

## 2021 Operating Budget Variance Report

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### Report Summary

This report provides information regarding a variance analysis based on the City's second quarter results (January to June 30, 2021). The projected surplus for 2021 is approximately \$2.4 million

### Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan.

### Financial Implications

There are no financial implications associated with this report.

### Background

The purpose of this report is to provide the Finance and Administration Committee with an overview of year-end variances in accordance with the Operating Budget Policy. In the last forecast, provided in June, staff identified areas where material year-end variances may occur. The monitoring and reporting of variances has been conducted in accordance with the Operating Budget Policy. The June variance report reflects expenditures and revenues for the first half of the year, as well as anticipated expenditures and revenues to the end of the year.

Appendix 1 reflects the annual net budget, projected year end position and variance for each area. In accordance with the Operating Budget Policy approved by Council, the following explanations relate to areas where a potential variance of greater than \$200,000 may occur within a division or section:

### Variance Explanations

#### 1) Other Revenues and Expenses

This area is reflecting a net over expenditure of \$1.9 million as follows:

- An anticipated shortfall in OLG Slot Revenues resulting from Provincial stay-at-home orders and capacity limitations due to COVID-19.

## **2) Legal and Clerks Services**

This area is reflecting a net over expenditure of \$490,000 as follows:

- The anticipated deficit is largely due to the delay in implementation of the Red Light Camera Program. The projected revenue generated by this program has been reduced to account for implementation in the fourth quarter.

## **3) Security, By-Law and Parking**

This area is reflecting a net over expenditure of \$720,000 as follows:

- An anticipated shortfall in revenues for lottery licenses, parking fines and fees, and portable sign permits of \$690,000 primarily due to COVID-19 restrictions in the first half of the year.

## **4) Infrastructure Capital Planning**

This area is reflecting a net under expenditure of \$400,000 as follows:

- The anticipated surplus is largely due to the delay in implementation of the Red Light Camera Program as well as some staff vacancies.

## **5) Linear Infrastructure Maintenance**

This area is reflecting a net under expenditure of \$3,800,000 as follows:

- An anticipated surplus of \$3.4M in Winter Control as a result of favourable weather conditions in the first half of the year.
- An anticipated surplus of \$440,000 primarily due to less than expected COVID-19 expenditures which would result in a reduced contribution from Reserve related to COVID-19 related expenditures.

## **6) Environmental Services**

This area is reflecting a new under expenditure of \$360,000 as follows:

- Anticipated under expenditure in waste collection costs of \$840,000 as a result of temporary reductions in waste collection programs related to COVID-19 and centralized collection services.
- Anticipated increases in costs associated with diversion from the landfill of \$230,000 primarily due to the increasing costs of blue boxes and green carts.
- Anticipated decrease in tipping fee revenue of \$125,000 as a result of COVID-19 restrictions on business operations.
- Anticipated increases in security costs of \$80,000 to ensure proper COVID-19 protocols are in place at landfill sites.

## **7) Planning and Development**

This area is reflecting a net under expenditure of \$220,000 as follows:

- Anticipated under expenditures in Materials and Equipment of \$140,000 due to reduced purchases as a result of COVID-19 restrictions.
- Anticipated under expenditures in Salaries and Benefits of \$80,000 due to vacancies in year.

## **8) Emergency Medical Services**

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

- Anticipated under expenditure of \$280,000 in salaries and benefits primarily due to staff secondment to the vaccination clinics, Community Paramedicine for Long Term Care Program, and in year vacancies.

## **Covid-19**

Covid-19 continues to be a factor in daily operations. Factors such as capacity, and enhanced safety and cleaning measures continue to add additional pressures, as well as costs associated with the closing of facilities for extended times during stay-at-home orders, and the re-opening of those facilities. In addition to extra costs, the City is also experiencing reduced user fee revenue as many services have experienced periods of closures, or reduced utilization. Similar to 2020, several Provincial funding sources have been

announced to help offset these added pressures. It is difficult to determine the overall impact that Covid-19 will have on 2021 services as this largely depends on provincial guidelines. The City will continue to follow the lead of the Province, and ensure that services are available to citizens when it is safe to do so.

For the 2021 budget, the City anticipated all COVID-19 related expenditures would be covered through Provincial funding, and a contribution from reserve. A reconciliation of the revenues and expenditures will take place at year end.

## **Covid-19 Vaccination**

The City continues to be an active partner in Public Health Sudbury and Districts efforts to vaccinate the community. This is a large undertaking with significant financial requirements. It is anticipated that the cost to vaccinate the community will be funded from the Province. Most recently, Public Health Sudbury and Districts have made the switch from Mass Immunization Clinics to mobile/pop-up clinics. As a result, three of the four arenas that were previously used for clinic purposes have returned to regular arena functions and will be earning revenue.

## **Summary**

As per the attached chart, the City's projected net year end position is anticipated to be a \$2.4 million surplus. Any surplus related to winter control activities will be contributed to the Winter Control Reserve if the contribution does not put the City in an overall deficit position. Any remaining surplus will be contributed equally to the Tax Rate Stabilization Reserve and the Capital Financing Reserve Fund – General in accordance with the Reserve and Reserve Fund by-law.