

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

Vision: *La Ville du Grand Sudbury est une communauté croissante de calibre international qui rassemble les talents, les technologies et le style de vie exceptionnel du Nord.*



Agenda

Policy Committee

meeting to be held

Wednesday, August 10th, 2011

at 10:30 am

Council Chamber, Tom Davies Square

Ordre du jour

réunion du

Comité des politiques

qui aura lieu

mercredi 10^e août 2011

à 10h 30

dans la Salle du Conseil, Place Tom Davies

POLICY COMMITTEE AGENDA

For the 7th Policy Committee Meeting
to be held on **Wednesday, August 10, 2011**
Council Chamber, Tom Davies Square at 10:30 am

COUNCILLOR CLAUDE BERTHIAUME, CHAIR

Jacques Barbeau, Vice-Chair

(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)

The Council Chamber of Tom Davies Square is accessible to persons with disabilities. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device. Persons requiring assistance are requested to contact the City Clerks Office at least 24 hours in advance of the meeting if special arrangements are required. Please call (705) 674-4455, extension 2471. Telecommunications Device for the Deaf (TTY) (705) 688-3919. Copies of Agendas can be viewed [at www.greatersudbury.ca/agendas/](http://www.greatersudbury.ca/agendas/).

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

COMMUNITY DELEGATIONS

1. Rotary Park
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - Brian Smith, Rotary Club of Sudbury Sunrisers
 - Vicki Jacobs, Rotary Club of Sudbury

(The Rotary Clubs will make a presentation regarding the history, volunteer contributions and plans for the future for Rotary Park.)
2. School of Architecture Steering Committee Update
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - Blaine Nicholls, Chair, School of Architecture Steering Committee Update

PRESENTATIONS

3. Report dated July 29, 2011 from the General Manager of Growth and Development regarding City-owned Land Inventory. **8 - 10**
(ELECTRONIC PRESENTATION) (RECOMMENDATION PREPARED)
 - Danielle Braney, Director of Asset Services
 - Keith Forrester, Real Estate Coordinator

(DISC ENTITLED 'CITY OWNED PROPERTIES AND FACILITIES' UNDER SEPARATE COVER)

(The report recommends that the electronic mapping of the City-owned Land Inventory be placed on the City's website for information; and that the Real Estate Section continue to market fully marketable surplus properties on the open market, and limited marketable properties to abutting owners when feasible, all in accordance with Property By-Law 2008-174.)
4. Report dated July 29, 2011 from the General Manager of Growth and Development regarding Physician Recruitment Program Results to Date and Future Strategy. **11 - 14**
(ELECTRONIC PRESENTATION) (RECOMMENDATION PREPARED)
 - Ian Wood, Acting Director of Economic Development

(This report provides Council with a summary of the results of Physician Recruitment activities from 2008 to 2011. A forecast of physician requirements over the next five years will also be presented, along with future funding options for Council's consideration.)

MANAGERS' REPORTS

5. Report dated August 2, 2011 from the Chief Financial Officer/City Treasurer regarding Operating Budget Policy.
(RECOMMENDATION PREPARED)

15 - 25

(This report requests Council's approval of the Operating Budget Policy.)

ANNOUNCEMENTS

NOTICES OF MOTION

ADJOURNMENT (RECOMMENDATION PREPARED)

Caroline Hallsworth, Executive Director,
Administrative Services/City Clerk

Liz Collin
Council Secretary

COMITÉ DES POLITIQUES ORDRE DU JOUR

Pour la 7^e réunion du Comité des politiques
qui aura lieu le **10 août 2011**
dans la Salle du Conseil, Place Tom Davies, à 10h 30

CONSEILLER CLAUDE BERTHIAUME, PRÉSIDENT(E)

Jacques Barbeau, Vice-président(e)

VEUILLEZ ÉTEINDRE LES TÉLÉPHONES CELLULAIRES ET LES TÉLÉAVERTISSEURS)

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DÉCLARATION D'INTÉRÊTS PÉCUNIAIRES ET LEUR NATURE GÉNÉRALES

DÉLÉGATIONS DE LA COMMUNAUTÉ

1. Parc Rotary

(PRÉSENTATION ÉLECTRONIQUE) (A TITRE D'INFORMATION)

- Brian Smith, Sunrisers du Rotary Club of Sudbury
- Vicki Jacobs, Rotary Club of Sudbury

(Les clubs Rotary feront une présentation au sujet de l'histoire, des contributions des bénévoles et des projets d'avenir pour le parc Rotary.)

2. Compte rendu sur le Comité directeur de l'École d'architecture

(PRÉSENTATION ÉLECTRONIQUE) (A TITRE D'INFORMATION)

- Blaine Nicholls, président du Comité directeur de l'École d'architecture

PRÉSENTATIONS ET EXPOSÉS

3. Rapport du directeur général de la croissance et du développement, daté du 29 juillet 2011 portant sur Inventaire des terres municipales .

8 - 10

(PRÉSENTATION ÉLECTRONIQUE) (RECOMMANDATION PRÉPARÉE)

- Danielle Braney, Directrice du Service des biens
- Keith Forrester, Coordonnateur des biens immobiliers

(DISQUE INTITULÉ « CITY OWNED PROPERTIES AND FACILITIES » (TERRAINS ET INSTALLATIONS MUNICIPAUX) SOUS PLI SÉPARÉ)

(Ce rapport recommande que les cartes électroniques de l'inventaire de terres municipales soient affichées dans le site Web de la Ville à titre de renseignements et que la Section des biens immobiliers continue de mettre sur le marché libre des terrains excédentaires pleinement revendables et des terrains revendables de façon limitée aux propriétaires des terrains attenants lorsque c'est faisable, le tout conformément au règlement sur les biens 2008-174.)

4. Rapport du directeur général de la croissance et du développement, daté du 29 juillet 2011 portant sur Résultats jusqu'à présent et stratégie à venir du programme de recrutement de médecins.

11 - 14

(PRÉSENTATION ÉLECTRONIQUE) (RECOMMANDATION PRÉPARÉE)

- Ian Wood, directeur intérimaire de l'Expansion commerciale

(Ce rapport donne au Conseil municipal un résumé des activités de recrutement de médecins de 2008 à 2011. On présentera aussi une prévision des besoins en médecins au cours des cinq prochaines années de même que les options de financement à venir au Conseil municipal pour examen.)

RAPPORTS DES GESTIONNAIRES

5. Rapport de la chef des services financiers / trésorière municipale, daté du 02 août 2011 portant sur Politique sur le budget de fonctionnement . **15 - 25**
(RECOMMANDATION PRÉPARÉE)

(Ce rapport demande l'approbation de la politique sur le budget de fonctionnement par le Conseil municipal.)

COMMENTAIRES ET SUGGESTION COMMUNAUTAIRES POUR LE QUARTIER XX

ANNONCES

AVIS DE MOTION

LEVÉE DE LA SÉANCE (RECOMMANDATION PRÉPARÉE)

Caroline Hallsworth,
directrice exécutive des Services administratifs/
Greffière Municipale

Liz Collin,
Secrétaire du conseil

Request for Decision

City-owned Land Inventory

Presented To: Policy Committee

Presented: Wednesday, Aug 10, 2011

Report Date Friday, Jul 29, 2011

Type: Presentations

Recommendation

That the Electronic Version of City-owned Land Inventory be placed on the City's website for information, and

That the Real Estate Section continue to market fully marketable surplus properties identified in this Electronic Version on the open market, and limited marketable properties to abutting owners when feasible, all in accordance with Property By-Law 2008-174.

City-owned Land Inventory

The GIS Mapping department, with the assistance of the City's Real Estate Section, has recently completed a comprehensive mapping of City-owned buildings and properties. The mapping will allow the Real Estate Section to be more proactive in identifying and marketing surplus properties. The procedures for declaration of surplus property and the acquisition and disposal of City-owned property are governed by the City's Property By-Law #2008-174 discussed further below.

The GIS mapping also provides staff and Council with a comprehensive overview of the City's land and buildings inventory. A compact disc entitled 'City Owned Properties and Facilities' dated August 2011 is provided to members of Council as part of this report. This information will be posted on the City's website and maintained on an on-going basis.

This GIS mapping divides the City-owned properties into 8 different categories. The maps are recorded and

Signed By

Report Prepared By

Keith Forrester
Real Estate Coordinator
Digitally Signed Jul 29, 11

Reviewed By

Keith Forrester
Real Estate Coordinator
Digitally Signed Jul 29, 11

Division Review

Danielle Braney
Director of Asset Services
Digitally Signed Jul 29, 11

Recommended by the Department

Bill Lautenbach
General Manager of Growth and Development
Digitally Signed Jul 29, 11

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Aug 4, 11

viewed by Township. Within each Township all 8 categories of City-owned properties which appear in that Township are colour coded and named. All City-owned properties in that particular Township can be searched and viewed.

The following is a summary of the inventory and the number of properties in each category:

Cemeteries	20
Facilities	311
Infrastructure	212
Landfill Sites - (includes capped landfills)	8
Parks	343
Roads - (includes one foot reserves)	5,570
Unoccupied Limited	552
Unoccupied Full	57

These maps also identify City-owned buildings and leased buildings. A review of our building inventory is currently underway and staff will further report to Council in the fall on findings and strategies for reducing the number of buildings owned and maintained.

The Real Estate Section has reviewed the maps and has categorized the various unoccupied properties as having either 'limited' or 'full' marketability.

Limited Marketability Properties

The City owns an abundance of limited marketability vacant parcels of land. Limited marketability properties are those properties which would be of limited interest to potential purchasers due to size, shape, location, topography, environmental condition, land use restrictions, or any other factor considered relevant. Examples of limited marketability property are footpaths, lanes and properties with no road frontage. Limited marketability properties can only be sold to the abutting land owners. Generally, limited marketability sales are processed when an abutting property owner contacts the City and expresses an interest in purchasing the property.

Full Marketability Properties

Full marketability properties include lands which can be developed as single entities within the requirements of the Planning Act and that are of interest to potential purchasers on the open market.

The Real Estate Section circulates all 'proposed disposals' of City-owned property to the General Managers of the City, local boards, utilities and public bodies, in order to determine if there is a municipal need or public body requirement for the property. This process allows for all parties to provide their input on a proposed disposition.

If there is a departmental need for the property, as determined through the circulation process, the property will be retained and the mapping will be modified accordingly to reflect this status.

The Real Estate Section compiles all of the responses and, if appropriate, makes a recommendation to declare the property surplus to the City's Planning Committee. Part of the recommendation classifies the property as having either full or limited marketability.

Once a property is declared surplus, it is appraised by an accredited appraiser in order to determine the market value of the property.

Properties that have full marketability are advertised for sale to the general public by placing an ad in the local newspapers, advertising the property for sale on the City's website, installing a 'For Sale' sign on site, or by any other means considered appropriate for the type of property being marketed. The City allows the property to be advertised for sale for a minimum of 14 days before considering any offers. Once the advertising period has passed, the City will consider any and all offers presented. An appropriate recommendation is presented to the Planning Committee based on the appraised value and the offers received.

Sales History

Since 2004 the City's Real Estate Section has been annually reporting to the Planning Committee on the sales (and acquisitions) for each calendar year.

A brief summary of the annual sales from 2004 to 2010 is outlined below:

Year	Properties Sold	Net Sales Proceeds	Industrial Park Properties Sold	Net Industrial Park Sales Proceeds	TOTAL NET PROCEEDS
2004	11	\$272,759.62	10	\$552,970.44	\$825,730.06
2005	11	\$373,472.00	4	\$214,719.30	\$588,191.30
2006	14	\$222,630.61	7	\$632,466.40	\$855,097.01
2007	25	\$545,840.34	6	\$352,560.66	\$898,401.00
2008	21	\$1,440,896.69	3	\$238,881.78	\$1,679,778.47
2009	20	\$223,216.79	1	\$1,953.30	\$225,170.09
2010	22	\$385,572.56	2	\$54,958.00	\$440,530.56
TOTAL	124	\$3,464,388.61	33	\$2,048,509.88	\$5,512,898.49

It is recommended that the Electronic Version of City-owned Land Inventory be placed on the City's website for information, and that the Real Estate Section continue to market fully marketable surplus properties identified in this Electronic Version on the open market, and limited marketable properties to abutting owners when feasible, all in accordance with Property By-Law 2008-174.

Request for Decision

Physician Recruitment Program Results to Date and Future Strategy

Presented To:	Policy Committee
Presented:	Wednesday, Aug 10, 2011
Report Date	Friday, Jul 29, 2011
Type:	Presentations

Recommendation

That the Council of the City of Greater Sudbury accepts the staff report of July 26, 2011 on the Strategic Physician Recruitment Program and directs staff to prepare an option for consideration of one time funding of \$400,000 during the 2012 Budget Process based on Option 3 identified in the report.

Further that Council direct staff to incorporate an incentive for Nurse Practitioners into the existing program and funded by the Physician Recruitment Budget, all in accordance with the staff recommendation.

Finally, in the event that Council reduces funding for Physician Recruitment in 2012 below the level of the previous year, that the Specialist Recruitment Incentive be reduced from \$5,000 to \$2,500.

Finance Implications

A budget option will be developed for Finance Committee for the 2012 budget deliberations based on the Physician Recruitment Program option approved by Policy Committee.

Signed By

Report Prepared By

Ian Wood
Acting Director of Economic
Development
Digitally Signed Jul 29, 11

Division Review

Ian Wood
Acting Director of Economic
Development
Digitally Signed Jul 29, 11

Recommended by the Department

Bill Lautenbach
General Manager of Growth and
Development
Digitally Signed Jul 29, 11

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Aug 4, 11

Program Success

The Strategic Physician Recruitment and Retention Program has enjoyed significant success since City Council initially approved it in 2008.

- Recruited 35 future family physicians and provided incentives to 31 specialists recruited by the Sudbury Regional Hospital.
- The 35 family physicians represent 30% of our designated complement and will provide access to primary health care to an estimated 48,000 citizens of Greater Sudbury.
- To date we have had 18 of these family physicians open practices, with the remaining 17 scheduled to begin practice over the next two years.
- 2008 Economic Developers Council of Ontario Award for Product Development - Physician Recruitment.

Components of Program

The program is comprised of two main components.

1. A year-round support network to assist medical students/medical residents and physicians who are new to Greater Sudbury. Assistance is provided to assist targeted groups in finding suitable accommodations, employment opportunities for spouses, schools/activities for their children. In addition, the network hosts events at various venues located across the City. The support network is funded through the Physician Recruitment annual base budget. (Budget of \$80,356 in 2011)
2. Financial incentives to encourage physician's (particularly family physicians) to practice in Greater Sudbury. The incentives are funded through one-time funding commitments from City Council. These incentives include the following:
 - City of Greater Sudbury Medical Student Bursary - \$20,000 (two year return of service)
 - Note: Once in residency training, past recipients of the City of Greater Sudbury Medical Student Bursary have the option of extending their return of service for an additional 2 years which qualifies them for an additional \$20,000 incentive, therefore a total of \$40,000 for a four year return of service.
 - Family Medicine Resident Return of Service Incentive - \$40,000 (four year return of service)
 - Return of Service in Outlying Communities - \$15,000
 - City of Lakes Family Health Team Incentive - \$10,000
 - Hospital Privileges Incentive - \$5,000
 - Specialist Incentive - \$5,000
 - This \$5000 incentive from the City of Greater Sudbury is in addition to the \$2500 specialist incentive offered by the Sudbury Regional Hospital to newly recruited specialists. This incentive is difficult for us to forecast annually as it depends entirely on how many specialists are recruited by the hospital within the budget year. So far our estimate for 2011 is \$75,000.

To date, our most popular incentives have been the City of Greater Sudbury Medical Student Bursary and the Family Medicine Resident Return of Service Incentive. These incentives alone have allowed us to entice and sign 30 of our 35 current family physician recruits. It is also important to note that our financial incentives are much lower when compared to what many other Northern communities offer; but are proving to be quite effective when combined with our support network initiatives.

Even with the great success of our recruitment program, each year we are seeing approx 3-4 family physicians close their practices, primarily due to retirement. In 2007, City Council reviewed the results of a then recent physician survey which indicated that 18 physicians were set to retire over the next 4 years. Over the last four years we have seen this trend occur but the success of the recruitment program has ensured that we have enjoyed a net gain of family physicians practicing in Greater Sudbury. At present, 40% of our family physician population, in fact the largest segment of that population, are relatively young, with less than 10 years in practice. Over the past four years, our recruitment program has worked with three-quarters of these younger physicians.

By contrast, the same statistics indicate that 23% or 25 of our community's family physicians have 30+ years in practice. It is a safe assumption that in the near future many of the physicians within this segment will be announcing retirements. Thus, even though we are approaching our full complement of 115 family physicians; our work in recruitment is certainly not over.

To ensure continuity of care for our citizens, it is important to work closely with retiring family physicians and connect them with new family medicine recruits. By doing this, we are hopeful that the new family physicians

will take over an existing practice so we are able to avoid those current patients becoming orphaned.

Future Outlook

Since the start of the Strategic Physician Recruitment and Retention Program in 2008, funding for our incentive budget has been provided through one-time funding commitments from City Council. Each year we submit a one-time funding request based on our projections for the upcoming year. Even though we are approaching our full complement, we recommend that Council take into account that we could be faced with a significant number of retirements in the near future.

As a result, staff are proposing three different funding options for Council's consideration for the 2012 Budget. The options are outlined below, along with some indication of how the fund might be used. Depending on the funding option decided upon, 2012 recruitment results could be either above or below the rate of attrition. Over the past three years we have recruited on average, 10 new family medicine recruits per year.

Option #1: \$150,000 One-time funding request

This option would enable us to:

- Recruit two new future family physicians.
- Provide the specialist incentive to 10 new specialists recruited by the Sudbury Regional Hospital.
- Provide 4 new family physicians with the hospital privileges incentive.

The results of this option are below our projected rate of attrition, resulting in a net decrease of family physicians by year end.

Option #2: \$270,000 One-time funding request

This would enable us to:

- Recruit five new future family physicians.
- Provide the specialist incentive to 10 new specialists recruited by the Sudbury Regional Hospital.
- Provide 4 new family physicians with the hospital privileges incentive.

The results of this option will either match or slightly exceed our projected rate of attrition.

Option #3: \$400,000 One-time funding request

This is the same level of funding as our 2011 Physician Recruitment Budget which would enable us to:

- Recruit 8 new future family physicians.
- Provide the specialist incentive to 10 new specialists recruited by the Sudbury Regional Hospital.
- Provide 6 new family physicians with the hospital privileges incentive.

The results of this option will exceed the projected rate of attrition, bringing us closer to our full complement of 115 family physicians.

Additional Considerations

1. Financial Incentives to recruit Nurse Practitioners

Since the development of our Strategic Physician Recruitment and Retention Program in 2007, several

Nurse Practitioner Led Clinic's have been created within our community. The Nurse Practitioner Led Clinic's provide our citizens with access to a primary health care provider, who otherwise would not have had one. Staff recommends that Nurse Practitioners be included in our current recruitment program and that a new Nurse Practitioner Incentive be created. Staff recommends an incentive in the amount of \$4,000 be provided to a newly recruited Nurse Practitioner that meets the following eligibility requirements:

- Agrees to a minimum of 4 years return of service within a Nurse Practitioner Led Clinic.
- Provide service in a clinic located with the City of Greater Sudbury but outside the former City of Sudbury.
- Has not worked as a Nurse Practitioner in any other capacity in Greater Sudbury within the last 4 years.

2. Specialist Incentives

The City of Greater Sudbury currently offers an incentive in the amount of \$5,000 to newly recruited physician specialists recruited by the Sudbury Regional Hospital. This incentive is provided along with a \$2,500 from the Sudbury Regional Hospital for a total of \$7,500. This incentive is open ended and depends entirely on the recruitment activities/success at the Sudbury Regional Hospital. This makes it very difficult to predict the amount issued each year.

Since 2008, the cost to the CGS Physician Recruitment Program is as follows:

2008 - \$40,000

2009 - \$35,000

2010 - \$60,000

2011 - \$20,000 to date and the projected forecast is for a total of \$75,000

Staff recommends that if Council decides on either Funding Option 1 or 2 that they consider reducing the amount of the Specialist incentive from \$5,000 to an amount equal to that of the Sudbury Regional Hospital at \$2,500.

Summary and Recommendation

In summary, the Strategic Physician Recruitment and Retention program has proven to be effective in recruiting family physicians to Greater Sudbury. Staff recommends that Council select Option 3 to maintain the program initiatives at a funding level equal to our 2011 budget. This will ensure that we are able to keep up with upcoming retirements and work towards our goal of reaching a full complement of family physicians so every citizen of Greater Sudbury has access to a primary health care provider.

Request for Decision

Operating Budget Policy

Presented To:	Policy Committee
Presented:	Wednesday, Aug 10, 2011
Report Date	Tuesday, Aug 02, 2011
Type:	Managers' Reports

Recommendation

THAT Policy Committee adopt the Operating Budget Policy as outlined in the report dated August 10, 2011 from the Chief Financial Officer.

Background

The purpose of this report is to seek Council's approval of the proposed Operating budget Policy. The City currently operates with the absence of a comprehensive Operating Budget Policy. Budget reallocations between accounts and departments are defined within the Purchasing Bylaw. Monitoring and reporting on budget variances are performed based on past practices as there is no written policy which addresses this. This policy also identifies the roles and responsibilities of all staff and Council.

See attached for the proposed Operating Budget Policy.

Contents of the Operating Budget Policy

Section 3 deals with the internal budget monitoring process and sets parameters for operating departments regarding over and under expenditures in their cost centres and at which threshold level that they must contact Finance. It also directs Finance on its role of providing the Senior Management Team (SMT) with high level variance reports as well as identifying variances to operating departments and SMT. The Senior Management Team member is tasked with attempting to mitigate the effects of variances.

Section 4 deals with budget variance reporting to Finance Committee and Council. The Finance Division is responsible for providing Council or Committee with four quarterly reports and additional reports, if requested by Council. The variance explanations will address all variances in excess of \$200,000. SMT will be responsible for identification of potential mitigation measures to offset over expenditures. Finance Committee or Council will be responsible for reviewing the variance reports and providing direction to staff if necessary.

Section 5 deals with adjustments to the base budget. Items included in this area are as follows:

Signed By

Report Prepared By

Ed Stankiewicz
Manager of Financial Planning & Policy
Digitally Signed Aug 2, 11

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
Digitally Signed Aug 2, 11

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Aug 4, 11

1. Externally funded projects or programs,
2. New service levels or projects approved during the year,
3. Reductions to budget during the year,
4. Housekeeping of the budget in the General Ledger,
5. Budget reallocations.

Direction is provided in this policy when dealing with the above items.

Section 6 deals with the three year forecast. Finance, in conjunction with the operating departments, formulate this forecast. The SMT reviews the forecast and provides direction on potential revisions. City Council reviews the forecast and may provide direction on mitigation procedures to curtail future potential tax increases.

Summary

The attached policy provides clear roles and responsibilities when dealing with the approved operating budget. Staff is recommending approval of the policy.

THE CITY OF GREATER SUDBURY
POLICIES AND PROCEDURES

DEPARTMENTS: All Departments

SECTION: All Sections

TITLE: Operating Budget Policy

APPROVED BY:

DATE:

Table of Contents

1.0	Introduction	Page 2
2.0	Definitions	Page 2
3.0	Internal Budget Monitoring	Page 3
4.0	Budget Variance Reporting to Council	Page 5
5.0	Adjustments to the Budget	Page 6
6.0	Three Year Forecast.....	Page 8

Policy Statement

The purpose of this policy is to provide fiscal control and accountability related to the approved operating budget.

1.0 Introduction

The Municipal Act requires municipalities to prepare and adopt budgets for each year. The operating budget includes estimated operating expenditures and revenues required to allow the municipality to deliver all functions approved by Council. Once the budget has been approved, no service level changes causing a budget impact may occur without subsequent Council approval.

This policy deals with the monitoring of the operating budget, variance reporting, adjustments to the operating budget and budget reallocations, all while ensuring that the same service level approved by City Council is being delivered.

This policy does not deal with the preparation of the operating budget as these procedures are covered off in the Budget Preparation Policy which will not form part of this policy. As well, this policy will not address capital issues as they are included in the capital policy.

2.0 Definitions

- i) "Account" means a classification of expenditure or revenue within a Cost Centre to which an estimated budget value and actual expense or revenue amount is assigned;
- ii) "Category" means a grouping of accounts similar in nature to each other. (ie: "salaries" include salaries, fringe benefits, overtime, etc.)
- iii) "Current Year Forecast" means the projection of all expenditures and revenues to determine an estimate of the municipal fiscal position to December 31st of the current year;
- iv) "Three Year Forecast" means the projection of expenditures, revenues, staffing levels and service levels for three years beyond the current operating budget approval year in which the forecast is made;
- v) "Operating Budget" means the annual council approved plan of the City for expenditures, revenues, staffing levels and service levels for operations of the City taking place from January 1st to December 31st of each year.

vi) "Emergency" means a situation or the threat of an impending situation which may affect the environment, the life, safety, health and/or welfare of the general public, or the property of the residents of the City of Greater Sudbury, or to prevent service damage, disruption of work, or to restore or to maintain essential services to a minimum level.

vii) "Net Expenditure" means the expenditures less the revenue for any section.

viii) "Cost Centre" means a component of the divisional financial summary for revenue and expense accounting purposes, having its own distinct name and number. Also referred to as department ID's in the PeopleSoft accounting system.

ix) "Division" means part of a department headed by a Director.

x) "Department" means an organizational unit of the City of Greater Sudbury, headed by a Senior Management Team member.

3.0 Internal Budget Monitoring

Roles and Responsibilities

3.1 Operating Departments

Once the budget is approved, monitoring expenditures and revenues on a regular basis should be undertaken by SMT members, Directors, Managers and any other staff with budget responsibilities.

They are responsible to ensure that the net expenditures are within the approved budget. Individual expense categories may be over budget and/or revenue categories under budget as long as the net expenditures are within the approved budget for their cost centre.

If a cost centre or section is over budget, the Director and/or SMT should ensure that the overall Division's net expenditures are within the approved budget.

Unanticipated revenues of greater than \$50,000, other than those identified in 5.1, should not be used to expand service levels or used to fund unplanned expenditures unless approved by City Council.

If net over expenditures are anticipated, operating departments should plan for mitigation measures to offset the potential variance, however, if these variances cannot be mitigated, and if the variance is \$50,000 and 10% in any cost centre, the Financial Support and Budgeting section must be notified as soon as

possible. In addition, if a variance (greater than \$200,000) cannot be mitigated, the CFO and CAO shall be made aware of the anticipated over expenditure.

Operating departments will provide Finance with year end projections and accurate explanations for variances for each quarter end.

If an emergency situation should arise, the individual should use the best judgment in assessing the situation, however, the authority to make the appropriate expenditure is granted through the Purchasing Bylaw, and a report to Council must follow.

3.2 Finance Division

Finance will provide a high level variance report monthly beginning with the March quarter end to the Senior Management Team (SMT) which reflects annual budget, year to date budget, year to date actual and current variances.

Operating departments are in constant communication with the Financial Support and Budgeting Section and provide the first formal year end projection for all accounts based on the results of the six months ended June 30th, and updates to these projections as required. Commencing with the June month end, Finance will provide this report to SMT with the inclusion of a year end projection column, which the Chief Financial Officer (CFO) will review with the SMT and highlight significant variances.

Finance staff will assist departments with a review their departments' monthly cost centre reports, and if major potential variances are identified by Finance, they will be discussed with the individuals responsible for that area. Finance may assist the operating departments to develop a plan to mitigate anticipated over expenditures.

Finance is also responsible for determining and allocating the following Program Support costs (Human Resources, Information Technology, Financial Services, Mail Room) to all service delivery areas in accordance with OMBI methodology.

3.3 Senior Management Team (SMT)

Each member is accountable for the fiscal health of their respective departments or divisions and SMT members should conduct regular meetings with Directors and Managers to discuss potential variances between budgets and actual expenditures. When a potential variance is identified, the SMT member should follow up with the appropriate Director or Manager to develop a plan to mitigate the variance.

4.0 Budget Variance Reporting to Council

Roles and Responsibilities

4.1 Finance Division

The monthly financial report outlined in Section 3 will be the basis for the development of the variance report to Council and the CFO will provide Finance Committee or Council with a report after each quarter end as follows:

- a) March month end
- b) June month end
- c) September month end
- e) December year end

Additional variance reports will be provided at the request of Council, or as determined necessary by the CFO.

The March month end is the first variance report to Council and it provides information on potential variances within the municipality while not necessarily providing information on the current year forecast. The June variance report is the first formal year end projection provided to Council and it is based on considerable input from all departments of the municipality. The September variance report to Council provides more up to date forecasts of the year end position. The December year end variance report identifies the final budget variances for the municipality and this is provided to Finance Committee or Council after the completion of the year end external audit.

Variance explanations are provided to Council for all variances in excess of \$200,000 within a division or section.

4.2 Senior Management Team/Operating Departments

The SMT will review the Council reports prepared by the Finance Division to ensure they are aware of variance, agree with the variance explanation and prepare a plan to mitigate the effects of the potential variance.

The CAO and CFO, in consultation with the SMT will develop and approve the corporate plan to offset over expenditures if necessary.

4.3 Finance Committee / City Council

Finance Committee and/or City Council will receive and review the variance reports and provide direction to staff relating to the operating budget if required.

4.4 Media

Media inquiries will be handled in accordance with the City's Corporate Communication Policies.

5.0 Amendments to the Base Budget

The budget is a plan based on a set of assumptions that may not always match actual results. Thus, variances between budget and actual results will exist. Generally budgeted amounts would not be amended or reallocated to compensate for an existing or anticipated net over expenditure in the current year.

However, from time to time the budgets for some line accounts must be restated to reflect the current state of operations.

5.1 Externally Funded Projects or Programs

When a new project or program receives funding from an external source (for example - FedNor, HRDC, donations) the budgets for the affected accounts should be restated to reflect the expenditure and revenue budgets. Unless otherwise approved by Council, both the expenditures and revenues associated with the project/program must have matching budgets so as to have no affect on the City's year end surplus (deficit).

Funding agreements must be entered into in accordance with the Delegations By-law. There must be appropriate documentation provided to Finance prior to the adjustments of budgets, which will serve as the audit trail for the budget amendment.

5.2 New Service Levels or Projects Approved during the Year

In limited circumstances, Council may approve a new service level or project during the course of a year. Both the expenditures and revenues associated with the new service level or project must have matching budgets so as to have no affect on the City's year end surplus (deficit) unless otherwise approved by Council. If approved by Council as a permanent service level enhancement, it will be included in the subsequent year's base budget.

The Council resolution and report will serve as the audit trail for the budget amendment.

5.3 Reductions to Budget during the Year

In certain circumstances or in a period of fiscal restraint, it may be necessary for the Council to approve reductions to the budget during the fiscal year. The budget would be amended for any reductions approved by Council.

The Council resolution and report will serve as the audit trail for the budget amendment.

5.4 Housekeeping of the Budget in the General Ledger

If a correction is required in the General Ledger relating to budgets, it can be corrected in the current year if it does not affect the tax levy.

Staffing issues that do not affect the tax levy can be corrected in the budget document prior to finalization with the approval of the SMT member responsible for that area.

Administrative types of changes resulting from a reorganization, a change in reporting requirements or a correction of errors may be made if it does not affect the tax levy.

If a budgeting error is identified that would have impacted the tax levy, and if it is greater than \$50,000 and 10%, it should be reported to Council.

5.5 Other Amendments to the Budget during the Year

In some cases, there may be merit to make a permanent reallocation of the budget between accounts.

The following reasons would facilitate a formal permanent reallocation:

- a) Variances resulting from the difference between actual costs versus budget costs, which continue to occur on a permanent basis,
- b) A service can be provided for in a more efficient manner than it is currently being performed.

In order to proceed with this reallocation, the following conditions must be met and procedures should be employed:

- i. The budget is to be reallocated from another account or accounts approved by Council in the yearly approved budget, except as outlined in 5.5.1,

- ii. The reallocation is initiated by completion of the appropriate form (attached to this policy) by the Manager or Director with approvals of their SMT member or both Senior Management Team members if the reallocation crosses departments. The form is sent to Finance for the CFO's approval,
- iii. The CFO or designate must provide approval to the availability of funds not committed to be reallocated and as to the overall budget position, so that any reallocation would not put the municipality into a deficit position or worsen a deficit position,
- iv. A reallocation in excess of \$200,000 must first be approved by the CAO and then by City Council,
- v. Once the process is completed, Finance will adjust the affected accounts in the general ledger budget,
- vi. This reallocation process is not to be used to increase permanent staffing. Only City Council has the authority to increase permanent staff.

5.5.1 Salaries and Fringe Benefits Reallocations

Authorized permanent staff, temporary hours, overtime hours, and crew hours may be transferred between departments if determined necessary by the SMT members and the appropriate budget reallocation form must be completed. Council approval is required to increase the permanent staff complement or if a change in staffing levels will impact service levels.

6.0 Three Year Forecast

Finance Committee or City Council may receive a Three Year Operating Budget Forecast prior to receiving the draft operating budget. This forecast will provide Council with estimates of tax increases for the upcoming budget year and the two subsequent years.

Roles and Responsibilities

6.1 Finance Division

Finance is responsible for coordination of process by building the application and determining estimates of inflationary increases through researching projections relative to interest rates, oil prices, utility prices, material prices, contract prices and general inflation. Finance receives benefit information from the Human Resources / Organizational Development Division. All of these increases are

applied to the existing operating budget to determine the values in the upcoming operating budget fields.

Finance will remove all one time expenditures and revenues that are contained in the existing operating budget, add known contractual increases to these estimates, and add annualized impacts of in year adjustments and new in year approvals.

6.2 Operating Departments

The operating departments responsible for providing input regarding known changes such as legislative changes that may affect the projection, review their sections of the three year forecast to ensure accuracy, and provide information for other known contractual obligations and changes in service delivery.

6.3 Senior Management Team

The SMT is responsible to review the three year forecast, meet with their Directors and Managers and provide feedback, and review and provide directions on potential revisions, deletions and modifications.

6.4 Finance Committee / City Council

Finance Committee and/or City Council will review the three year forecast and may provide direction to staff on the development of the upcoming operating budget. Based on the three year forecast, Council will provide direction on developing a plan to mitigate future years' potential tax increases.