

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, May 3rd, 2010

at 4:30 pm

Council Chamber, Tom Davies Square

FINANCE COMMITTEE AGENDA

For the Finance Committee Meeting
to be held on **Monday, May 3, 2010**
Council Chamber, Tom Davies Square at 4:30 pm

COUNCILLOR TED CALLAGHAN, CHAIR

Russ Thompson, Vice-Chair

(Please ensure that 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/.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATIONS

1. Harmonized Sales Tax (HST) Update **5 - 11**
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - Paddy Buchanan, Manager of Accounting

(This presentation will provide an update on the financial implications of the Harmonized Sales Tax.

Effective July 1, 2010 the Harmonized Sales Tax (HST) will come into effect in the Province of Ontario.

The presentation provides an overview of the HST and its impact on the City of Greater Sudbury.)

MANAGERS' REPORTS

2. Report dated April 22, 2010 from the Chief Financial Officer/City Treasurer regarding Collection Process for Accounts Receivable. **12 - 14**
(RECOMMENDATION PREPARED)

(This report provides Council with an overview of the City of Greater Sudbury's collection procedures for accounts receivable and requests Council's approval to amend the Delegations By-Law to allow the Chief Financial Officer to authorize the write off of uncollectible accounts rather than requiring the City Solicitor and the Chief Financial Officer to jointly authorize the write off of uncollectible accounts for accounts that do not exceed \$25,000.)
3. Report dated April 26, 2010 from the Chief Financial Officer/City Treasurer regarding Adjustment to the 2010 Police Services Operating Budget. **15 - 15**
(RECOMMENDATION PREPARED)

(This report is required to amend the Operating Budget resolution to correct the 2010 Budget allocation to the Police Services Board.)
4. Report dated April 20, 2010 from the Chief Financial Officer/City Treasurer regarding Federal Gas Tax - Amending Agreement. **16 - 19**
(RECOMMENDATION PREPARED)

(This report is for Council to authorize signing the revised Federal Gas Tax agreement and provides a list of projects funded in 2009 by Federal Gas Tax.)

CORRESPONDENCE FOR INFORMATION ONLY

5. Report dated April 29, 2010 from the Chief Financial Officer/City Treasurer regarding 2009 Year End Operating Budget Variance Report. **20 - 26**
(FOR INFORMATION ONLY)

(This report provides Council with a year end position based on the expenditures and revenues for the year ended December 31, 2009.)

6. Report dated April 29, 2010 from the Chief Financial Officer/City Treasurer regarding 2009 Water Wastewater Variance Report. **27 - 30**
(FOR INFORMATION ONLY)

(This report provides Council with a year end position for the Water Wastewater Division based on the expenditures and revenues for the year ended December 31, 2009.)

7. Report dated April 29, 2010 from the Chief Financial Officer/City Treasurer regarding 2009 Permanent Positions, Temporary and Overtime Hours Report. **31 - 38**
(FOR INFORMATION ONLY)

(This report provides detailed information regarding 2009 budgeted to actual figures for permanent positions, overtime hours and temporary hours.)

8. Report dated April 29, 2010 from the Chief Financial Officer/City Treasurer regarding 2008 Permanent Positions, Temporary and Overtime Hours Report. **39 - 46**
(FOR INFORMATION ONLY)

(This report provides detailed information regarding 2008 budgeted to actual figures for permanent positions, overtime hours and temporary hours.)

9. Report dated April 27, 2010 from the Chief Financial Officer/City Treasurer regarding Historical Analysis of Energy Costs. **47 - 48**
(FOR INFORMATION ONLY)

(This report provides Council with an analysis of historical energy costs as requested at the October 19, 2009 Finance Committee Meeting.)

Adjournment (Resolution Prepared)

(Two-thirds majority required to proceed past 9:00 P.M.)

ANGIE HACHÉ, CITY CLERK

FRANCA BORTOLUSSI, COUNCIL SECRETARY

For Information Only

Harmonized Sales Tax (HST) Update

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Tuesday, Apr 27, 2010
Type:	Presentations

Recommendation

For Information Only

Signed By

Report Prepared By

Paddy Buchanan
Manager of Accounting
Digitally Signed Apr 27, 10

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
Digitally Signed Apr 27, 10

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Apr 28, 10



Harmonized Sales Tax

**Presentation to Finance
Committee**

May 3, 2010

1

BASIC FACTS

- **HST rate will be 13%**
 - Federal portion 5%
 - Provincial portion 8%
- **Commercial Activities**
 - 100% rebate of both portions
- **Non-commercial activities**
 - 100% rebate of Federal portion
 - 78% rebate of Provincial portion

2

BASIC FACTS

- HST will apply to the same goods & services as GST
- The Province will continue to charge a separate sales tax of 8% on most types of insurance, including group benefit plans

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KEY DATES

- July 1st
 - Full implementation
- May 1st
 - Suppliers must charge HST on goods & services to be delivered after July 1st
 - Our systems have been configured to charge and pay HST

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IMPACT OF HST ON CGS

INCREASED TAX ON SOME CUSTOMER SERVICES

- Ice rentals
- Facility rentals
- Sports field fees
- Fitness memberships
- Private lessons
- Recreational, leisure learning programs for adults
- Cemetery services
- Parking permits

Note: HST does not apply to programs designed for children under the age of 14

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IMPACT OF HST ON CGS

THERE WILL BE SAVINGS

- Before July 1
 - Bought for \$300,000
 - The PST on this purchase was \$24,000
 - The GST on this purchase was \$15,000
 - The rebate on this purchase was \$15,000
 - **The total cost to the City was \$324,000**
- After July 1
 - Bought stationary for \$300,000
 - HST on this purchase is \$39,000
 - The rebate on this purchase is \$18,720
 - **The total cost to the City is \$320,280**
 - **Net saving post HST of \$3,720**

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IMPACT OF HST ON CGS

THERE WILL BE COSTS – 1.76%

- Before July 1
 - Engaged Engineering services for \$300,000
 - The PST on this purchase was Nil
 - The GST on this purchase was \$15,000
 - The rebate on this purchase was \$15,000
 - **The total cost to the City was \$300,000**
- After July 1
 - Engaged Engineering services for \$300,000
 - HST on this purchase is \$39,000
 - The rebate on this purchase is \$33,712
 - **The total cost to the City is \$305,280**
 - **Net increased cost post HST to the City is \$5,280**

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IMPACT OF HST ON CGS

(Based on an analysis of 2009 Actuals)

- Overall projected annual net incremental cost of \$450,000
- Projected net incremental cost for 2010 (1/2 year) \$225,000

Calculated as:

- Projected net savings in the Operating Budget of \$450,000
- Projected incremental costs in Capital Budget before ISF projects \$550,000
- Projected incremental cost in the Capital Budget for ISF projects \$350,000

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MANAGING THE HST TO ACHIEVE A NEUTRAL FISCAL POSITION

- Budget reallocations moving savings in some cost centres to cover increased costs in other cost centres will be implemented with the preparation of the 2011 budget.
- Manage contracts that straddle July 1, 2010 to realize flow through savings from our suppliers
- Accelerate GST-only expenditures to before July 1
- Delay PST-applicable purchases to after July 1

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COMMUNICATIONS STRATEGY

Citizens/All Customers

- Notice in the Spring/Summer Leisure Guide
- Notice for online registration for recreation programs
- Placement page on www.greatersudbury.ca
- Cemetery Services price list
- Citywide Spring 2010 Newsletter
- Flyers in Citizen Service Centres
- Letter to recreation program providers

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COMMUNICATIONS STRATEGY

Suppliers/Contractors

- Cheque insert
- Tag on EFT remittance advice
- Web posting on Supplies and Services page
- Contractors' meeting
- RFP and tender meetings

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COMMUNICATIONS STRATEGY

Managers/Employees/Council

- Presentation to 100 employees
- Presentation to managers
- Elinks Finance section
- CGS News
- HST Summary for call centres and Council
- Commonly asked questions and answers

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Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Thursday, Apr 22, 2010
Type:	Managers' Reports

Request for Decision

Collection Process for Accounts Receivable

Recommendation

THAT Council authorizes staff to amend the Delegations By-Law to allow the Chief Financial Officer to authorize the write off of uncollectible accounts rather than requiring the City Solicitor and the Chief Financial Officer to jointly authorize the write off of uncollectible accounts for accounts that do not exceed \$25,000 (excluding interest).

Background

At its meeting of October 28, 2009 Council requested a report outlining the collection procedures for accounts receivable of the City of Greater Sudbury. The information contained in this report does not apply to the collection of taxes, Provincial Offences or water/wastewater charges all of which are collected on the basis of their own policies and procedures. In 2009, the City processed 6,000 invoices totaling approximately \$14 million through miscellaneous accounts receivable and the outstanding accounts receivable balance at each month end is on average \$2 million.

The City's "Accounts Receivable and Collections" policy and procedure governs the billing and collections of accounts receivable. This report highlights the key collection procedures. A copy of the policy is available upon request.

Collection Procedures

Credit Limits

The City is in very diverse lines of business and as a result the responsibility for setting credit limits is established by the Directors of the operating departments in consultation with Finance. The Directors notify the staff in the applicable programs of those customers who will and who will not be extended credit. There are instances where the City acquires goods and services through contracts or leases and the terms and conditions of the contract dictate how much credit would be extended at any one time. It is the responsibility of the operating departments to ensure that clients are billed in accordance with the payment terms of the contracts. The terms of payment for all City invoices are 30 days.

Signed By

Report Prepared By

Paddy Buchanan
Manager of Accounting
Digitally Signed Apr 22, 10

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
Digitally Signed Apr 26, 10

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Apr 28, 10

Collections

The collection of accounts receivable is a shared responsibility between the operating department and accounts receivable. All staff make every effort to collect outstanding accounts receivable as efficiently and effectively as possible.

When goods or services have been provided, the operating department forwards a billing advice to the accounts receivable section that in turn prepares and forwards an invoice to the customer. An account that falls into arrears (over 30 days) is subject to interest charges as established by the User Fees bylaw.

The collection steps are as follows:

- Monthly statements that itemize account activity and any outstanding invoices are sent to keep customers advised of their account balances.
- An aged list of accounts is prepared monthly and reviewed by the Supervisor of Accounts Receivable. The aged accounts receivable listing and information regarding collection efforts is sent to the operating departments in order that they may assist in collecting outstanding accounts.

An aged accounts receivable summary report detailing each outstanding account greater than 90 days and the status of collection efforts at that date is prepared monthly and reviewed by the Coordinator of Accounting and the Manager of Accounting.

- When an account is two months overdue a letter reminding the customer of the unpaid invoice is sent. This letter is a friendly reminder of outstanding amounts due. The accounts receivable bookkeeper attempts to contact all customers, whose account balance has been outstanding for more than 60 days. Any communication and resolution is noted in the customer account.
- If by the end of the third month, the account is still outstanding, a second letter is mailed and this letter is a more serious reminder of the outstanding amount due.

The accounts receivable and operating department staff continues to contact the customer to obtain payment of the account.

- If by the end of the fourth month, accounts receivable and the operating department have not been successful in collecting the account or in contacting the customer, a third letter is sent to the customer. This letter advises the customer that if they do not contact the City or make payment within 15 days, the outstanding invoice balances will be sent to the collection agency or transferred to the tax roll.
- By the time an account is three months overdue, the Supervisor of Accounts Receivable in consultation with the operating department and the Manager of Accounting may determine that no further credit will be extended to the customer until all outstanding accounts are paid. Should the customer also be a supplier to the City, any further payments owed by the City may be held pending payment of outstanding balances.
- If payment has still not been received 15 days after the third letter has been sent, the Supervisor of Accounts Receivable reviews the circumstances of the account and in consultation with the operating department will recommend one of the following courses of action:

- o Transfer the account to property taxes. For example amounts owing for annual trunk water main payments, water turn off and on charges and repairs to frozen water services can be transferred to the tax role.
 - o In consultation with the Legal Department and where possible, process a credit invoice through the City's Account Payable system, to retrieve the funds from accounts owing to a customer.
 - o Negotiate payment terms, if the outstanding balance is less than the small claims court limit (\$25,000).
 - o Send to the collection agency.
 - o Recommend the account for write off if the uncollectible amount is deemed insignificant or the circumstances warrant such action. Presently, the Delegations By-law requires that the Chief Financial Officer and the City Solicitor jointly authorize write offs up to \$25,000 (excluding interest). To improve efficiency, this report recommends that the Delegations By-law be amended to allow for only the Chief Financial Officer to authorized write offs up to \$25,000 (excluding interest). Write offs over \$25,000 (excluding interest) must be authorized by Council.
- Once all collection attempts by the accounts receivable section and the operating departments have been exhausted and if the outstanding balance of the account is greater than \$25,000 (current limit for small claims court action), the account will be turned over to the Legal Department. The Legal Department will take whatever action is appropriate to reinstate the account into good standing.

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Monday, Apr 26, 2010
Type:	Managers' Reports

Request for Decision

Adjustment to the 2010 Police Services Operating Budget

Recommendation

THAT Council accept the Greater Sudbury Police Services' operating budget in the amount of \$43,782,984.

Background

During the 2010 Operating budget deliberations, Finance Committee chose to accept two capital reduction options totalling \$1.3 million. Contained within these options was a reduction of \$20,000 allocated to the Police Services. The Police Services approved its budget with this \$20,000 reduction. However, the budget resolution at Finance Committee did not reflect the revised Police Services approved budget.

The 2010 approved budget resolution did reflect the correct gross and net budget for the municipality. Only the Police Services allocation was shown in error in the resolution.

This resolution has no impact on the municipal net levy. The Police Services net budget has been revised from \$43,802,984 to \$43,782,984 in this resolution.

Signed By

Report Prepared By

Ed Stankiewicz
Manager of Financial Planning & Policy
Digitally Signed Apr 26, 10

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
Digitally Signed Apr 26, 10

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Apr 28, 10

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Tuesday, Apr 20, 2010
Type:	Managers' Reports

Request for Decision

Federal Gas Tax - Amending Agreement

Recommendation

It is recommended that Council authorize the execution of the Amending Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities between the Association of Municipalities of Ontario (AMO) and the City of Greater Sudbury and that the necessary By-law be passed.

Background

The Federal Gas Tax Fund was announced in the 2005 Federal Budget and committed approximately \$1.9 billion to Ontario municipalities for environmentally sustainable infrastructure over a five year period (2005-2009). The 2007 Federal Budget committed to extending the Fund by an additional five years (2010-2014). This is estimated to bring an additional \$2.9 billion to Ontario's communities. The 2008 Federal Budget made these funds permanent.

The purpose of the funding is to provide Ontario municipalities with a source of stable, predictable and long-term funding towards Environmentally Sustainable Municipal Infrastructure (ESMI). This funding will help municipalities address their infrastructure needs and meet sustainability objectives. Gas tax funding comes with the expectation that the investments in ESMI will see Ontarians enjoying cleaner air, cleaner water and reduced greenhouse gas (GHG) emissions.

For the first 5 years of the agreement the City of Greater Sudbury received \$25.2 million to spend incrementally on expenditures in the eligible categories of Public Transit, Water, Wastewater, Solid Waste, Roads (including bridges and tunnels), Capacity Building and Community Energy Systems.

Federal Gas Tax Allocation for 2005 to 2009

The allocation of federal gas tax was based on a per capita share using 2001 Census data. The following chart identifies Sudbury's allocation over the 5 years.

Signed By

Report Prepared By

Lorraine Larose
Manager of Financial Support and
Budgeting
Digitally Signed Apr 20, 10

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
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Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
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Federal Fiscal Period	CGS Budget Year	Amount
2005-2006	2006	\$ 3.0 million
2006-2007	2007	\$ 3.0 million
2007-2008	2008	\$ 4.0 million
2008-2009	2009	\$ 5.1 million
2009-2010	2010	\$10.1 million
TOTAL		\$25.2 million

The City did not receive the first installment of federal gas tax until fiscal 2006, hence the lag between the receipt of money and budgeting for the spending. See appendix B for a historical review of funded projects and accumulated balance in reserves. Annually the expenditures have been audited by the external auditors.

Federal Gas Tax Allocation for 2010 to 2013

In December 2009, the City received notification of its allocation of Federal Gas Tax for the next four years. Over the next four years CGS will receive \$9.7 million annually for a total of \$38.8 million. This annual payment is slightly (3.7%) lower than our present annual entitlement of \$10.1 million. This is reflective of the fact that the Federal Gas Tax is allocated on a per capita basis, with the latest allocation based on 2006 census data.

SUMMARY

In 2009 approximately \$9 million of Federal Gas Tax revenues were utilized for capital spending (see Appendix A). Some of these projects were started in 2008 or early while others (ISF) were only included in the 2010 budget. The 2010 capital budget includes \$10.087 million in gas tax funds for Roads Projects.

RECOMMENDATION

It is recommended that Council authorize the execution of the Amending Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities between the Association of Municipalities of Ontario (AMO) and the City of Greater Sudbury and that the necessary By-law be passed.

APPENDIX A – Federal Gas Tax Funded Projects in 2009

Year	Project	Total Cost in 2009	Federal Gas Tax Portion
2009	Paris St. (Walford to York)	\$ 5,230,165	\$ 2,094,000
	MR 55	2,325,164	1,283,342
	Minto St Bridge	464,066	331,476
	Culverts/Misc Bridges	1,824,469	1,316,424
	Marcel Street	257,108	168,568
	Falconbridge Hwy (ISF)	13,005,674	2,166,667
	Paris/Notre Dame (ISF)	2,500,333	416,722
	Lasalle Blvd. (ISF)	7,200,967	1,200,161
	Organic Pilot Project	31,489	8,278
	Total	\$ 32,839,435	\$ 8,985,638

FEDERAL GAS TAX
APPENDIX B - Historical review

	2005	2006	2007	2008	2009	Cumulative 2005 - 2009	2010
	Gas Tax 3,026,671.93	Cost of project 3,026,671.93	Cost of project 4,035,111.97	Cost of project 5,043,552.00	Cost of project (budget)	Gas Tax (Actual) 10,087,104.02	Cost of project (budget)
		Gas Tax 137,738.63	Gas Tax 254,013.26	Gas Tax 209,448.21		244,005.96	Gas Tax (budget) 9,711,362.64
2006							
Interest Earned							
Solid Waste							
Organics Pilot		403,561.87		146,397.79		8,277.73	
Facilities							
Garson Station EMS		198,160.35					
Roof Repairs Arenas		335,701.15					
Roof Repairs municipal build		58,024.42					
Mechanical / Electrical Arenas		645,652.17					
Energy Retrofits Arenas		1,912.00					
Energy Retrofits municipal buli		37,500.00					
2006 Roads		17,194.26	349,875.50				
2007 Wastewater			103,859.10				
2007 Water			461,385.80				
2007 Roads			584,879.60				
2007							
Roads							
Misc. Road Repairs			4,230,771.40	315,732.60			
Garson Coniston			-	300,000.00			
Lasalle - Notre Dame to Mac Jack			2,861,445.45	1,000,000.00			
Drainage Projects			197,052.48				
2008							
Roads							
Long Lake By-Pass				1,120,101.40		33,342.68	
MR55				1,190,459.45			
Garson Coniston Road				2,572,846.32			
Lansing Avenue				639,728.79			
Notre Dame				185,000.00			
Durham St Bridge				119,520.00			
Larch St Bridge				851,656.82			
Marcel St				1,041,452.55		168,568.35	
Main St Lionel to 144 Asphalt				150,000.00			
Major Culverts			455,030.19	327,675.05		530,502.25	
2009							
Roads							
Paris St - Wallford to York					4,010,000	2,094,000.00	
MR55 1km to interchange					2,200,000	1,250,000.00	
Minto Street Bridge					840,000	388,409.44	
Balsam Street Bridge					525,000	293,552	
Major culverts / misc bridge repairs					1,675,000	785,921.95	
2010							
Roads							
Falconbridge - Hudson to CNR							200,000
Falconbridge - Tulane to Hudson							225,000
Falconbridge - Turning Lane							400,000
Falconbridge - ISF						2,166,667.00	2,166,667
Paris St/Notre Dame - ISF						416,722.19	1,916,667
Lasalle Blvd - ISF						1,200,161.18	2,350,000
New lights							50,000
New Traffic Signals - Regent & Mallards							160,000
Control Arms - Maley Drive							150,000
Four Lining MR80 - Frost to Glenn							6,375,500
Various bridges							570,000
Surface treatment - various locations							768,000
TOTAL EXPENDITURES	-	1,660,206.22	7,289,269.33	8,472,193.31	9,300,000	9,042,572.77	47,498,500
UNSPENT PER YEAR		1,756,424.31	78,857.83	1,912,855.57		1,288,537.21	
Reserve balance (cumulative unspent per year)		3,269,759.46	4,861,953.26	6,774,608.83		8,063,146.49	8,063,146.85

For Information Only

2009 Year End Operating Budget Variance Report

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Thursday, Apr 29, 2010
Type:	Correspondence for Information Only

Recommendation

For Information Only

Background

This report is an update from the September 2009 year-end forecast. This variance report is being presented reflecting material variances in the operating fund as of December 31, 2009. These results are unaudited. When all the budgeted variances were accounted for, the municipal surplus was \$134,500. However, in accordance with the Reserves and Reserve Funds By-law, certain service areas within the City that experienced a net under expenditure retain this under expenditure if it does not put the City in a deficit position. If all of these service areas would have retained their surplus funds, this would have pushed the City into a deficit position. Therefore, these areas have retained their savings on a prorated basis based on the municipal surplus of \$134,500, and each area retained approximately 6% of their savings.

A summary of material variances is as follows:

Signed By

Report Prepared By

Lorraine Larose
Manager of Financial Support and
Budgeting

Digitally Signed Apr 29, 10

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
Digitally Signed Apr 29, 10

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Apr 29, 10

	Net Under Expenditure (Net Over Expenditure)
Corporate Revenues and Expenditures	\$1,000,000
Executive and Legislative	\$ 365,000
Administrative Services	(\$ 535,000)
Transit Services	(\$1,370,000)
Handi Transit	(\$ 290,000)
Housing Services	\$1,100,000
Long Term Care and Senior Services	(\$1,570,000)
Social Services	\$1,650,000
Leisure & Recreation Services	\$ 688,000
Roads Maintenance	(\$1,800,000)
Environmental Services	(\$ 260,000)
Fire Services	\$ 300,000
Police Services	\$ 310,000
Miscellaneous Items	\$ 546,500
Subtotal	\$ 134,500
Contribution to various reserves	(\$ 134,500)
Year End Position	0

As a result, for the fiscal year 2009, the City is reflecting a balanced budget.

Attached is a table summarizing the cost centre report which reflect annual budgets, actual expenditures and revenues and variances, after reserve and reserve fund transfers.

For this report, year-end variances greater than \$200,000 have been identified and are detailed as follows:

Corporate Revevues and Expenditures: Taxation

As previously reported, the City has been informed that MPAC is catching up on assessing the new Business Education Tax Class which was created in 2007 and other additions from 2007 and 2008. In addition, due to continued building activity in the last few years, supplementary taxation was received totalling \$1.6 million more than budgeted.

However, MPAC has received over 1,700 requests for reconsideration (RFR's), approximately 70% higher than in a typical reassessment year therefore staff estimated the potential liability to be \$760,000 greater than budget, mitigated in part by savings of \$270,000 due to lower charity and vacancy rebates.

Overall this section experienced a year-end net under expenditure of approximately \$1 million.

2) Executive & Legislative

As previously reported, a delay in the hiring of the Auditor General and having his office staffed has resulted in a year end net under expenditure of \$190,000. In addition, Council miscellaneous expenditures are reflecting a year end net under expenditure of \$93,000 due to Council's fiscal restraint.

Overall, this area experienced a year end under expenditure of \$365,000.

3) Administrative Services

Due to additional reliance on outside legal counsel as a result of work overload, legal services has a year-end net over expenditure of \$600,000 due in part by prosecution for provincial offences, as the prosecutor's position was vacant during periods of 2009. Also, a decrease in POA revenues of \$440,000 increased the over-expenditure. This was mitigated by a \$300,000 under-expenditure in Information Technology. Other savings within Administrative Services has reduced the overall over-expenditure to \$535,000.

4) Building Services

Building permits reflect a construction value of \$405 million, higher than a year ago (2008 - \$309 million). The mix of construction type is quite different from a year ago. There has been a large increase in the commercial sector. As well, the home renovation applications have increased, which is suspected to be as a result of the one year government tax incentive for home renovations. In accordance with provincial legislation (Bill 124), the net under expenditure of \$1.9 million was contributed to a reserve to ensure future viability of this service.

5) Transit Services

User Fees revenues are under budget at year end by approximately \$1 million. Other areas such as staffing, internal recoveries, and allowance for bad debt expense were over budget, offset by savings in fuel, which resulted in an overall deficit of \$1.37 million for Transit Services.

6) Handi Transit

Increased utilization of this service resulted in a year-end net over-expenditure of \$290,000.

7) Housing Services

The increased demand for rent-geared-to-income subsidies continues to be lower than expected. Vacancy rates are slowly on the rise, however, market renters have not been moving from the subsidized housing units to the private sector. In addition, mortgage rates continue to remain lower than anticipated, meaning that mortgage renewals will not likely create a significant cost pressure. When these factors are considered, the year end net under expenditure for this area is \$1.2 million. In accordance with the Reserve and Reserve Fund By-law, any under expenditure will be contributed to the Social Housing Reserve Fund provided this does not put the municipality in a deficit. For this reason, only \$79,000 will be contributed to the reserve fund, while the remaining \$1.1 million will be retained by the operating fund.

8) Long Term Care and Senior Services

There have been overruns in salaries of \$2 million as a result of overtime and costs associated with modified workers. Increases in revenues of \$640,000 have partially mitigated this increase in cost. Other material costs were over budget by \$210,000 in part due to bad debt of \$80,000.

Overall, this area has a year end net over expenditure of \$1.57 million.

9) Social Services

While the City has been recently experiencing an increase in actual caseloads, the total caseload still remains under budgeted values. Lower than budgeted case loads in the General Welfare Assistance and Sole Support and the lower forecast for the Ontario Disability Support Program (ODSP) are the main reasons for the positive variance in this area. In addition, there have been a number of vacancies in the administration section of Ontario Works.

All totalled, the net under expenditure in this area is \$1.65 million.

10) Leisure and Recreation Services

Increased revenues in the arenas section and in the Capreol Millenium Centre as well as cost saving measures are responsible for this area reporting a year end net under expenditure of \$688,000. The largest component is a \$200,000 settlement from the insurer for lost ice revenue at McClelland Arena as a result of the fire.

11) Roads Maintenance

Net over expenditures resulting from the pothole patching blitz, at a cost of \$1.5 million, the winter ditching / spring cleanup exercise and additional winter administrative and supervision costs are the main factors causing these activities to reflect a year end net over expenditure of \$2.4 million. These over expenditures were partially offset by under expenditures in sanding and salting of approximately \$800,000 due to favourable conditions in November. Overall, Winter Control was \$1.6 million over budget.

Summer Control experienced a net over expenditure of approximately \$200,000.

Overall, this division reflects a net over expenditure of approximately \$1.8 million. No transfer from the Winter Control Reserve Fund was recorded due to the City's year end surplus position.

12) Environmental Services

As previously reported, this division continues to have a number of financial challenges as a result of increasing volumes. Net over expenditures in processing recyclables (\$360,000) and leaf and yard waste (\$300,000) due to increased volumes, as well as additional costs of operating the landfill sites (\$130,000) have occurred. Mitigating these over expenditures were grants and miscellaneous revenues for projects, blue box recycling and household hazardous waste for a total of \$500,000.

This area has a year-end net over expenditure of \$260,000.

13) Fire Services

This area has resulted in a year-end surplus of \$300,000. This is due to savings in wages and benefits for career suppression.

14) Police Services

This area reflects a net under expenditure of \$331,000. In accordance with the Reserves and Reserve Funds Bylaw, any net under expenditure will be contributed to the Police Services Reserve Fund provided that this does not put the municipality in a deficit. For this reason, \$21,000 will be contributed to the reserve fund, while the remaining \$310,000 will be retained by the operating fund.

15) Other Items

OMPF

In 2009, the Province provided a \$53.8 million Ontario Municipal Partnership Fund (OMPF) grant to the City. The City's Social Services program costs were approximately \$760,000 higher than the provincial estimate. However, at this point, it is uncertain whether the Province will perform a reconciliation of the actual social program expenditures, therefore, a receivable from the province was not set up at this time. If a reconciliation of OMPF for 2009 occurs, it is anticipated that the City would receive these additional funds.

Net Under Expenditures allocated to Reserves

As per City policy, certain operations keep the surpluses generated in their respective areas, only if this does not put the municipality in a deficit position. Prior to these entries being made, the City is in a \$134,500 surplus position, which then requires these areas to have their surpluses prorated to avoid having the City move to a deficit position. As a result, Information Technology, Land Reclamation Services, Social Housing Services, Police Services and professional development will retain approximately 6% of the surplus that their area generated.

Summary

In summary, the City's year end position was a balanced budget after transfers to the above noted reserve funds.

**City of Greater Sudbury
CORPORATE REVENUE
EXPENDITURE SUMMARY**

For the Period Ending: December 31, 2009

	Annual Budget	Y-T-D Actuals	Surplus (Deficit)
Corporate Revenues & Expenditures	(242,182,421)	(243,195,354)	1,012,933
Executive& Administration Dept	2,164,790	1,799,080	365,710
Administrative Services	2,383,561	2,917,817	(534,256)
Financial Services	6,797,596	6,741,105	56,491
Human Res & Org Dev	0	68,819	(68,819)
Growth & Development Services			
Growth & Development Other	1,673,123	1,598,031	75,092
Economic Development	3,041,682	3,064,708	(23,026)
Planning & Development	4,426,675	4,387,320	39,355
Sudbury Airport Personnel	0	0	0
Build Serv, Enforc & Complianc	311,364	415,743	(104,379)
Transit & Parking	9,730,548	11,394,274	(1,663,726)
Growth & Development Services	19,183,392	20,860,077	(1,676,685)
Community Development			
Community Development - GM	(13,004,603)	(13,013,984)	9,381
Administrative&Financial Serv.	386,784	279,444	107,340
Regional Geriatric Services	2,715	2,715	0
Housing Services	17,875,666	16,736,306	1,139,360
Long Term Care&Senior Services	2,061,787	3,628,404	(1,566,617)
Social Services	21,898,759	20,245,743	1,653,016
Citizen Services	11,237,210	11,161,826	75,384
Leisure & Recreation Services	17,857,757	17,169,278	688,479
Community Development	58,316,075	56,209,732	2,106,343
Infrastructure Services			
Infrastructure Services Other	0	(0)	0
Financial Support	(44,910)	(44,910)	0
Engineering Services	190,000	190,000	0
Assets Management	4,214,946	4,103,230	111,716
Roads Contr To Capital	23,503,159	23,503,159	0
Summer Maintenance	13,834,595	14,021,615	(187,020)
Winter Maintenance	14,734,071	16,363,015	(1,628,944)
Road Engineering Costs	3,291,551	3,247,544	44,007
Streetlighting	1,825,945	1,895,909	(69,964)
Environmental Services	11,546,679	11,803,332	(256,653)
Infrastructure Services	76,375,064	78,361,922	(1,986,858)
Emergency Services Division	9,465,601	9,357,045	108,556
Fire Services	19,313,076	19,006,257	306,819
Outside Boards Dept.			
Outside Boards Other	5,753,721	5,753,722	(1)
Police Services	42,429,545	42,119,779	309,766
Outside Boards Dept.	48,183,266	47,873,501	309,765
TOTAL EXPENDITURES	242,182,421	243,195,354	(1,012,933)
Excess (Deficiency) of Revenues over expenditures			0

For Information Only

2009 Water Wastewater Variance Report

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Thursday, Apr 29, 2010
Type:	Correspondence for Information Only

Recommendation

For Information Only

Executive Summary

This report provides the year end position for Water and Wastewater Services at the end of December, 2009. These results are subject to year end audit.

Background

During the 2010 Budget deliberations, Council requested additional variance analysis reporting on Water and Wastewater Services. A more detailed breakdown of the variances between expenditures and revenues is attached as Schedule A.

Expenditures

Salaries and Benefits

This category experienced a gross over expenditure of \$816,000. The overage was largely due to unbudgeted supervision relief (\$153,000), additional temporary and student salaries (\$125,000), succession planning and special initiatives (\$264,000) and increased overtime and casual (\$184,000). One time expenditures estimated at \$75,000 were incurred to maintain the Skead Heritage Homes water system. These were approved previously by Council and were to be funded from the water capital financing reserve fund, and will continue until the water system is transferred over to the home owners. Other one-time expenditures of \$75,000 are related to the incremental cost of operating staff supporting capital projects such as the Levack water treatment system and the ISF projects. The succession planning and special initiatives were funded by contributions from capital and reserve funds, and external grants of \$30,000 resulting in a net over expenditure of \$522,000.

Purchased/Contract Services

This category experienced a gross over expenditure of \$1,748,000. There were a number of factors contributing to the overage:

- Sludge haulage contract was over budget by \$220,000 due to rerouting trucks around the former

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Report Prepared By

Dion Dumontelle
Co-ordinator of Accounting
Digitally Signed Apr 29, 10

Recommended by the Department

Lorella Hayes
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Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
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Town of Lively and the renegotiated extension of the contract for years 4 and 5 at a price level 22.5% higher than the original tender, as well as the introduction of a fuel surcharge in years 4 and 5.

- Water main break repairs were significantly higher during 2009 (129) compared to the prior three year average (93) resulting in an unfavourable variance of \$570,000 for this account. Additional over expenditures in water service, curb box repairs and hydrant repairs brought the variance to \$850,000. . Staff is concerned that this trend will continue until the aging infrastructure is replaced.
- Additional contract costs of \$197,000 were incurred in the maintenance of lift stations due to high spring run-offs, pump repairs and the July storm.
- Road and property restoration costs were over budget by \$417,000 but were offset by contributions from reserves related to amounts carried forward from 2008.
- The purchased services for sewer repairs were over expended by \$120,000. These amounts were offset by savings in materials and own crew salaries related to these activities.
- Various smaller and other overages amounted to \$272,000, which were offset by savings of \$328,000 in amounts related to the purchase of water and wastewater treatment from Vale.

The net over expenditure in purchased services amounted to \$1,356,000 after accounting for the contribution from 2008 funds to offset the cost of additional road and property restoration.

Internal Recoveries

There was a significant unfavourable variance in vehicle charges for “white fleet vehicles” of \$170,000 due to a budgeting error. Overages in Public Works depot costs have increased the water/wastewater share by \$207,000. Offsetting these are savings from reduced use of own equipment and increased recoveries from Work Done For Others activities. This category experienced a net over expenditure of \$121,000.

Materials

There was a favourable variance of \$254,000 in materials due the fact that less than anticipated sewer manhole work was performed by city crews and the majority of road and property restoration was performed by contractors. This resulted in the City using less of its own materials, but as mentioned earlier, was more than offset by increased contract services costs.

Energy

Both divisions experienced savings in energy costs due in part to favourable weather conditions and lower consumption of electricity as a result of decreased volumes in treated water.

Revenues

Council is aware that consumption decreases continue to plague the department. Water fees were short by \$1.2 million and wastewater fees came in at \$1.7 less than budget. Factors contributing to the decreased consumption include, but are not limited to, second consecutive wet summer, decreased commercial consumption and conservation efforts. Staff is in the process of analyzing consumption to determine where the decrease has come from, particularly in the commercial sector.

Other revenues such as new meter fees, work done for others and external contributions exceeded the budget by \$66,000.

The combined shortfall for water and wastewater amounted to \$4,239,000 which will be funded from the

respective capital financing reserve funds, in accordance with policy. Taking into account one-time operating expenditures of approximately \$200,000 the normalized deficit would have been estimated at closer to \$4,000,000.

Action Plan

Staff has prepared an action plan to achieve a balanced budget in 2010. Key items in this plan are:

- curtailing discretionary expenditures (use of overtime, casual/part-time and relieving)
- preparing and analyzing detailed monthly variance reports (internally) and quarterly variance reporting (Council)
- detailed review of budget to more accurately align resources
- major adjustment to budgeted consumption were made for 2010 and staff will continue to analyze consumption
- review of all internal allocations of costs within and across departments
- analysis of major operating contracts
- preparation of the water financial plan

Summary

The 2009 projected deficits in water and wastewater will be reduced by contributions from reserve funds in accordance with policy, leaving balances in the corresponding reserve funds of approximately \$4,800,000 and \$274,000 respectively. The balance in the Wastewater Reserve Fund will not be sufficient to fund a similar deficit in 2010. Staff is taking steps to mitigate both unbudgeted expenditures and revenue shortfalls, as part of the action plan.

For 2010, Council will be provided with quarterly financial projections for the Water and Wastewater divisions.

Revenue & Expense Summary Water/Waste Water Mtce.

Year to Date, as of December 31, 2009



Schedule A

	Budget for January to December	Year-to-Date Actual	Variance Favourable/ (Unfavourable)	YTD % Actual
Frontage Charges	561,032	551,046	(9,986)	98
Provincial Grants & Subsidies	-	26,796	26,796	
User Fees	51,893,363	49,182,044	(2,711,319)	95
From Reserve and Reserve Funds	-	713,253	713,253	
Other Revenues	-	11,400	11,400	
Municipal Levy (fire protection)	2,927,096	2,927,096	-	
Total Revenues	55,381,491	53,411,635	(1,969,856)	96
Salaries & Benefits	11,052,280	11,868,912	(816,632)	107
Materials Expenses	3,853,183	3,599,046	254,137	93
Equipment Expenses	-	4,124	(4,124)	
Energy Costs	3,223,530	2,986,284	237,246	93
Purchased/Contract Services	6,550,374	8,298,045	(1,747,671)	127
Debenture & Insurance Costs	1,250,828	1,349,052	(98,224)	108
Prof Development & Training	82,242	74,362	7,880	90
Grants - Transfer Payments	25,500	8,250	17,250	32
Prov to Reserves & Capital	21,277,464	21,277,464	-	100
Internal Recoveries	8,066,090	8,186,096	(120,006)	101
Total Expenses	55,381,491	57,651,635	(2,270,144)	104
Excess (Deficiency) of Revenue Over Expenses (before draw from Reserve Funds)	-	(4,240,000)	(4,240,000)	
Contribution from Water Reserve Fund	-	2,633,000		
Contribution from Waste Water Reserve Fund	-	1,607,000		
Excess (Deficiency) of Revenue Over Expenses (after draw from Reserve Funds)	-	0		

Run Time: April 23, 2010 at 3:27 PM

For Information Only

2009 Permanent Positions, Temporary and Overtime Hours Report

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Thursday, Apr 29, 2010
Type:	Correspondence for Information Only

Recommendation

FOR INFORMATION ONLY

Executive Summary

This report will provide detailed information regarding 2009 budgeted to actual figures for permanent positions, overtime hours and temporary hours. There are many similarities to the 2008 staffing report on this same agenda.

Background

During the 2010 budget deliberations, Finance Committee requested a report on permanent positions, overtime hours and temporary hours worked and how it relates to what was budgeted.

For this report, the same approach was taken in analyzing the staffing variances from the budgeted values as was used in the 2008 staffing report.

The first step was to look at the salary over expenditures from a global perspective to identify variances. When major variances were identified, staff drilled down into the details to determine the reasons for the variance.

Occasionally salaries and fringes exceeded the budgeted values; however, in some cases these over expenditures were offset by vacancies in permanent staff positions, additional provincial subsidies or external funding, reductions in purchased services, funded by reserves or was a requirement in order to keep the operation safe and effective.

Charts

Chart 1 reflects the salary component for each department in the City of Greater Sudbury. Appearing on the

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Recommended by the Department

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chart are three columns; 2009 Budget, 2009 Actual and the differential.

Chart 2 reflects the permanent staff as of December 31, 2009, showing the number of employees on leave and the number of vacancies.

Chart 3 reflects the budgeted overtime hours and actual overtime hours for the year by division within each department.

Chart 4 reflects the 2009 budgeted and actual temporary hours for the year by division within each department.

Permanent Positions

Staff vacancies occurred within departments for a number of reasons; retirements, leaves of absence, promotions and terminations.

A snapshot of the permanent active staff was taken on December 31, 2009 to determine the number of vacancies in the municipality. This number would be representative of the number of vacancies during any period of the year. At that time there were 43 permanent staff vacancies and there were 112 permanent staff on leave.

As a result of the shortfall of 155 permanent staffing, the work that was previously performed by permanent staff had to be undertaken by other permanent staff on overtime hours or by additional temporary staff. This is the main reason for both overtime hours and temporary hours being over budget in 2009. As was the case in 2008 when attempting to fill vacancies, staff are not always successful as market conditions may make finding a suitable candidate difficult.

Departmental Variance Analysis

Executive & Administrative

Within the Executive and Administrative Division, as well as the Administrative Services Division, the only major variance was due to the late hiring of staff in the Auditor General's office. A review of the overtime and temporary hours reflects no major variances.

Human Resources

In 2009, this area reflects a net under expenditure of approximately \$1.9 million, which is mostly attributed to a excess funds for health premiums being returned to the City from Manulife. In accordance with the Reserve and Reserve Fund By-law, this amount was contributed to the Human Resources Reserve Fund. This net under expenditure is offset somewhat by increased expenditures for early retirements. There is no overtime in this area as it is made up entirely of non union personnel.

Growth and Development

This department reflects a slight over expenditure in the salary and fringe benefit category. There are over expenditures in salaries in some divisions while others are under budget. Transit Services had an increase in usage of overtime and part time hours to offset the operators that were on leave. Building Services

utilitized additional overtime and part time hours to offset the permanent employees on leave and staff vacancies. The departmental variance only represents one percent of the salary budget.

Financial Services

This area reflects a net over expenditure in the salary component; however, this is due to a contractual commitment of approximately \$100,000, which is offset by a contribution from reserves.

Community Development

This department reflects a significant over expenditure in salaries and fringe benefits by \$1.3 million in 2009. The majority of this amount relates to overtime at Pioneer Manor. Historically, Pioneer Manor has not budgeted for overtime because the work program was developed to minimize overtime requirements to maintain a twenty-four hour operation.

The significant overtime that is now being incurred is in part due to difficulties in recruiting and retaining qualified staff, replacement of staff on modified work, additional staffing requirements as a result of interim beds and a high number of leaves and vacancies. Modified work has not only resulted in the need for overtime (ie: replacement of staff) but it also has in itself escalated to levels well beyond what has been budgeted.

Another division that experienced increased salary and fringe benefit costs was the Leisure Services Division in four main sections: Parks, Community Halls, Pools and Arenas. In some cases these additional expenditures were offset by increase revenues or decreased purchased services.

Somewhat offsetting the previous two items is Ontario Works where there have been a number of vacancies throughout the year.

Infrastructure Services

There were salary over expenditures in the Water / Wastewater Division of approximately \$800,000, mostly related to relief supervision pay and overtime costs. In accordance with policy, shortfalls in this division are offset by contributions from the Water and Wastewater Reserve Fund, therefore having no effect on the City's financial position.

The Roads Division also reflected an over expenditure in the salary category relating mostly to winter control due predominantly to pothole repairs and increased winter supervision costs.

The attached charts will reflect estimated budgeted overtime hours and temporary hours in the operations area. The reason for this is that in the Municipal Management Maintenance System (MMMS), where all costs for work activities are captured, crew hours are used as its manpower component. Crew hours are made up of hours worked by permanent and temporary employees as well as overtime. The labour cost component uses a rate of pay that incorporates all of these inputs.

As was reported in the 2008 report, these estimates of overtime and temporary hours are included in the appropriate charts for comparison purposes.

Emergency Services

There is only a minor positive variance in this department representing less than 0.5% of the budget. The

vacancies were covered by overtime and temporary hours within the existing salary budget. Additional overtime and temporary hours were required to handle off loading delays.

Fire Services

This department has a positive variance in salaries relating predominantly to the leaves and vacancies in this area. However, there is a variance in actual overtime hours compared to budgeted overtime hours. This is a reporting error in the budget document as the dollar amount budgeted exceeds the number of hours budgeted. The hours will be realigned in the 2011 budget with no levy impact.

Police Services

The salary category of the Police Services was over budget due mainly to the uptake of federally and provincially funded programs to add officers to most police forces in Ontario, therefore was no impact on the City's year end financial position as a result of participating in this initiative.

The Police Services budget contains an annual allocation for overtime. In 2009, these costs were under budget.

Summary

This report identifies variances in the salary category of the City's operations. It should be noted that even when there were over expenditures in salaries, it did not necessarily lead to an over expenditure for the division as there may have been other items that offset this salary component.

These over expenditures in overtime and temporary staff costs have been funded by the following sources:

- Vacancies in permanent staff positions
- Additional provincial subsidies
- Other funding sources
- Reduction in other category expenditures
- Reserves
- Succession planning reserve

As well, many salary expenditures, such as vacation and sick leave payouts for terminated employees, job evaluation payouts, vacation pay differences and pay equity issues are not budgeted for. This totals approximately \$3.2 million.

In addition, some of the over expenditures in salaries were as a result of keeping the operation going, such as winter control and Pioneer Manor.

Managers make every attempt to offset over expenditures in salaries by reducing other category expenditures or by securing other funding.

Chart 1
Salaries & Benefits Analysis

	Budget 2009	Actual 2009	Differential
Executive & Administration	1,753,351	1,501,219	252,132
Administrative Services	6,169,529	6,091,656	77,873
Human Resources	4,206,775	2,292,843	1,913,932
Growth & Development	20,585,192	20,799,533	(214,341)
Financial Services	4,334,257	4,464,315	(130,058)
Community Development	48,511,922	49,775,948	(1,264,026)
Infrastructure Services	34,883,529	36,814,529	(1,931,000)
Emergency Services	13,423,784	13,362,471	61,313
Fire Services	15,163,921	14,952,426	211,495
Police Services	37,606,556	37,935,914	(329,358)
Total	186,638,816	187,990,854	(1,352,038)

Chart 2
2009 Full Time Analysis

	As of December 31, 2009	2009 # Actual Positions	# of Leaves	# of Vacancies	2009 # Budgeted Positions
Executive & Administration		5	-	2	7
Administrative Services		65	5	1	71
Human Resources		21	2	(1)	22
Growth & Development					
Economic Development		17	-	-	17
Planning & Development		37	2	2	41
Sudbury Airport Operation		15	-	(2)	13
Building, Compliance & Development		36	3	2	41
Transit & Parking Services		106	8	-	114
Total for Growth & Development		211	13	2	226
Financial Services		48	4	3	55
Community Development					
Administration		6	-	2	8
Regional Geriatric Program		8	-		8 *
Housing Services		11	-	-	11
Pioneer Manor		145	25	16	186
Social Services		83	8	2	93
Citizen Services		93	6	2	101
Leisure & Recreation Services		78	6	5	89
Total for Community Development		424	45	27	496
Infrastructure Services					
Financial Support Services		19	2	1	22
Engineering Services		50	2	4	56
Assets Management		51	3	-	54
Water Waste Water Services		30	1	-	31
Roads Services		27	1	-	28
Environmental Services		7	1	-	8
Outside Workers		210	13	1	224
Total for Infrastructure Services		394	23	6	423
Emergency Services		119	12	-	131
Fire Services		124	2	3	129
Police Services		352	6	-	358
Grand Total		1,763	112	43	1,918 *

* Note1: Reflects the 2009 approved budget inclusive of the in year approval of 7 additional permanent positions in the Regional Geriatric Program.

Chart 3
2009 Overtime Hours

	2009 Actual	2009 Budget
Name	hrs	hrs
Administrative Services	1,926	1,625
Human Resources	30	0
Growth & Development		
Economic Development	409	250
Planning & Development	415	0
Sudbury Airport Services	3,193	1,400
Building, Compliance & Enforcement	1,869	0
Transit & Parking Services	6,749	1,640
Total for Growth & Development	12,636	3,290
Financial Services	1,632	1,565
Community Development		
Housing Services	30	0
Pioneer Manor	37,852	0
Social Services	63	0
Citizen Services	2,450	0
* Leisure & Recreation	8,604	4,833
Total for Community Development	49,000	4,833
Infrastructure Services		
Financial Support Services	376	0
Engineering Services	10,955	5,651
Asset Management	2,565	50
* Water Waste Water Services	15,855	8,801
* Roads Services	28,021	12,765
Public Works Depots	838	0
* Environmental Services	971	125
Total for Infrastructure Services	59,580	27,392
Emergency Services	19,305	3,770
** Fire Services	14,944	1,695
Police Services	7,021	0
Grand Total	166,075	44,170

* Note 1: MMMS crew hours are made up of regular hours, temporary hours and overtime hours; the 2009 budget represents an estimate of budgeted overtime hours based on a proration of actual hours utilized.

** Note 2: The annual allocation for overtime in Fire Services has changed over the years; however, the reporting of the number of budgeted overtime hours has not changed and does not reconcile to the budgeted monetary allocation. Therefore, the 2011 budget will be developed to correctly align the number of overtime hours that the monetary allocation represents. This will not have any levy impact.

Chart 4
2009 Part time & Temporary Hours

		2009 Actual	2009 Budget
	Name	hrs	hrs
	Corporate	206	457
	Executive & Administration	3,542	3,654
Administrative Services			
	Administrative Services	8,922	7,961
	Human Resources	16,919	14,616
Growth & Development			
	Economic Development	18,517	17,934
	Planning & Development	20,488	22,184
	Sudbury Airport Personnel	1,985	2,720
	Building, Compliance & Enforcement	8,159	3,500
	Transit & Parking Services	127,246	91,932
	Total for Growth & Development	176,395	138,270
	Financial Services	13,635	4,137
Community Development			
	General Manager's Office	0	420
	Regional Geriatric Program	3,652	20,097
	Housing Services	2,794	2,436
	Long Term Care	336,727	269,255
	Social Services	2,898	0
	Citizen Services	90,703	72,009
	* Leisure & Recreation Services	329,241	305,648
	Total for Community Development	766,015	669,865
Infrastructure Services			
	Financial Support Services	5,440	0
	Engineering Services	21,746	11,941
	Assets Management	4,882	1,592
	* Water Waste Water Services	41,671	20,715
	* Roads Services	107,376	52,774
	* Environmental Services	22,175	7,865
	Total for Infrastructure Services	203,291	94,887
	Emergency Services	63,587	30,962
	Fire Services	351	328
	Police Services	80,233	45,800
	Grand Total	1,333,096	1,010,937

* Note 1: MMMS crew hours are made up of regular hours, temporary hours and overtime hours; the 2009 budget represents an estimate of budgeted temporary hours based on a proration of actual hours utilized.

For Information Only

2008 Permanent Positions, Temporary and Overtime Hours Report

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Thursday, Apr 29, 2010
Type:	Correspondence for Information Only

Recommendation

FOR INFORMATION ONLY

Executive Summary

This report will provide detailed information regarding 2008 budgeted to actual figures for permanent positions, overtime hours and temporary hours.

Background

During the 2010 budget deliberations, Finance Committee requested a report on permanent positions, overtime hours and temporary hours worked and how it relates to what was budgeted.

In order to make this analysis meaningful, a more global approach must be used to identify variances. As a result, staff first analyzed the salary and fringe benefit component for each department by comparing budgeted values to actual expenditures. When major variances were identified, staff drilled down into the divisions within the departments to determine the issues that provided the variances.

On occasion, salaries and fringes exceeded the budgeted values; however, in some cases these over expenditures were offset by vacancies in permanent staff positions, additional provincial subsidies or external funding, reductions in purchased services, funded by reserves or was a requirement in order to keep the operation safe and effective.

Charts

Chart 1 reflects the salary component for each department in the City of Greater Sudbury. Appearing on the chart are three columns; 2008 Budget, 2008 Actual and the differential.

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Report Prepared By

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Recommended by the Department

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Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
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Chart 2 reflects the permanent staff as of December 31, 2008, showing the number of employees on leave and the number of vacancies.

Chart 3 reflects the budgeted overtime hours and actual overtime hours for the entire year by division within each department.

Chart 4 reflects the 2008 budgeted and actual temporary hours for the year by division within each department.

Permanent Positions

Throughout any year, staff vacancies occur within departments for a number of reasons; retirements, leaves of absence, promotions and terminations.

A snapshot of the permanent active staff was taken on December 31, 2008 to determine the number of vacancies in the municipality. This number would be representative of the number of vacancies during any period of the year. At that time there were 39 permanent staff vacancies and there were 94 permanent staff on leave.

As a result, the work that was previously performed by permanent staff had to be undertaken by other permanent staff on overtime hours or by additional temporary staff. This is the main reason for both overtime hours and temporary hours being over budget in 2008. Although attempts are made to fill these vacant positions, staff are not always successful as market conditions may make finding a suitable candidate difficult.

Departmental Variance Analysis

Executive & Administrative

Within the Executive and Administrative Division, as well as the Administrative Services Division, there are no major variances in budgeted to actual dollars. A review of the overtime and temporary hours reflects no major variances.

Human Resources

This area reflects a net under expenditure of approximately \$1.5 million, which is mostly attributed to excess funds related to health premiums being returned to the City from Manulife. In accordance with the Reserve and Reserve Fund By-law, this amount was contributed to the Human Resources Reserve Fund. There is no overtime in this area as it is made up entirely of non union personnel.

Growth and Development

This department reflects a slight over expenditure in the salary and fringe benefit category. The majority of this pertains to the Transit Section where overtime is over budget by approximately \$230,000, and unbudgeted modified work costs. In addition, more part time hours were required in Transit and Building Services to offset the leaves of absence in these divisions.

Financial Services

This area reflects a net over expenditure in the salary component; however, this is due to a contractual commitment of approximately \$400,000, which is offset by a contribution from reserves. With the removal of this one item, Financial Services is under budget in salaries due to vacancies throughout the year which were in part substituted by purchased services.

Community Development

This department reflects a significant over expenditure in salaries and fringe benefits by \$1.7 million in 2008. The majority of this amount relates to overtime at Pioneer Manor. Historically, Pioneer Manor has not budgeted for overtime because the work program was developed to minimize overtime requirements to maintain a twenty-four hour operation.

The significant overtime that is now being incurred is in part due to difficulties in recruiting and retaining qualified staff, replacement of staff on modified work, additional staffing requirements as a result of interim beds and a high number of leaves and vacancies. Modified work has not only resulted in the need for overtime (ie: replacement of staff) but it also has in itself escalated to levels well beyond what has been budgeted.

Another division that experienced increased salary and fringe benefit costs was the Leisure Services Division in four main sections: Parks, Community Halls, Pools and Arenas. In some cases these additional expenditures were offset by increase revenues or decreased purchased services while in other instances these costs added to the net over expenditures.

Somewhat offsetting the previous two items is Ontario Works where there have been a number of vacancies throughout the year.

Infrastructure Services

There were salary over expenditures in the Water / Wastewater Division, mostly related to relief supervision pay and overtime costs. In accordance with policy, shortfalls in this division are offset by contributions from the Water and Wastewater Reserve Funds, therefore having no effect on the City's financial position.

The Roads Division also reflected an over expenditure in the salary category relating mostly to winter control due predominantly to pothole repairs and increased winter supervision costs. These were offset somewhat by an under expenditure in the salary category of the summer roads section. The winter control over expenditure was also partially funded by a contribution from the Roads Winter Control Reserve Fund.

The attached charts will reflect estimated budgeted overtime hours and temporary hours in the operations area. The reason for this is that in the Municipal Management Maintenance System (MMMS), where all costs for work activities are captured, crew hours are used as its manpower component. Crew hours are made up of hours worked by permanent and temporary employees as well as overtime. The labour cost component uses a rate of pay that incorporates all of these inputs.

For the purpose of this report, these estimates of overtime and temporary hours are included in the appropriate charts for comparison purposes.

Emergency Services

The Emergency Medical Services had an over expenditure in the salary category resulting from the increased use of overtime due to vacancies in paramedic positions throughout the year. In addition to

increased use of overtime, increased number of temporary hours were also used to offset leaves and vacancies in order to maintain service hours to handle off loading delays. There was no impact on the City's year end position as the provincial grant offset any potential shortfall.

Fire Services

The overtime component of this department exceeded budgeted values. The use of additional overtime was required to offset employee leaves of absence and staff vacancies. As well, payouts for terminated employees related to sick leave and vacation increased the over expenditure. Over the past few years the monetary allocations for overtime has been revised, however, the corresponding hours have not been adjusted to accurately reflect these changes. In the 2011 budget, the overtime hours will be corrected to correspond to dollars that have been budgeted. This will not result in any levy impact.

Police Services

The salary category of the Police Services was over budget due mainly to the uptake of federally and provincially funded programs to add officers to most police forces in Ontario, therefore was no impact on the City's year end financial position as a result of participating in this initiative. In addition, the Police Services incurred expenditures in sick leave and vacation payouts for terminated employees.

The Police Services budget contains include an annual allocation for overtime costs. In 2008, overtime costs were under budget.

Summary

This report identifies variances in the salary category of the City's operations. It should be noted that even when there were over expenditures in salaries, it did not necessarily lead to an over expenditure for the division as there may have been other items that offset this salary component. These over expenditures in overtime and temporary hour costs have been funded by any of the following sources:

- Vacancies in permanent staff positions
- Additional provincial subsidies
- Other funding sources
- Reduction in other category expenditures
- Reserves
- Succession planning reserve

As well, many salary expenditures, such as vacation and sick leave payouts for terminated employees, job evaluation payouts, vacation pay differences and pay equity issues are not budgeted for. This totals approximately \$2.6 million.

In addition, some of the over expenditures in salaries were as a result of keeping the operation going, such as winter control and Pioneer Manor.

Managers make every attempt to offset over expenditures in salaries by reducing other category expenditures or by securing other funding.

Chart 1
Salaries & Benefits Analysis

	Budget 2008	Actual 2008	Differential
Executive & Administration	1,439,898	1,461,913	(22,015)
Administrative Services	5,987,920	5,999,480	(11,560)
Human Resources	3,928,007	2,428,250	1,499,757
Growth & Development	19,581,978	19,840,493	(258,515)
Financial Services	4,213,714	4,501,811	(288,097)
Community Development	45,679,581	47,394,748	(1,715,167)
Infrastructure Services	33,621,581	34,779,476	(1,157,895)
Emergency Services	12,593,549	12,806,896	(213,347)
Fire Services	14,194,322	14,525,737	(331,415)
Police Services	36,031,183	36,986,962	(955,779)
Total	177,271,733	180,725,766	(3,454,033)

Chart 2
2008 Full Time Analysis

	As of December 31, 2008	Actual # of Positions	# of Leaves	# of Vacancies	# Budgeted Positions
Executive & Administration		7	-	-	7
Administrative Services		65	6	-	71
Human Resources		19	-	3	22
Growth & Development					
Economic Development		16	1	-	17
Planning & Development		38	4	(1)	41
Sudbury Airport Operation		16	-	(3)	13
Building, Compliance & Development		38	2	-	40
Transit & Parking Services		106	9	(4)	111
Total for Growth & Development		214	16	(8)	222
Financial Services		53	-	-	53
Community Development					
Administration		5	2	1	8
Housing Services		11	-	-	11
Pioneer Manor		153	12	16	181
Social Services		86	4	4	94
Citizen Services		89	8	3	100
Leisure & Recreation Services		77	4	6	87
Total for Community Development		421	30	30	481
Infrastructure Services					
Financial Support Services		21	2	-	23
Engineering Services		49	1	6	56
Assets Management		52	3	-	55
Water Waste Water Services		28	2	-	30
Roads Services		26	2	-	28
Environmental Services		7	1	-	8
Outside Workers		202	14	7	223
Total for Infrastructure Services		385	25	13	423
Emergency Services		121	8	-	129
Fire Services		125	3	1	129
Police Services		352	6	-	358
Grand Total		1,762	94	39	1,895

Chart 3
2008 Overtime Hours

	2008 Actual	2008 Budget
Name	hrs	hrs
Administrative Services		
260 Com & French Lang Serv	127	500
1505 Legal Services	662	
1510 Clerk's Services	891	525
1550 Provincial Offences	112	
1110 Information Technology	60	100
1115 Business Applications	499	250
1120 Network & Support	280	250
Administrative Services	2,630	1,625
Growth & Development		
Economic Development	306	250
Planning & Development	613	0
Sudbury Airport Operation	3,236	1,400
Building, Compliance & Enforcement	2,557	0
Transit & Parking Services	8,513	1,640
Total for Growth & Development	12,017	3,290
Financial Services	2,345	1,565
Community Development		
Pioneer Manor	38,665	0
Social Services	81	0
Citizen Services	2,851	0
* Leisure & Recreation Services	9,008	4,833
Total for Community Development	50,604	4,833
Infrastructure Services		
Engineering Services	11,968	5,651
Asset Management	3,873	50
* Water Waste Water Services	14,461	8,256
* Roads Services	28,462	12,072
* Environmental Services	881	538
Total for Infrastructure Services	59,644	26,567
Emergency Services	23,530	3,770
** Fire Services	13,117	1,695
Police Services	5,020	
Grand Totals	168,908	43,345

* Note 1: MMMS crew hours are made up of regular hours, temporary hours and overtime hours; the 2009 budget represents an estimate of budgeted overtime hours based on a proration of actual hours utilized.

** Note 2: The annual allocation for overtime in Fire Services has changed over the years; however, the reporting of the number of budgeted overtime hours has not changed and does not reconcile to the budgeted monetary allocation. Therefore, the 2011 budget will be developed to correctly align the number of overtime hours that the monetary allocation represents. This will not have any levy impact.

Chart 4
2008 Part time & Temporary Hours

		2008 Actual	2008 Budget
	Name	hrs	hrs
	Corporate	524	457
	Executive & Administration	875	3,654
	Administrative Services	12,155	8,874
	Human Resources	20,440	11,725
Growth & Development			
	Economic Development	21,310	17,346
	Planning & Development	19,814	24,795
	Sudbury Airport Operation	924	2,720
	Building, Compliance & Enforcement	3,526	-
	Transit & Parking Services	121,028	89,382
	Total for Growth & Development	166,602	134,243
	Financial Services	9,709	7,791
Community Development			
	General Manager's Office		875
	Housing Services	1,018	3,197
	Pioneer Manor	317,172	258,632
	Social Services	1,741	
	Citizen Services	81,020	70,291
	* Leisure & Recreation Services	321,557	306,217
	Total for Community Development	722,508	639,212
Infrastructure			
	Financial Support Services	4,461	
	Engineering Services	22,185	11,941
	Assets Management	8,407	1,592
	* Water Waste Water Services	35,589	20,715
	* Roads Services	106,304	48,224
	* Environmental Services	12,992	7,520
	Total for Infrastructure Services	189,937	89,992
	Emergency Services	61,625	20,962
	Fire Services	338	328
	Police Services	77,007	37,800
	Grand Total	1,261,721	955,038

* Note 1: MMMS crew hours are made up of regular hours, temporary hours and overtime hours; the 2008 budget represents an estimate of budgeted temporary hours based on a proration of actual hours utilized.

For Information Only

Historical Analysis of Energy Costs

Presented To: Finance Committee

Presented: Monday, May 03, 2010

Report Date: Tuesday, Apr 27, 2010

Type: Correspondence for Information Only

Recommendation

For Information Only

Background

The Finance Committee at its October 19th meeting requested an analysis of historical energy costs.

In the past few years, the Finance department has reviewed the chart of accounts used for tracking energy costs. It was noted that energy costs were included in different areas such as Materials & Operating Expenses, Energy Costs and in some cases Purchased / Contract Services.

To be able to better analyze energy costs Finance staff has progressively moved all energy costs (hydro, natural gas, water and fuel) to the Energy Costs category. Reallocation within the budget documents occurred between 2008 and 2010. Below is a summary of these changes.

Signed By

Report Prepared By

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Digitally Signed Apr 27, 10

Recommended by the Department

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	2008 Budget	2008 Actual	2009 Budget	2009 Actual	2010 Budget
Energy Costs	\$9,338,284	\$9,727,491	\$16,138,369	\$14,379,099	\$17,630,424
Included in other categories	7,421,219	7,850,719	2,037,145	1,966,842	529,903
Revised Total	\$16,759,503	\$17,578,210	\$18,175,514	16,345,941	\$18,160,327
Variance from prior year or budget		818,707	1,829,573		(15,187)

The variance from 2008 budget to actual of \$818,700 was due in majority to additional costs in fuel relating to the higher than anticipated cost in oil prices which affected transit and fleet \$560,000. Also in 2008 was the transfer the management of 199 Larch from ORC to the City which added \$390,000 to utility costs. Other small variances were favourable leading to a net variance of \$818,700.

The significant increase of \$1,416,000 from 2008 to 2009 budget is due to inflationary increases as noted below and a few new items added in 2009. Inflation adjustments resulted in an increase of \$1,000,000. In 2009 staff added 199 Larch Street's utilities budget of \$460,000.

The variance from 2009 budget to actual of (\$1,830,000) is due to \$950,000 savings in fuel costs as estimated increase in fuel prices did not materialize as anticipated and \$880,000 in savings relating to hydro (\$280,000) natural gas (\$200,000) and water (\$400,000). These savings have been identified throughout the City due to decreased consumption (ie: water due to wet weather throughout the year, warmer temperatures during the winter months and cooler temperatures in the summer months).

The variation from 2009 budget to 2010 budget was minimal (\$15,200) due to Fuel and Natural Gas decreasing (\$500,000) while water and hydro increased (\$500,000).

As energy costs are commodities (other than water), there is an annual fluctuation in the costs relating to the items. Below is a summary of the inflationary factors utilized in preparing the budget documents:

	2009	2010
Hydro	6%	6%
Natural Gas	0%	(13.5%)
Fuel	15%	(10%)
Water	6%	5%

With the installation of a municipal fuel storage, dispensing and inventory management system in 2009 the City will be able to track fuel spending by operating department. Based on 2010 consumption the 2011 fuel budget will be taken out of Fleet Services and allocated to the operating departments to allow for better monitoring of spending.

Finance regularly reviews utility costs and will continue to review the budgeted costs for utilities for the 2011 budget.