 350 km of sidewalk.
- 1,100 km of curb and gutter
- 14,000 manholes and catch basins
- 30,000 signs.
- 254 km of storm sewer

The **second step** was to **determine the summer maintenance requirements** on each type of roads asset. This includes the type of work required and the frequency with which this type of work needs to be performed on the asset. The summer maintenance budget is developed using best maintenance practices as described in the Ministry of Transportation Maintenance Manual and local experience of the summer roads maintenance program. While some of the best management practices dictate a frequency of maintenance, others dictate an end result specification. An example of an end result specification is that a catch basin shall not have its sump filled to capacity impeding drainage. The frequency of the maintenance required to remove the debris in the sump is based on the local knowledge of operating the drainage system.

The **third step** was to **define how work was to be performed** in the most effective manner and with the most efficient use of resources. This included reviewing the work process, including the required units of labour, materials, equipment and contractors to perform each type of work.

The **fourth step** was to **apply current unit costs** to the work plan developed above.

The **fifth step** was to **review the work program** and re-question all assumptions and processes to ensure that the result is an effective work program that maintains the assets under the responsibility of the Roads Division, provides for public safety and forms the basis for productivity standards which will enable comparison to actual production.

2012 Summer Roads Maintenance Budget

The 2012 Summer Roads Maintenance budget is categorized into seven (7) separate cost centres. These cost centres are delineated based on the assets in the road network. Within each cost centre are separate work activities and the respective budgets that serve to maintain the City's road network. Table 1 below provides the cost centres and the type of work that is budgeted for in each of the cost centres.

TABLE 1 - SUMMER ROADS MAINTENANCE COST CENTRES	
COST CENTRE	TYPE OF WORK
SURFACE & SHOULDER	Pavement & Gravel Maintenance
ROADSIDE MAINTENANCE	Brushing, Debris Collection
SIDEWALK & CURB	Sidewalk & Curb Repairs
DRAINAGE STRUCTURES	Storm Sewers, Catch Basins, Culverts, Bridges
TRAFFIC & SAFETY	Signalization, Line Painting, Signs
FORESTRY	Tree removal, pruning, planting
MISCELLANEOUS	Inter Departmental Recoveries, Fringe Benefits, Supervision

Within each cost centre different activities are budgeted for and continue to be tracked monthly both in terms of actual production and cost. This enables supervisory staff to compare production to the budgeted standard and make any adjustments necessary to achieve the standard. The number of work units and unit costs will continue to be reviewed and adjusted annually as necessary.

The 2012 Summer Roads Maintenance Budget developed using a zero base budget methodology resulted in a required budget of \$18 Million or some 34 percent above the 2011 budget. A brief summary on how the Summer Roads Maintenance Budget has evolved since 2006 including the 2012 zero based budgeting result is shown in **Appendix A** attached.

The Infrastructure Services Department and the Finance Department are undertaking the development of a Ten Year Financial Sustainability Plan for Roads. This plan will be available to Council prior to the 2013 Budget. The plan will outline in detail the annual operating budget requirements as highlighted herein, as well as the 10 year Capital requirements.

Therefore, staff developed the 2012 Summer Roads Maintenance Budget utilizing the information obtained from the zero base budget build while adhering to the budgetary guidelines established by Council. The recommended 2012 Summer Roads Maintenance Budget is summarized in Table 2 below.

TABLE 2: Summer Roads Maintenance Budget- 2012 vs. 2011				
Cost Centre	2011 Budget (\$)	2012 Budget (\$)	Variance (\$)	Variance (%)
Surface & Shoulder	3,747,049	4,056,320	309,271	8.3
Roadside Maintenance	637,090	485,150	-151,940	-23.8
Sidewalk & Curb	305,747	268,677	-37,070	-12.1
Drainage Structures	2,535,982	2,622,056	86,074	3.4
Traffic & Safety	2,034,645	2,106,081	71,436	3.5
Forestry	580,390	598,660	18,270	3.1
Miscellaneous	3,620,573	3,718,792	98,219	2.7
TOTAL	\$13,461,476	\$13,855,736	\$394,260	3%

The 2012 zero base budget as compared to the 2011 budget has identified some significant variances in work unit requirements in the various cost centres.

The most notable change is that the 2012 budget for Roadside Maintenance Cost Centre has been reduced by approximately 24 percent or \$152,000. This is a result of the reduced need for the Miscellaneous Roadside maintenance activity within this cost centre. By identifying all the work activities that need to be performed the “miscellaneous” work activity within this cost centre has been significantly reduced. In 2011 the budget for this activity was approximately \$180,000; in 2012 it will be \$15,000.

Conversely, the Surface and Shoulder Cost Centre has been increased by approximately 8 percent or \$309,000. It was identified that more surface and shoulder maintenance of the roads is required. Activities such as gravel resurfacing, gravel shouldering and asphalt patching are activities within this cost centre that have been increased.

In addition to the above changes there are numerous smaller re-allocations between work activities within each cost centre. Some examples are:

- \$85,000 decrease in mechanical ditching
- \$20,000 increase for culvert replacements
- \$43,000 decrease for dust control on gravel shoulders on paved roads
- \$128,000 increase for dust control on gravel roads

Overall, the 2012 Summer Roads Maintenance program has generated a 3 percent increase. However, when combined with the Winter Roads Maintenance budget the overall increase in the Roads Maintenance budget is approximately 2 percent and within budget guidelines.

Next Steps

The Infrastructure Services Department and the Finance Department are undertaking the development of a Ten Year Financial Sustainability Plan for Roads. This plan will be available to Council prior to the 2013 Budget. The plan will outline in detail the annual operating budget requirements as highlighted herein, as well as the 10 year Capital requirements.

Staff will also provide various phase in alternatives for Council's consideration.

Appendix “A”

Summer Roads Needs

History

In 2006 an Ad Hoc Committee consisting of staff and a Covenco management consultant reviewed the Summer Roads Maintenance program. The committee recommended that the summer maintenance program be increased by \$6 million annually to meet identified needs. In 2008, a budget option was put forward requesting that the annual summer maintenance budget be increased by \$1.5 Million per year for 4 years. In 2008, Council approved a \$750,000 permanent budget increase and one-time funding of an additional \$750,000. Similar budget options were presented to Council in subsequent years resulting in one-time funding of \$750,000 being approved in 2009 and 2011. There was no increase in funding approved in 2010.

Current

The zero base budget build undertaken for the 2012 budget updated and further defined the overall needs for the summer roads maintenance program. Table 3 below outlines the recommended service levels that were identified using the zero base budget approach to Summer Roads maintenance. Table 3 also compares the 2012 Summer Roads maintenance budget and the associated service levels. Examples of activities in each cost centre have been identified in Table 3. A full detailed list of activities by cost centre can be found in **Appendix B**. The Recommended budget is the service level required to adequately maintain the City's roads according to the methodology used for the 2012 budget as outlined above.

TABLE 3 - SERVICE LEVELS				
DESCRIPTION	Recommended		2012 Base Budget	
	Service Level	Budget	Service Level	Budget
SURFACE & SHOULDER				
Asphalt Patching	1.8 T/km	1,303,000	1.48 T/km	1,092,000
Contract Patching	25,000 sq. meter	1,000,000	8,000 sq. metre	310,000
Gravel Resurfacing	20 yr. cycle	1,075,000	80 yr. cycle	257,000
Sub-total		6,727,324		4,056,320
ROADSIDE MAINTENANCE				
Roadside Brushing	5 yr. cycle	66,000	5 yr. cycle	66,000
Sub-total		486,198		485,150
SIDEWALK & CURB				
Curb & Sidewalk Replacement	400 linear metre	175,000	400 linear metre	175,000
Sub-total		276,734		268,677
DRAINAGE				
Cathbasin & Manhole Repairs	20 yr. cycle	848,646	29 yr. cycle	595,380
Catchbasin & Manhole Cleaning	2 yr. cycle	993,713	5.5 yr. cycle	365,540
Sub-total		3,627,369		2,622,056
TRAFFIC & SAFETY				
Signs Manufacture	1800 signs/year	153,000	1795 signs/year	152,500
Sub-total		2,159,371		2,106,081
FORESTRY				
Tree Removal	400 trees/year	173,523	375 trees/year	162,500
Tree Pruning	1600 trees/year	258,275	1576 trees/year	254,340
Sub-total		658,374		598,660
SUB-TOTAL (ex. Miscellaneous)		13,935,371		10,136,944
MISCELLANEOUS				
Fringe Benefits, Supervision, Inter-departmental Recoveries		4,050,700		3,718,792
Sub-total		4,050,700		3,718,792
TOTAL		18,041,637		13,855,736

The recommended level of funding for Summer Maintenance that was generated using the zero base budget build represents an approximate \$4 million gap between the needs and the 2012 budget. This is significantly lower than the \$6 million gap defined by the Ad Hoc Committee on Summer Roads Maintenance in 2006. This is a result of Roads Staff reassessing/reviewing how needs are defined and how results are achieved. Some examples are:

- Theoretically, gravel roads should be resurfaced every 10 years. Staff reviewed this from a practical perspective and identified that the traffic volume on gravel roads needs to be considered. The result is that the City of Greater Sudbury's gravel roads can be classified into low, medium and high volume roads, with resurfacing cycle requirements of 30, 20 and 10 years respectively. This resulted in an approximate \$400,000 reduction to the Summer Roads Maintenance needs.

- Curb and sidewalk replacement has been reduced by approximately \$300,000 due to a more coordinated approach with the Roads capital budget to receive lower per metre costs on higher volume purchases.

- The incorporation of spot dust control in low density areas versus full application has reduced the cost of this work activity by approximately \$400,000; \$395,000 of which is in materials.

In addition the reduction in the funding gap is also a result of Council's will to permanently increase the base Summer Roads maintenance budget by \$750,000 in 2008.

Another benefit from the zero base budget build is that steps are being taken to eliminate and/or minimize capital requirements for new equipment by:

- Implementing/increasing cross division equipment sharing.

- Implementing multiple shifts for "routine work" in the summer months. This can be used to generate economies of scale on large pieces of equipment, thereby spreading the fixed costs over an increased number of work units and minimizing capital expenditures.

APPENDIX B -Cost Centre Work Units by Service Level						
Cost Centre	Work Activity	Measurement	Recommended Units	Recommended Budget	2012 Base Budget	2012 Base Budget
Drainage	Mechanical ditching- Spot	Linear Metres	2,678	30,200	2,678	30,200
Drainage	Mechanical ditching- Contract	Linear Metres	50,889	558,444	50,524	554,440
Drainage	Manual ditching- Backyards	Man Hours	265	9,078	262	8,990
Drainage	Beaver Dams -off take and Maintenance	Man Hours	1,291	77,442	1,234	74,000
Drainage	Bridge Maint Clean and Inspect	Bridge	90	108,273	88	97,820
Drainage	Road Culvert maint	Linear Metres	1,550	344,285	1,550	344,440
Drainage	Culvert cleaning	Linear Metres	5,906	78,960	5,906	78,960
Drainage	Entrance culvert resets	Linear Metres	295	58,943	279	55,760
Drainage	Entrance culvert replacement	Linear Metres	591	133,519	302	68,270
Drainage	New entrance culverts	Linear Metres	36	12,175	30	10,010
Drainage	Revenue			-122,577		-89,474
Drainage	Hydro			14,700		14,700
Drainage	Storm sewage repairs	Linear Metres	508	244,706	401	193,070
Drainage	Storm sewer clean and inspect	Linear Metres	21,603	166,993	19,415	150,080
Drainage	Catchbasin and Manhole Cleaning	Facility	7,101	993,713	2,612	365,540
Drainage	catch basin and manhole repairs < 1 ft	Repair	511	405,648	399	316,310
Drainage	catch basin and manhole repairs >1 ft	Repair	180	442,998	113	279,070
Drainage	Screens and Inlets	Facility	1,840	69,870	1,840	69,870
Drainage Total				3,627,369		2,622,056
Forestry	Tree Replacement	Trees	200	32,777	179	29,360
Forestry	Tree Removal	Trees	400	173,523	375	162,500
Forestry	Tree Pruning	Trees	1,600	258,275	1,576	254,340
Forestry	Tree Stumping	Trees	60	25,949	58	25,280
Forestry	Contribution to Reserve/User Fees			-98,759		-91,510
Forestry	Benefits			167,850		159,000
Forestry	Tree Planting	Trees	400	98,759	242	59,690
Forestry Total				658,374		598,660
Roadside Maintenance	Sidewalk Sweeping	Pass KM	1,620	60,480	1,615	60,310
Roadside Maintenance	Flail Mowing	Pass KM	5,361	203,970	5,361	203,970
Roadside Maintenance	Roadside Brushing - Manual	Pass KM	27	16,950	27	16,950
Roadside Maintenance	Roadside Brushing - Mechanical	Pass KM	509	49,110	509	49,110
Roadside Maintenance	Hand Mowing	Pass KM	976,195	98,803	968,953	98,070
Roadside Maintenance	Debris pickup	Man Hours	1,220	41,916	1,216	41,770
Roadside Maintenance	Misc. Roadside Mtce.	Man Hours	330	14,970	330	14,970
Roadside Maintenance Total				486,198		485,150
Sidewalk & Curb	Curb and Sidewalk Padding	KM	6	89,297	5	81,347
Sidewalk & Curb	Stairs, Pedestrian Underpasses & Footbridges	Man Hours	249	12,207	247	12,100

APPENDIX B -Cost Centre Work Units by Service Level						
Cost Centre	Work Activity	Measurement	Recommended Units	Recommended Budget	2012 Base Budget	2012 Base Budget
Sidewalk & Curb	Curb and Sidewalk Replacement	Linear Metres	400	175,230	400	175,230
Sidewalk & Curb Total				276,734		268,677
Surface & Shoulder	Asphalt Patching- Hot/Cold mix	Tons/KM	5,353	1,303,209	4,486	1,092,140
Surface & Shoulder	Asphalt Surface Patching- Grinding	Lane KM	30	681,596	22	495,980
Surface & Shoulder	Contract Patching	Square Metres	25,000	1,000,000	7,751	310,030
Surface & Shoulder	Surface Treatment Preparation	KM	29	221,020	29	221,020
Surface & Shoulder	Gravel Patching	Tonnes	19,047	801,016	5,644	237,350
Surface & Shoulder	Washout	Incident	2,506	226,599	2,404	217,370
Surface & Shoulder	Gravel Resurfacing	KM	37	1,073,295	9	256,790
Surface & Shoulder	Gravel Grading	KM	6,349	331,413	6,317	329,720
Surface & Shoulder	Dust Control Gravel Shoulder	Shoulder KM	268	56,130	268	56,130
Surface & Shoulder	Dust Control Gravel Roads	Pass KM	556	239,920	553	238,630
Surface & Shoulder	Gravel Shoulder Patching	Tonnes	1,308	479,316	868	318,150
Surface & Shoulder	Roads Restoration	Man Hours	1	55,950	1	25,230
Surface & Shoulder	Manual Sweeping summer	Man Hours	200	6,400	200	6,400
Surface & Shoulder	Machine sweeping summer	Pass KM	3,799	138,650	3,799	138,650
Surface & Shoulder	Intersection sweeping summer	Intersection	150	38,760	150	38,760
Surface & Shoulder	Street flushing summer	Pass KM	1,034	28,580	1,041	28,580
Surface & Shoulder	TI - Roads Section	Man Hours	1,289	45,469	1,287	45,390
Surface & Shoulder Total				6,727,324		4,056,320
Traffic & Safety	Lane Line Marking	Pass KM	1,200	340,330	1,200	340,330
Traffic & Safety	Pre-Marking	Pass KM	480	16,537	458	15,770
Traffic & Safety	Special Marking	Mark	2,500	180,146	2,481	178,760
Traffic & Safety	Preparation Time	Man Hours	120	19,337	119	19,180
Traffic & Safety	Sign Manufacture	Sign	1,800	152,955	1,795	152,510
Traffic & Safety	Sign Maintenance	Sign	3,000	315,608	2,999	315,490
Traffic & Safety	Traffic Signal Maintenance	Incident	1,000	427,780	1,000	427,780
Traffic & Safety	Railway Maintenance	Contract	1	285,000	1	285,000
Traffic & Safety	Flex Beam Painting	Post	1,004	36,080	990	35,580
Traffic & Safety	Guide post replacement	Post	427	161,582	296	111,940
Traffic & Safety	Misc. Traffic & Safety Device Mtce.	Man Hours	500	30,351	496	30,090
Traffic & Safety	Radar Speed Monitoring	Man Hours	80	4,345	80	4,330
Traffic & Safety	Hydro			189,321		189,321
Traffic & Safety Total				2,159,371		2,106,081
Grand Total				13,935,371		10,136,944

For Information Only

Social Services Funding Model

Presented To:	Finance Committee
Presented:	Monday, Nov 21, 2011
Report Date	Monday, Nov 14, 2011
Type:	Correspondence for Information Only

Recommendation

For Information Only

Finance Implications

The 2012 Social Services budget has been prepared using the funding model outlined in this report and in accordance with the Ministry of Community and Social Services (MCSS) service contracts and staff estimates for caseloads. In addition, the municipal share of Ontario Works Administration, Ontario Works Supports and Social Assistance Restructuring (SARS) is used in the Province's calculation of the Social Programs component of the OMPF Grant. This grant component was calculated using staff's best estimates. The actual 2012 OMPF allocation notice will be made available in December and staff will report back to Finance Committee with any required adjustments to the 2012 Budget.

Signed By

Report Prepared By

Luisa Valle
Director of Social Services
Digitally Signed Nov 14, 11

Division Review

Luisa Valle
Director of Social Services
Digitally Signed Nov 14, 11

Recommended by the Department

Catherine Matheson
General Manager of Community
Development
Digitally Signed Nov 14, 11

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Nov 15, 11

Social Assistance (Ontario Works) Funding Model

Background

The Social Services Division is responsible for the administration and delivery of the Ontario Works Program. Ontario Works is an employment based, provincially mandated program cost shared with the Ministry of Community and Social Services and the City of Greater Sudbury. The intent of the Ontario Works program is to help people in temporary financial need find sustainable employment and achieve self-reliance. The Division is also responsible for emergency shelters and homelessness initiatives.

Historical Funding Model

Historically, the cost of delivering the Ontario Works program was considered in two distinct components. The **administration** component of the Ontario Works Program, cost shared on a 50/50 basis between the Province and the municipality, and the social assistance **benefit** component, cost shared 80/20 between the Province and the municipality.

National Child Benefit Supplement

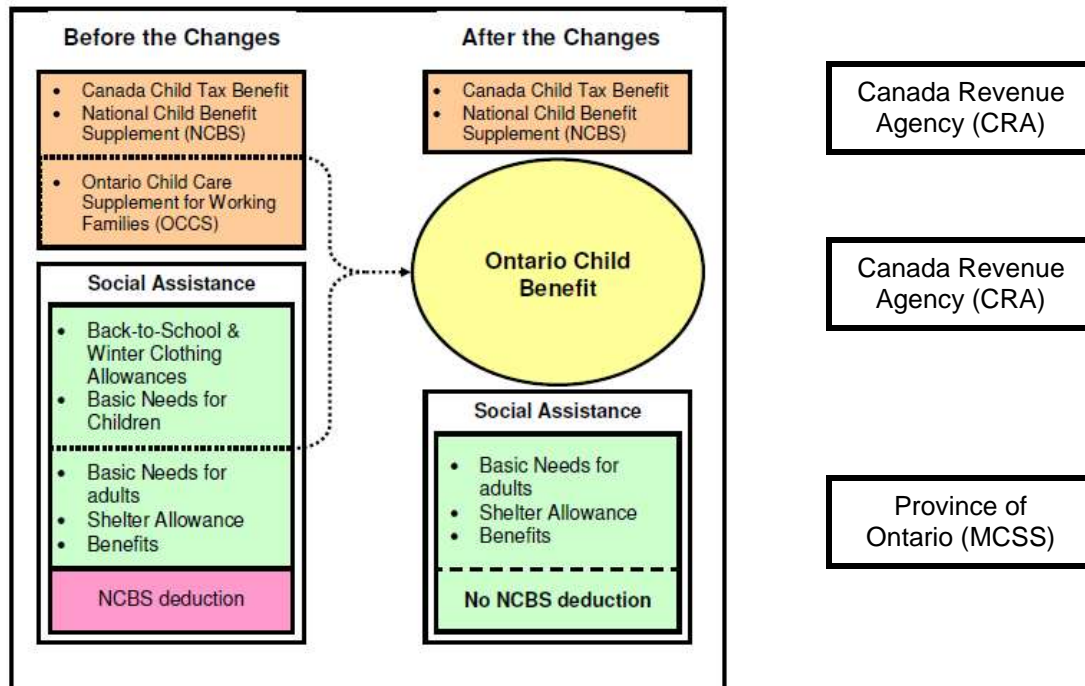
When the federal government increased the National Child Benefit Supplement (NCBS) it pays to low-income Canadian families in 1998, it developed a reinvestment strategy with the provinces and territories. Under the joint program, all social assistance savings amounts that become available because of the NCBS increase were reinvested in new or enhanced programs, benefits and services that met NCBS objectives: helping to prevent and reduce the depth of child poverty in Canada and promoting attachment to the labour force.

Transition to Ontario Child Benefit and Social Assistance Restructuring

The savings realized under the NCBS program were shared between the provincial and municipal levels of government. In Ontario, a family receiving NCB while on social assistance would have their OW financial benefits reduced by the NCBS amount thereby creating a “savings” for the province and municipalities. Ontario invested its portion in the Ontario Child Care Supplement for Working Families. Municipalities had the flexibility to allocate their share to projects that satisfied both NCBS and community goals.

In 2008 the NCBS process was changed with the implementation of the Social Assistance Restructuring (SAR) initiative across Ontario. The Ontario Child Care Benefit (OCB) was introduced as a direct payment to families, creating savings for municipalities as the cost of OW benefits would also decrease as children were removed from the OW benefit. Municipalities were no longer mandated to reinvest these savings, but were strongly encouraged to do so, and were advised the reinvestments would be considered as reimbursable social costs in the Ontario Municipal Partnership Fund (OMPF) calculations.

The following figure illustrates the major changes that occurred in the transition from the National Child Benefit Supplement (NCBS) to the Social Assistance Restructuring (SAR) funding that is currently in existence:



The Province recognized and identified a number of key challenges with this model:

- Funding is historically based
- Funding allocations were initially derived based on each delivery agent's percentage share of the 1995 provincial caseload
- This model is unresponsive to caseload changes over time, resulting in an inequitable distribution of funding
- No mechanism to address increases in costs of doing business
- The funding approach does not account for unique program delivery needs

Current Funding Model

The Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) was undertaken in which the province, AMO and the City of Toronto committed to working together to review the Ontario Works funding and recommend principles to guide a review to the funding approach.

The administration component of the Ontario Works Program is cost shared on a 50/50 basis between the Province and the municipality. With regards to the social assistance benefits costs, prior to 2010, the cost sharing formula was 80/20 between the Province and the municipality. The report of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), released in October 2008, included the Province's commitment to upload the eligible municipal share of benefit costs.

The social assistance benefit portion of the funding will continue to be uploaded until 2018 when it will be fully funded by the province and the remainder of the funding will be cost shared at 50/50. The upload of the social assistance benefit costs are to be phased in over a 9 year period. The upload began January 1, 2010, and will be completed in 2018, as per the following chart:

Ontario Works	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Ongoing
Provincial Share	80%	80.6%	81.2%	82.8%	85.8%	88.6%	91.4%	94.2%	97.2%	100%	100%
Municipal Share	20%	19.4%	18.8%	17.2%	14.2%	11.4%	8.6%	5.8%	2.8%	0%	0%

The new funding model provides municipalities flexibility to determine how best to allocate funding of all aspects of program delivery by consolidating administration and employment assistance costs into one budget.

The Province also developed principles to underpin a coherent Ontario Works funding approach that supports equity, responsiveness and effective program delivery. Key elements included in the revised funding approach which came into effect April 1, 2011, are:

- Ontario Works administration and employment assistance funding are consolidated into one Program Delivery funding allocation for the purposes of program management.
- Current cost-sharing, cost-recovery and upload commitments are upheld within the single Program Delivery funding allocation.
- Provincial expenditure requirements and the distribution of funding utilize an established provincial subsidy per case of \$2,016.
- Caseload is determined based on the standard Ontario Works caseload and a supplementary caseload.
- Program Delivery funding allocations are derived based on a two-year monthly average standard and supplementary caseload and the provincial subsidy per case.
- Program Delivery funding allocations are aligned with the two-year Ontario Works business cycle.
- Outcomes will be expanded to include service delivery measures over time.

The Province of Ontario is providing over \$175,000,000 to add to the cost of administration for the cost of delivering Ontario Works, which is a significant investment for the Ministry of Community and Social Services, particularly in light of very tight provincial budgets. The vast majority of delivery agents will see their funding envelopes increase as a result of the new funding formula, however with the new funding comes a requirement that the municipality match any new dollars provided at a 50/50 cost sharing.

The revised Ontario Works Funding Approach for 2011/12 provides for an increase in provincial funding from \$6.1M to \$7.2M to support the delivery of the Ontario Works program. In order to maximize the provincial funding available for the City of Greater Sudbury, under the new funding approach, the municipality would need to make additional matching municipal funds of approximately \$1.1M (the difference between \$6.1M and \$7.2M). The above allocation was derived based on two-year monthly average standard and supplementary caseload (October 2008 to September 2010) and the provincial subsidy per case of \$2,016.

Initially, to ensure that municipalities do not suffer a net loss in this situation, the Province of Ontario is adding transition funding to ensure that every delivery agent receives at least the same amount of funding it had received in years past. This transition funding will only be available for a two year period.

Due to transitional funding the true impact of the new funding model will not be experienced until April 1, 2013 and thus will not affect the City of Greater Sudbury budget for the 2011 and 2012 calendar years. Consideration of the economic trends/effects, as well as caseload impacts may also have an impact.

For Information Only

Fleet Initiatives and Projects

Presented To:	Finance Committee
Presented:	Monday, Nov 21, 2011
Report Date	Thursday, Nov 17, 2011
Type:	Correspondence for Information Only

Recommendation

For Information Only

Finance Implications

The value of these initiatives totals approximately \$156,000 and this saving has been incorporated in the 2012 Base Budget.

Financial implications realized from the other initiatives described in this report will be implemented in 2012 and/or 2013 depending upon the respective implementation dates.

INTRODUCTION:

The City's fleet is an essential tool used to achieve corporate operational objectives. TransitFleet Services is pursuing a number of related strategies to rationalize the size of our fleet, provide policies regarding utilization, and to ensure optimal life cycles.

During the 2011 Budget process it was reported that there had been a fleet reduction of eighty-four (84) units from Fleet assets between 2005 and 2010. Since that time we have achieved a further reduction of twenty-six (26) units.

Furthermore, there has been a corporate-wide reiew of vehicle leases in 2011 for the upcoming 2012 Budget. Based on updated operational requirements and fleet re-organization there was budget reduction of ten (10) leased units in 2011 in comparison to the 2011 Budget.

In September 2011 Purchasing Services held an annual auction to dispose of CGS surplus assets. These assets included vehicles, equipment, and small tools. In total, ninety-three (93) assets were disposed of, generating \$175,672.01 in revenue. These assets were surplus units from Fleet, Fire, EMS, Parks and the Airport. Revenues generated from the sales were assigned to their respective Capital Reserves.

Signed By

Report Prepared By

Eric Bertrand
Manager of Fleet Services
Digitally Signed Nov 17, 11

Division Review

Roger Sauvé
Director of Transit & Fleet Services
Digitally Signed Nov 17, 11

Recommended by the Department

Greg Clausen, P.Eng.
General Manager of Infrastructure Services
Digitally Signed Nov 17, 11

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Nov 17, 11

BACKGROUND:

Transit and Fleet Services, in conjunction with Human Resources, is developing and/or amending policies and procedures which will impact fleet utilization and maintenance of the municipal fleet. The following are initiatives and projects currently being reviewed and/or developed:

- a) Custodial / Vehicle Use Policy
- b) Operator's Manual
- c) Collision reporting process
- d) Fleet Car Pool Review
- e) Vehicle and Equipment Utilization
- f) Long Term Planning
- g) Operational review

A brief description of each initiative and/or project is provided as follows:

- a) **Custodial / Vehicle Use Policy** - amendments to this policy are being proposed which will address concerns raised by Council during the 2011 Budget process. The policy will ensure proper utilization of CGS vehicles by CGS employees.

Possible benefits and outcomes may be:

- A business case approach for approval of custodial use.
- Reduction in the number of vehicles being taken home.
- Reductions in fuel and maintenance costs.
- Improved utilization of Fleet assets.
- Reductions in public complaints.

- b) **Operator's Manual** - this manual will cover several topics that will assist operators of CGS vehicles and equipment to be more proficient as professional drivers/operators. Included in this manual are safe operating tips, defensive driving information as well as collision reporting information.

- c) **Collision Reporting Process** - Recently a centralized training office was established for both Infrastructure Services Operations, Fleet and Transit under the management of the Driver Certification Coordinator. This office is responsible for driver certification, driver assessments for recruiting, driving and defensive driver training, remedial training and equipment training.

A collision reporting process will ensure that all collisions are reported, investigated and acted upon. With a proper process in place valuable remedial training will be available which will in turn extend the life cycle of the municipal fleet.

Possible benefits and outcomes may be:

- Reductions in vehicle accidents and collisions.
- Improved driver skills.
- Reductions in maintenance costs.
- Increased accountability.

- Positive impact on our Commercial Vehicle Operator's Registration (CVOR) and Driver Certification programs.

d) **Fleet Car Pool Review** - Currently there are three groups of “pool vehicles” utilized by CGS employees for municipal business. Pool vehicles are located with Ontario Works, Tom Davies Square and Frobisher administration. Reviews of utilization and operating costs are producing data that will assist in determining if there are any efficiencies and savings to be realized. This may be accomplished by possibly reducing the number of pool vehicles and reimbursing employees for use of personal vehicles on a kilometre based approach.

Possible benefits and outcomes may be:

- Reductions in both capital and operating costs.
- Reductions of Fleet assets.
- Increased accountability.
- Increased availability of T.D Square parking spaces and revenues.

e) **Vehicle and Equipment Utilization** - The purpose of this review is to establish a process where the utilization of vehicles and equipment are evaluated on an annual basis. If a vehicle is found to be underutilized it may either be re-assigned where there is a greater need or be deemed as a surplus asset. Criteria for determining utilization will include hours of use and/or kilometres driven. Vehicles and equipment that are identified as underutilized will be reported to the user department staff who will be required to rationalize the requirement to either retain the asset utilizing a business case approach or declare it surplus to their needs.

Utilization results will also be evaluated when developing the annual capital replacement recommendations.

Possible benefits and outcomes may be:

- Increased efficiency in use of vehicles and equipment.
- Reduction of Fleet inventory.
- Improved public perception.
- Reduction of capital and operating costs.

f) **Long Term Planning** – The implementation of the above noted policies and procedures will have a direct impact on the City's long term fleet planning. Another important component of the long term plan is the Life Cycle Management process which is a means of realizing savings and improving planning capabilities through an integrated view of the entire vehicle life cycle.

We are reviewing our current life cycle strategies and bench marking these against other municipalities across the country.

g) **Operational Review** - As requested by the Mayor and Council, an operational review of Transit and Fleet Services has been awarded. This review will ensure the proper merger of Transit and fleet maintenance services as well as proper process, procedures and recommended staffing levels. A final report will be presented to the Operations Committee on either February 13, 2012 or March 5, 2012.

SUMMARY:

Successful policies, procedures and long term plans will ensure that the CGS fleet is used efficiently, effectively and to its optimal life cycle. Transit and Fleet services is committed to establishing best practices in the management of our fleet assets from the time they are conceived until they are disposed of.

The merging of Transit and Fleet, along with the integrated maintenance facility at 1160 Lorne Street will offer many opportunities to realize synergies in our operations and will result in fleet services being offered to all CGS departments.

These policies and procedures will be developed throughout 2012 with progress reports presented to Council in preparation for the 2013 budget process.

For Information Only

Snowplowing Municipal Parking Lots

Presented To:	Finance Committee
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Recommendation

For Information Only

Finance Implications

Savings of \$85,000 have been incorporated in the 2012 budget and \$40,000 will be incorporated in the 2013 budget.

Background

As part of the City of Greater Sudbury's Financial Sustainability plan, an internal task force commissioned by the C.A.O.'s office was tasked with examining the feasibility of snowplowing municipally-owned lots rather than using a contractor. The committee consisted of Ron Henderson, Dan Laakso and Paddy Buchanan. The underlying premise of this study was to eliminate contractors by better utilizing existing city labour and equipment.

In or around 2003, the City of Greater Sudbury changed its' practice and decentralized the responsibility for winter control activities of municipally-owned facilities and parking lots to the operating departments. Prior to that year and prior to municipal amalgamation, these winter activities were the responsibility of the operations division (roads and parks).

The premise of the decision in 2003 was to have the roads division fully concentrate their efforts on maintaining the roads and that winter control activities for parking lots were curtailing the effectiveness of the roads division to maintain Council approved service standards for winter roads maintenance. Beginning in 2003, a 5 year contract was let out that provided for the clearing and removal of snow, as well as lot sanding with the operating departments responsible for the management of that contract.

The following outlines specific observations made by the committee with regard to the current method of contracting out winter maintenance activities for municipally-owned facilities and lots.

- The contract appeared to be very expensive at \$735,000 per year.

Signed By

Report Prepared By

Ron Henderson
Director of Citizen Services
Digitally Signed Nov 10, 11

Division Review

Ron Henderson
Director of Citizen Services
Digitally Signed Nov 10, 11

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Nov 15, 11

- The contract is unsupervised, possibly leading to the City paying for unnecessary work.
- The contract is being managed by managers outside of the Roads division who do not have the expertise to manage snowplowing contracts.
- Snow removal and sanding activities are assigned to this contract while there is capacity within the roads division to do this non-critical work at very little incremental cash cost as there is existing capacity within their labour force and equipment pool. (i.e. They are already paying for wages and we already own the equipment. The only incremental cost would be the salt/sand and fuel for the equipment used.)

Based on these observations, the committee examined the cost effectiveness of both Parks and Roads taking on as many municipal lots as possible. It was also determined that a pilot project be put in place for the upcoming winter season.

In the Roads case, it was determined that it was cost effective to take on 33 municipal lots by adding four additional 4X4 plows to existing beats along with nighttime supervision.

In the Parks case, it was determined that it was cost effective to take on 30 municipal lots with the addition of two pieces of equipment and weekend casual employment.

Savings of this pilot project from both operating departments taking ownership of 63 municipal lots is estimated at \$125,000 per year.

As well, there other benefits that are expected to be gained by the City by utilizing our own municipal forces:

- Roads offers 24/7 supervision of snowplowing operations.
- The 4X4 plows that are currently contracted by the Roads division doing laneways and cul-de-sac's work in close proximity, often driving right by 33 municipal lots.
- The 4X4 contract is managed by the Roads Division. This assigns the responsibility to the department that has the expertise.
- There will be an improved level of service to cul-de-sacs and laneways.
- Snow removal, for the most part, is non-critical work that can be done by the roads division in time periods when they are not responding to a snow event instead of contractors.
- Similar to snow removal, sanding is a non-critical event (with the exception of a freezing rain event). There is capacity within the Roads division to sand City lots at a very minimal cost.
- The City will achieve better utilization of labour and equipment that it already pays for and owns if it undertakes its own non-critical snow removal and sanding activities.
- New collective bargaining agreement language will allow the Parks division with two additional pieces of equipment to plow an additional 30 municipal lots within Community Development instead

of using contractors.

NEXT STEPS:

The Task Force recommended that a winter control pilot project for the next two winter seasons be put in place, beginning November 1, 2011, with the Roads Department and November 1, 2012, with the Parks Department, based on the following actions:

1. Utilize up to four additional contract 4X4s to snowplow 33 City lots within the City's South Section. This contract will be administered by the roads department with a potential savings of approximately \$85,000. These savings have been incorporated in the 2012 budget.
2. Utilize the Parks Department, beginning November 1, 2012, to snowplow an additional 30 municipal lots instead of contractors. The estimated savings are \$40,000 and will be incorporated in the 2013 budget. The equipment required to do this work are two Cab & Chassis c/w dump body, plow and sander with an estimated cost of \$60,000.00 per unit. Funds are available for this purchase from Fleet Capital accounts.
3. Utilize city crews for snow removal and non-emergency sanding for all city facility parking lots.

It was also recommended that upon the successful completion of the pilot project that the Roads and Parks divisions continue to review alternative ways to deliver in-house snowplowing service for other municipal properties, including sewer and water and other municipal facilities outside the main City core.