





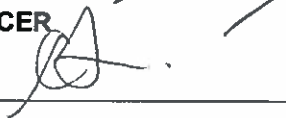
TO: GENERAL COMMITTEE

SUBJECT: 2011 BUSINESS PLAN – YEAR END REPORT

PREPARED BY AND KEY CONTACT: C. MILLAR, CGA, ACTING DIRECTOR OF FINANCE, ext. 4436 

SUBMITTED BY: C. MILLAR, CGA, ACTING DIRECTOR OF FINANCE

COMMISSIONER APPROVAL: E. ARCHER, CMA, GENERAL MANAGER OF CORPORATE SERVICES 
R. FORWARD, MBA, M.Sc., P.ENG., GENERAL MANAGER OF INFRASTRUCTURE, DEVELOPMENT & CULTURE 
J. SALES, GENERAL MANAGER OF COMMUNITY OPERATIONS 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: CARLA LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the 2011 year end tax rate supported deficit of \$320,996 be funded by the Tax Rate Stabilization Reserve (13-04-0461).
2. That 2011 carry forward purchase orders or contract commitments with a total value of \$96,539 that remained incomplete or undelivered at December 31, 2011 be funded by the Tax Rate Stabilization Reserve (13-04-0461).
3. That the 2011 wastewater rate surplus of \$4,595,287 be distributed as follows:
 - a) \$636,820 carried forward to 2012 to fund items that were committed in 2011 by purchase order or contract but remained incomplete or undelivered at December 31, 2011;
 - b) \$2,770,927 to the Wastewater Rate Capital Reserve 12-05-0575,
 - c) \$1,187,540 to the Wastewater Rate Stabilization Reserve
4. That the 2011 water rate surplus of \$6,179,186 be distributed as follows:
 - a) \$106,979 carried forward to 2012 to fund items that were committed in 2011 by purchase order or contract but remained incomplete or undelivered at December 31, 2011;
 - b) \$4,250,545 to the Water Rate Reserve 12-05-0580
 - c) \$1,821,662 to the Water Rate Stabilization Reserve
5. That the transfer of the net assets and operations of the Allandale Community Development Corporation (ACDC) as at December 31, 2011 to the City of Barrie be approved and that:

- a) The Director of Legal Services or delegate be authorized to execute any documents necessary to effect the transfer of real property to the City of Barrie in the Ontario Land Registry System; and
- b) The Mayor and City Clerk be authorized to sign all other documents required for the transfer of net assets and operations.

PURPOSE & BACKGROUND

6. The purpose of this report is to present the corporation's year-end financial and performance results and obtain approval to make transfers to/from reserves in accordance with the Financial Policies Framework. In summary, the corporation's performance generated a deficit from tax-supported services, and a surplus in water and wastewater services.
7. The City's Financial Policy Framework requires the Director of Finance to issue quarterly reports on finances that compare year-to-date actual results to budget and the previous year. This report reflects activity for the twelve months ended December 31, 2011.
8. Prior to applying the directions recommended by this report, the December 31, 2011 reserve balances affected by the recommendations in this report are:

Stabilization Reserves	Current Balance at Dec 31, 2011	Committed at Dec 31, 2011	Non-Committed Balance at Dec 31, 2011	2011 Minimum Expected Balance*	Difference
Tax Rate Stabilization Reserves	\$6,439,726	\$178,490	\$6,261,236	\$11,443,700	(\$5,182,464)
Wastewater Stabilization Reserve	-	-	-	\$1,877,772	(\$1,877,772)
Water Stabilization Reserve	-	-	-	\$1,750,574	(\$1,750,574)

*Minimum 2011 expected balance as per the Financial Policies Framework

Capital Reserves	Current Balance at Dec 31, 2011	Committed at Dec 31, 2011	Non-Committed Balance at Dec 31, 2011	2011 Amortization Expense*	Difference
Tax Capital Reserves	\$45,791,915	\$26,117,454	\$19,674,461	\$22,767,415	(\$3,092,954)
Wastewater Capital Reserve	(14,125,09)	\$4,052,000	(\$18,177,090)	\$12,975,844	(\$31,152,934)
Water Capital Reserve	\$31,218,425	\$17,446,544	\$13,771,881	\$8,531,688	\$5,240,193

*As per the Financial Policies Framework, contributions to reserves will equal the annual amortization expense within 12 years

9. Although the actual balance in Tax Capital Reserves was \$45.8M at December 31, 2011, this includes funds of approximately \$26.1M committed to 2011 Capital Projects and the Georgian College expansion agreement. As noted in the 2012 Business Plan and discussed in previous reports, there is also a significant backlog of both renewal and capacity needs as a result of asset

maintenance and renewal requirements. Accounting for just the 2011 tax supported amortization expense of \$22.8M would produce a Tax Capital Reserve shortfall of \$3.1M

10. Including commitments to 2011 Capital Projects, the Wastewater Capital Reserve has a shortfall of \$18.2M; however, adjusting for the 2011 amortization expense, the actual shortfall would be approximately \$31.2M. Similarly, adjusting for the 2011 water amortization expense results in a balance of \$5.2M for the Water Capital Reserve. Under Ontario Regulation 453, Municipalities are required to maintain a financially sustainable water system.
11. The City's Financial Policy Framework that was updated in the fall 2011 included setting up water and wastewater rate stabilization reserves and allocating 30% of any year end surpluses.
12. The budget carryforward recommended in Motions 2, 3 and 4 ensures expenditures committed in one year are properly accounted for and funded in the following year. The amounts of \$96,539 funded by tax levies, \$636,820 funded by wastewater rate, and \$106,979 funded by water rate represent purchase order commitments that occurred in 2011 but were not able to be completed during the year. Since the funding commitment was made in 2011, these amounts were not included in the 2012 Business Plan. By carrying over the funds required from 2011 budgets to meet these financial obligations in 2012, an appropriate matching will occur between the funds allocated to the work and the timing of its completion.
13. The background and analysis related to Motion 5, the transfer of net assets and operations of the Allandale Community Development Corporation (ACDC) to the City of Barrie is described in the attached Appendix E.

ANALYSIS

14. The following table summarizes the financial variances to Dec 31 between planned net operating expenditures and actual results by Division for tax rate based operations. The actual 2010 results are presented for comparison purposes. Appendix B includes the details of the variances for tax rate based variances.

	2010 Actual Results to Dec 31	Year-to-Date to Dec 31, 2011		
		Budget	Actual Results	Variance
Community Operations	56,774,546	61,939,091	63,435,078	(1,495,987)
Infrastructure, Development and Culture	6,246,170	6,810,992	6,517,741	293,251
Corporate Services	10,663,188	12,046,009	11,693,241	352,768
Office of the CAO	2,183,760	2,410,961	2,124,771	286,190
Council & Mayor's Office	630,729	752,225	738,023	14,202
Financial & Other General Government Expenses	16,375,942	18,615,596	19,161,999	(546,403)
Grants & Service Partners	70,858,982	72,651,994	71,052,991	1,599,003
Total Net Expenditures	163,733,317	175,226,869	174,723,844	503,025
Corporate Revenues	(168,922,938)	(175,226,869)	(174,402,848)	(824,021)
Total Variance	(5,189,621)	0	320,996	(320,996)

15. As described above, the year end deficit is \$320,996, which is slightly lower than the forecasted surplus of \$133K described in the Business Plan Status Staff Report as of September 30, 2011. Explanations for the final year end unfavourable variance are provided later in this report and in Appendix "B", but noteworthy items include:
- a) Corporate Revenues: In 2011 the Assessment Review Board made a decision on the taxation of shopping centres, with an effective date dating back to 2001. For the City of Barrie, the effect of this decision was a requirement to refund \$667K to the affected property owner. This comprises the majority of the unfavourable Corporate Revenue variance of \$824K.
 - b) County of Simcoe: The County had a favourable total year end variance of \$1.6M from savings relating to Ontario Works \$519K, Social Housing \$378K, Long Term Care \$222K, and Paramedics Services \$495K. This favourable variance includes the City's portion of deferred capital spending of approximately \$634K relating to Paramedic Services. In accordance with the Service Agreement between the County, Barrie and Orillia, capital expenditures are funded in the year when the cash is required. Therefore, while the deferred capital spending creates a favourable variance in 2011, it could contribute to an unfavourable variance in a future period when the cash is finally expended.

Salary Gapping

16. The salary gapping provision was \$750,000 in the 2011 Business Plan. This amount only relates to permanent staff salary and benefits that are funded from the tax rate. At year end, the net position of this account was \$662K. This consisted of savings from staff vacancies worth \$1.0M, offset by \$368K in additional overtime costs.

Corporate Performance Summary

17. The following table illustrates complement levels as at Dec 31 by division. Details are available in Appendix A:

	Approved FTE	Actual FTE	Vacant Positions
Community Operations	464	455	9
Infrastructure, Development and Culture	124	118	6
Corporate Services	190	180	10
Office of the CAO	16	15	1
Total	794	768	26

Community Operations: \$28K favourable forecasted, actual \$1.5M unfavourable at Dec 31

18. The Community Operations Division completed the year with a net unfavourable tax rate supported variance of 102.5% of budget with expenditures at 101% and revenues at 98.1%.
19. The net unfavourable year end variance relates primarily to the following:

- a) Fleet Operations was over plan by \$538K or 14.3% as a result of unanticipated repairs that occurred primarily in the 4th quarter of 2011 and associated with maintaining an aging fleet of City vehicles contributing \$434K to the unfavourable variance. In addition higher than expected fuel costs resulted in an unfavourable variance of \$77K.

 - b) Leisure, Transit and Facilities had a net unfavourable variance of \$722K or 4.2% driven largely by the following items:
 - i. Repairs and Maintenance costs were higher than plan resulting primarily from an emergency repair of Kalwall panels at the East Bayfield Recreation Centre (EBRC) at a cost of \$75K and the emergency replacement of a failed evaporative condenser at the Barrie Molson Centre (BMC) costing \$62K.

 - ii. Facility costs associated with the MacLaren Art Centre had an unfavourable variance of \$70K with total costs of \$270K in 2011. The space at this facility is provided rent free based on prior Council decisions.

 - iii. Contributing to the negative variance were ice rental revenues being lower than plan by \$200K resulting mainly from lower than anticipated activity by major users. For example, Mariposa reduced their summer programs and Barrie Colts had a poor season in 2010-11. In addition, recreational fitness pass revenues were below plan by \$132K. As well, concession revenue at the BMC had an unfavourable variance of \$47K largely due to the shortened 2010-11 Barrie Colts season.

 - c) Barrie Fire and Emergency Services had a net unfavourable variance to plan of \$171K or 1%. Drivers of the variance include revenues being \$242K below plan primarily as a result of resident motor vehicle revenue being removed from the fees by-law subsequent to budget approval.
20. The Community Operations Division achieved results associated with the 11 Key Service Delivery Initiatives listed in the 2011 Business Plan on pg. 226. Noteworthy outcomes include:
- a) In addition to successfully opening the Surface Water Treatment Plant, the Environmental Services department successfully completed service reviews on each of its sections – Water Operations, Wastewater Operations and Environmental Operations. Implementation of the recommendations from these service reviews will result in modest savings in 2012 and potential future operational savings that will be coupled with necessary capital expenditures.

The Roads Parks and Fleet department successfully completed the implementation of a new computerized maintenance management system. This system will enable the efficient tracking and monitoring of maintenance of the City's assets and infrastructure.

Service Review for Recreation Programs & Facilities was completed in 2011 with recommendations delivered for net costs savings and process improvements to be implemented in 2012.

 - b) For the sixth consecutive year, in 2011 the City of Barrie Emergency Management Program achieved full compliance with the annual requirements of the Emergency Management and Civil Protection Act.

- c) Approval of the P3 project including \$5.8M grant for a DBF+OM contract to design, build, short term finance, and operate and maintain a transit operating and maintenance facility. This will enable competitive bidding for a performance based Transit contract to deliver the service.

21. Key Performance Indicator results are as follows:

- a) Emergency response call volumes: Total 2011 call volumes of 6,602 were on target to the expected volume of 6,600.
- b) 10 Fire Fighters on scene within 10 minutes. - 90% of the time structure & fire alarms sounding: 2011 result of 91.78% is 1.78% above the expected target of 90%. The 2011 result is better than the previous year result by 3.12%.
- c) Number of Registered Program Participants Visits per Capita: 2011 result of 1.59 was slightly lower than the year end target of 1.65. Aquatics and Day Camp registrations were the primary contributors to the lower outcome.
- d) Transit - Revenue to Cost Ratio: 2011 result of 46.38% was on target relative to the plan of 46.50%. The transit model yielded adequate results and did not require unplanned use of Provincial Gas Tax funds for operations.

Infrastructure, Development & Culture: \$369K favourable forecasted, actual \$293K favourable at Dec 31

- 22. The Infrastructure, Development & Culture Division net favourable variance is primarily due to staff vacancies.
- 23. Staff vacancies within the Division have primarily occurred within the Engineering, Corporate Asset Management, Building and Planning Departments. This is partially due to fluctuations in current development activities. Impacts on planned service levels and projects have been managed through the use of additional overtime expenditures, and hiring additional casual/part-time resources.
- 24. The Division moved forward on the 11 Key Service Delivery Initiatives listed in the 2011 Business Plan on pg. 275 and noteworthy outcomes include:
 - a) The growth management program is progressing and includes the ongoing work on the preparation of a long-term Growth Management Strategy (GMS) for the City and the Secondary Plan for the annexed lands. During the past quarter, the Residential Intensification Assessment, Retail Commercial Land Use Needs Study and Employment Lands Municipal Comprehensive Review were completed. The GMS team also decided to consolidate the final phases of the project in one report that will be released in January 2012. Macaulay Shiomi Howson Ltd. and the multi-disciplinary team responsible for preparing master land use and servicing plans for the annexed lands analyzed the feedback from the open house/Class EA public information centre held on September 13th and continued work on background reports and technical analyses that will inform the evaluation of the three land use/transportation options that is scheduled to begin in Q1 2012.
 - b) Work continues on building a complete community through a number of ongoing initiatives including the completion of the Downtown Theatre, construction for the second

Go Transit Station, redeveloping the Allandale lands, and restoration of the train station building

25. Key Performance Indicator results are as follows:
- a) Development activity within the city was on target with almost 29 site plan applications received to date. Residential and Institutional activity was on target, while commercial building permit activity was higher than anticipated with 407 building permits being issued versus a target of 370. The increased commercial activity was mainly attributable to the Park Place development.

Corporate Services: \$105K favourable variance forecasted, actual \$353K favourable variance at Dec 31

26. The Corporate Services' Division ended the year with net operating expenditures tracking 97.1% of budget. Main drivers of the positive variance include the following:
- a) Salary expenditures for the Division had a favourable variance of \$485K attributable to vacancies and hiring delays in Finance and Legal Services, as well as a reduced need for casual labour in the Municipal Law and Prosecutions Services branch.
 - b) External legal expenditures were \$131K below budget due to utilization of internal resources as well as the deferral of an anticipated OMB hearing.
 - c) Postage expenditures in the City's Clerk's office were \$93K under budget. This was the result of reduced demand for mailings throughout the corporation in part due to the postal strike.
 - d) The positive expenditure variance for the Division was offset by an unfavourable gross revenue variance of \$356K, which tracked at 96.30% of budget. More than half of the variance was directly attributable to decreased parking ticket revenue in MLPS as a result of the City's move to non-proactive winter enforcement.
27. The Division moved forward on the 10 Key Service Delivery Initiatives listed in the 2011 Business Plan on pg. 184 and noteworthy outcomes include:
- a) The City successfully completed its second year of participation in the Ontario Municipal Benchmarking Initiative. The 2010 OMBI Performance Benchmarking Report was published and distributed to municipalities in November.
 - b) The new water meter reading technology and billing systems were successfully implemented starting October 1, 2011. Our Customer Service Representatives successfully responded to 9,400 customer calls by December 31, 2011.
 - c) In November staff received approval to retain and work with an ERP subject matter expert to prepare process documentation and specifications that lead to improvements in the corporation's core information systems.
 - d) The division has continued to make progress increasing the number of electronic payments received. In 2011 the number of customers using pre-authorized payment plans for property tax payments increased by 5%. The implementation of internal water

billing resulted in 9,600 customers (22% of total) that are currently using pre-authorized payment plans.

- e) The Manager of HR Development presented a recommended approach to the training portion of the Leadership development program to EMT. The core training will commence in mid 2012.
- f) A full Employment Policy framework review was finalized and implemented in 2011. These renewed policies and procedures focus on a heightened accountability for the employee and supervisor.

28. Key performance indicator results are as follows:

- a) **Average Number of Applications per Posting:** The average number of applications received per job posting finished the year at 45, above the set target of 35. The increase is attributable to several externally posted junior level positions that generated a high number of applicants.
- b) **Number of Lost Time Accidents:** There were 12 lost time accidents during the year which was below the target of 13 and improved upon the prior year's result of 17. This improvement is attributable to improved health and safety training, policies, and procedures.
- c) **Average Number of Bids per Bid Call:** This measure continues to perform well finishing the year at 5.22 bids per bid call versus a target of 5.2. Staff's work to reach out to various associations, such as the Greater Barrie Business Enterprise Centre, to educate vendors on how the city purchases its goods and services is believed to be one of the driving factors.

Office of the CAO: \$518K favourable variance forecasted, actual \$286K favourable at Dec 31

- 29. The Office of the CAO ended the year with net operating expenditures tracking to 88.1% of budget. The main contributor to the positive variance was the reimbursement of costs from the Federal Economic Development fund for work completed in 2010 relating to the Business Incubator and Marketing Strategy.
- 30. The Division moved forward on the 9 Key Service Delivery Initiatives listed in the 2011 Business Plan on pg. 168 and noteworthy outcomes include:

- a) Staff continue to proactively communicate with residents with This Week in Barrie, weekly radio and television ads, monthly eNewsletter, and our website. The introduction of online surveys, neighborhood meetings, the Mayor's Town Hall meeting and an increased commitment to social media are new ways we are engaging the community in decisions that affect their community. Internal communications to staff have been achieved through the launch of several corporate initiatives including updates on the Journey of Excellence our renewed Customer Service Protocol.
- b) Work continues towards developing the Lake Simcoe Regional Airport (LSRA) as a tool to enhance Barrie's economic profile. In 2011 a new 20 year LSRA strategy and business plan was developed. A LSRA part-time Marketing Coordinator was hired. As per Council's direction staff has been exploring new partnership opportunities.

Grants & Service Partners: \$706K favourable forecasted, actual \$1.6M favourable at Dec 31

31. The 2011 favourable variance results largely from savings from the County of \$1.6M relating to Ontario Works \$519K, Social Housing \$378K, Long Term Care \$222K, and Paramedics services \$495K. However, the current year favourable variance includes the City's portion of deferred capital spending of approximately \$634K relating to Paramedic Services. When the capital works are completed this may cause a future unfavourable variance.
32. City Finance staff will continue to work with the County with the objective of receiving more timely and relevant information regarding City funded operating and capital projects. In addition, for the 2013 Business Plan development process, staff will engage the County to identify details related to both operating and capital needs.

Financial Expenses: \$514K unfavourable forecasted, actual \$565K unfavourable at Dec 31

33. Financial expenses include transfers to tax capital reserves, insurance, MPAC fees, Council contingences and budgeting for salary gapping. While \$750K was included in the budget for salary gapping, the actual results are reflected in department variances.

Corporate Revenues: \$983K unfavourable forecasted, actual \$824K unfavourable at Dec 31

34. As noted previously, the unfavourable year end variance is largely related to a recent Assessment Review Board decision relating to shopping centres that was retroactive to 2001. The effect for the City of Barrie was an unplanned write off of approximately \$667K.

User-Rate Supported Services: \$3.1M favourable forecasted, \$10.8M actual favourable at Dec 31

35. The following table summarizes the 2011 planned operating expenditures and actual results for user rate based operations. The actual results for 2010 are presented for comparison purposes.

	2010 Actual Results	Year Ended Dec 31, 2011		
		Budget	Actual Results	Variance
Water Operations	(9,441,206)	(782,264)	(6,961,450)	6,179,186
Wastewater Operations	(3,795,045)	(431,448)	(5,026,735)	4,595,287
Parking Operations	340,022	655,251	657,358	(2,106)
Total	(12,896,229)	(558,461)	(11,330,827)	10,772,366

36. The Water Operations Branch completed the year with a favourable variance of \$6.2M compared to the year end forecast of \$2.7M. The favourable results are due to \$2.8M in expenditure

savings and \$3.4M in additional revenue from both user rate and non-rate revenue sources. The expenditure savings are related to delays in opening of the SWTP resulting in lower operating costs including utility costs \$2M below plan. The 2011 Business Plan was developed with the assumption the SWTP would be operational for the full twelve months, however, the actual operating period was for only 4 months.

37. The water revenue variance of \$3.4M is largely a consequence of recognizing an additional month and a half of revenue as a result of more timely data from the change from Power Stream billing to the City's new Automated Meter Infrastructure (AMI) and Water Billing system, which began operation on October 1, 2011. In prior years, the City received billing information from Power Stream up to two months after the water flows had been consumed. For example, January and February recognized revenues would relate to consumption for the prior months of November and December. However, with the new AMI and Water Billing system the City can now accurately measure and match consumption use for a calendar year end fiscal period. As a result, 2011 revenues include essentially 14 months' worth of consumption data due to the inclusion of 2010 flows from PowerStream at the beginning of 2011 and the more accurate consumption data generated by our new system in the final weeks of 2011. This is a onetime adjustment and future years will see revenue numbers closely matching budget pending any major changes in weather patterns or consumption trends.
38. The Wastewater Operations Branch completed the year with a favourable variance of \$4.6M compared to the year end favourable forecast \$1.5M. The favourable results are due to \$2.2M in expenditure savings and \$2.4M in additional revenue from both user rate and non-rate revenue sources. The expenditure savings are primarily related to delays in performing maintenance on equipment and facilities as a result of construction at the main plant. The 2011 Business Plan was developed with the assumption that all capital works associated with the main plant expansion would be complete as of December 31, 2010. However, ongoing capital works in 2011 caused operation delays which contributed to the year end expenditure savings.
39. Similar to Water Operations and described in paragraph 45, the wastewater revenue numbers are higher than budget as a consequence of recognizing an additional month and a half of revenue as a result of more timely data from the change from Power Stream billing to the City's new Automated Meter Infrastructure (AMI) and Water Billing system.

Capital Plan status at December 31

40. The Capital plan presented in Appendix "D" is a high level summary of activity as at December 31, 2011. At year end, capital expenditures were 63% of planned expenditures; however, the year end forecast was 87% of projected spending. Major projects contributing to the planned expenditure variance include:
 - a) Duckworth St – Bernick to Cundles: Construction had been forecasted to begin in the fall of 2011; however, the City and MTO have not yet signed a cost sharing agreement. Tendering could occur in June 2012 subject to agreement on cost sharing.
 - b) Mapleview Drive: Welham to Huronia is behind plan as a result of construction delays; however, the anticipated completion date of this project is on schedule for Aug 2012.

ENVIRONMENTAL MATTERS

41. There are no environmental matters related to the recommendation.

ALTERNATIVES

42. The alternatives available for consideration by General Committee:

Alternative #1

General Committee could direct staff to not fund the 2011 tax levy and rate carryforwards as identified in this report and allocate the rate surpluses in some other manner.

This alternative is not consistent with Council's Financial Policy Framework. The Water Rate Capital, Water Rate Stabilization, Wastewater Rate Capital, and the Wastewater Rate Stabilization reserves have insufficient balances, so to achieve the City's sustainability goals and reduce reliance on debt financing, transferring the year-end surplus in accordance with the Financial Policies Framework and carrying forward funds from the 2011 budget to support committed expenditures that will occur in 2012 is appropriate.

Alternative #2

General Committee could direct staff to use all or a portion of the water and wastewater surpluses to partially reduce the planned level of debt financing for some existing capital projects.

This alternative is not recommended because of the insufficient balances of both the wastewater and water capital reserves, as well as the need to establish Rate Stabilization reserves as per Council's Financial Policy Framework.

FINANCIAL

43. The effect of the recommended motions is to transfer \$440,000 from tax-supported reserves to fund the 2011 operating deficit and year-end purchase commitments.
44. Currently the Tax Rate Stabilization Reserve represents 2.8% of the City's gross operating revenues (excluding transfers to capital, specific reserves, and debt principal repayments), which is below the minimum balance of 5% of gross operating revenues established in the Financial Policy Framework. Based on budgeted 2012 revenues, the minimum balance in the Tax Rate Stabilization Reserve should be \$11.2M. After taking the transfer from the tax rate stabilization reserve to cover the 2011 year end tax rate deficit and amounts carried forward, the periodic expenditures for 2012, the boundary expansion studies for 2012, and assuming that no other expenditures are funded from the tax rate stabilization reserve, the projected balance at the end of 2012 is \$5.5M, which is below the minimum target.

45. By applying the recommendations contained in this report, water and wastewater stabilization reserves will be established as identified in the City's Financial Policy Framework. In addition, the underfunded water and wastewater capital reserve balances identified in paragraph 8, while still inadequate will be improved.
46. Further to Council's direction arising from the 2012 Business Plan, staff are developing analysis to review and revise the Water/Wastewater financial plan. The recommendations in this report will be reflected in this analysis, which staff anticipate will be presented to Council in the fall. This timing will allow for decisions to be reflected in the 2013 Business Plan.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

46. The recommendations in this report are operational and not directly related to Council's Strategic Plan.

APPENDIX "A"

Staff Complement Levels as at December 31, 2011

Division/Department	Approved Permanent Staff Complement	Vacancies as at December 31, 2011	Actual Staff Complement as at December 31, 2011	Comments
Community Operations	464	9	455	
▪ General Manager's Office	4	0	4	
▪ Leisure, Transit, Facilities	91	2	89	- Facilities Capital Project Supervisor - Mechanical Maintenance Operator
▪ Operations – Roads / Parks / Fleet	96	2	94	- CMMS Operations Technologist – new position added June 2011 - Fleet Services Technician
▪ Operations – Water / Wastewater / Environmental	114	4	110	- Water Distribution Operator Class II – 2 vacancies - Maintenance Lead Hand – WPCC - Maintenance Operator I
▪ Fire & Emergency	159	1	158	- Fire-fighter – 1 st Class – vacant re promotion
Infrastructure, Development & Culture	124	6	118	
▪ General Manager's Office	3	0	3	
▪ Building Services	35	3	32	- Building Inspector - Small Buildings – 1 position reclassified to Project Manager in Engineering – Nov 11 - Plans Examiner II – vacant re temp transfer to SV of Permits - Zoning Enforcement Officer (formerly Zoning By-Law Enforcement Officer)
▪ Engineering	59	2	57	- Annexation-Boundary Project Manager - Project Technician – vacant re transfer to Technologist
▪ Culture	5	0	5	

APPENDIX "A"
Staff Complement Levels as at December 31, 2011

Division/Department	Approved Permanent Staff Complement	Vacancies as at December 31, 2011	Actual Staff Complement as at December 31, 2011	Comments
• Corporate Asset Management	8	1	7	- Asset Management Data Analyst – vacant re temp transfer to Infrastructure Technologist
• Planning Services	14	0	14	
Corporate Services	190	10	180	
• General Manager's Office	3	0	3	
• Human Resources	11	1	10	- Compensation Specialist – vacant due to retirement
• ICT	32	0	32	
• Finance	49	4	45	- Budget Analyst – vacant re promotion to Sr Financial Analyst - Deputy City Treasurer – vacant re temp transfer to Director - Financial Analyst – vacant re promotion to Mgr of Acct - Senior Accounting Clerk – vacant due to promo to SV
• Clerk's Office	47	3	44	- (2) Court Admin Clerk (2 vac)– vacant re trans to CSC & temp trans to Pros Clerk - Secretary – vacant re transfer to IDC
• Legal	48	2	46	- Municipal Law Enforcement Officer I - Municipal Prosecutor – vacant due to retirement
Office of the CAO	16	1	15	
Office of the Mayor & CAO	6	0	6	
Strategy & Economic Develop	5	0	5	
Communications & Inter GA	5	1	4	- Temporary transfer to Office of the Mayor effective Oct 3

APPENDIX "A"

Staff Complement Levels as at December 31, 2011

Division/Department	Approved Permanent Staff Complement	Vacancies as at December 31, 2011	Actual Staff Complement as at December 31, 2011	Comments
TOTAL	794	26	768	

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2011

	2011 Net Requested Budget	2011 Planned Activity	2011 Actual Activity	Variance to Budget	Explanation/Comments
Office of Chief Administrative Officer					
Administration	703,937	599,892	669,741	34,196	The year-end positive variance was mainly driven by a \$21K under spend for subscriptions and memberships. A number of the planned memberships were not paid out of the area and NQI come in \$5K less than expected. Remainder attributable to a number of small positive variances. Forecasted spending was much lower than the final results due to the unexpected payments for the citizen survey and university master plan work.
Communications & IG Affairs	1,021,682	919,536	974,499	47,183	A \$37K positive variance for Contracted Services was the main contributor to the year-

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2011

	2011 Net Requested Budget	2011 Planned Activity	2011 Actual Activity	Variance to Budget	Explanation/Comments
Economic & Strategic Development	685,342	373,114	480,531	204,811	end variance. Reduced workload pressures eliminated the need for the planned contract graphic designer. The large positive variance was driven by funding received from the Federal Economic Development fund for costs incurred in 2010 related to the Business Incubator and Marketing Strategy.
Community Operations Division					
Office of the General Manager and Emergency Preparedness	484,297	499,249	503,694	(19,397)	The small negative variance was caused by an unanticipated requirement to share the cost to establish the new emergency operations centre.
Fire and Emergency Services	18,137,384	18,254,338	18,309,188	(171,804)	The small negative variance was caused by an in-year Council decision to not charge for attending motor vehicle accidents for Barrie residents.
Operations	25,975,381	25,356,293	26,562,753	(587,372)	Fleet Operations incurred \$434K of unanticipated vehicle repairs related to maintain an aging fleet of City vehicles. In addition, higher than expected fuel costs resulted in an unfavourable variance of \$77K.
Leisure, Transit and Facilities	17,342,030	17,857,352	18,059,443	(717,413)	Repairs and Maintenance costs were higher than plan resulting from an emergency repair of Kalwall panels at the East Bayfield Recreation Centre at a cost \$75K and the emergency replacement of a failed evaporative condenser at the Barrie Molson Centre costing \$62K. Ice rental revenues were lower than plan by \$200K from lower than anticipated activities by major users. Recreational and fitness pass revenues

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2011

	2011 Net Requested Budget	2011 Planned Activity	2011 Actual Activity	Variance to Budget	Explanation/Comments
Infrastructure, Development and Culture Division					
Office of the General Manager	398,454	399,658	401,662	(3,208)	No significant variances
Engineering	2,741,266	2,557,616	2,609,758	131,508	Staff vacancies and savings related to some of the minor capital projects (i.e. tree planting) were the cause of the favourable variance.
Corporate Asset Management	561,054	454,893	472,563	88,491	Staff vacancies are the main driver for the favourable variance
Building Services	269,886	222,909	215,865	54,021	Staff vacancies are the main driver for the favourable variance
Planning Services	1,372,434	1,227,898	1,328,093	44,341	Staff vacancies are the main driver for the favourable variance
Department of Culture	1,467,898	1,578,788	1,489,800	(21,902)	Rental revenue earned at the Georgian Theatre was less than anticipated.
Corporate Services Division					
Office of the General Manager	302,572	272,619	272,874	29,698	Positive variance is the result of unbudgeted revenues received from Barrie Hydro Holdings Inc.
City Clerk	649,417	651,991	512,741	136,676	Main driver was a \$93K positive variance for postage due to a decrease in postage volume demands from departments, in part due to the postal strike. Also contributing to the variance was unbudgeted recoveries for a portion of the City Clerk's time for her role as Corporate Secretary for Barrie Hydro. Large forecast to actual variance due to significantly larger Q4 POA fine revenues than anticipated.

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2011

	2011 Net Requested Budget	2011 Planned Activity	2011 Actual Activity	Variance to Budget	Explanation/Comments
Finance	3,007,915	2,916,593	2,922,740	85,175	Positive variance the result of a number of vacancies and general staff turnovers which resulted in a \$230K positive variance for salary and benefits. This was partially offset by higher than expected audit fees.
Human Resources	1,516,616	1,512,483	1,424,256	92,360	Favourable variance attributable to delays to leadership development training, cancellation or delays to a number of CUPE and fire arbitrations, and staff turnover.
Information, Communication and Technology	4,761,781	4,778,874	4,907,698	(145,917)	Main drivers of the unfavourable variance were additional telecommunications operating costs for SWTP, Mady Centre and Fire Station #1 which came in higher than anticipated (\$50K). It also included a new fibre connection to fire station 1 required for fire dispatching services. In addition the city's shared 911 service costs were funded from the ICT for the first time which was not anticipated (\$74K).
Internal Audit	145,869	146,069	147,440	(1,571)	
Legal Services	1,661,839	1,662,683	1,505,492	156,347	Vacancies within the Legal Services branch and reduced casual labor due to changes in proactive nighttime parking at the beginning of 2011 resulted in a significant favourable salary variance of \$300K. The moving of work to internal resources and deferral of an OMB hearing also contributed \$131K to the variance. These positive expenditure variances were largely offset by significantly reduced parking ticket revenue (\$354k) due to the change in nighttime ticketing.
Other Expenses					

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2011

	2011 Net Requested Budget	2011 Planned Activity	2011 Actual Activity	Variance to Budget	Explanation/Comments
Financial Expenses	15,595,638	16,109,422	16,160,291	(564,653)	Unfavourable variance relates to budgeted \$750k salary gapping account place holder. Actual salary gapping savings are recorded in departments. Partially offset by under spend in CAO contingency fund.
Other General Government	3,019,958	3,061,763	3,001,708	18,250	Small favourable variance relating to retiree benefits.
TOTAL NET CITY SERVICES	102,574,875	102,164,472	103,664,482	(1,089,607)	Favourable variance relates to the County of Simcoe programs, including Ontario Works, Social Housing, Paramedics, and Homes for the Aged. However, the current year favourable variance includes the City's portion of deferred capital spending of approximately \$634K relating to Paramedic Services. When the capital works are completed this may cause a future unfavourable variance.
SERVICE PARTNERS	72,651,994	71,946,239	71,052,991	1,599,003	
TOTAL NET EXPENDITURES	175,226,869	174,110,711	174,717,473	503,025	
Corporate Revenues					
Net Taxation for own purposes	(165,875,555)	(165,303,717)	(165,052,505)	(823,050)	Unfavourable variances relates to higher than budgeted tax write-offs and ARB decisions. Most notably the ARB decision regarding shopping centres dating back to 2001 contributed \$667K to the variance.
Payments in Lieu of Taxes	(1,527,859)	(1,685,201)	(1,582,243)	54,384	Favourable variance relating to higher than budgeted Hydro One PIL received in 2011.

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2011

	2011 Net Requested Budget	2011 Planned Activity	2011 Actual Activity	Variance to Budget	Explanation/Comments
Rentals	(1,200)	(333)	(640)	(560)	
Interest Income	(4,284,000)	(3,776,164)	(4,229,277)	(54,723)	Unfavourable variance as cash balances held during the year were largely related to reserve funds (rather than operating funds), causing a higher allocation of interest earned to reserve funds than anticipated.
Contributions from Reserves	(3,329,073)	(3,329,073)	(3,329,073)	-	
Sundry Revenue	(209,181)	(149,428)	(209,110)	(71)	
TOTAL REVENUE	(175,226,869)	(174,243,916)	(174,402,848)	(824,021)	
TOTAL OPERATING VARIANCE BASED ON PLANNED ACTIVITY	0	(133,205)	320,996	(320,996)	

APPENDIX "C"

User Rate Supported Operating Budget Variance as at December 31, 2011

	2011 Net Requested Budget	2011 Planned Activity	2011 Actual Activity	Variance to Budget	Explanation/Comments
Water Operations	(782,264)	(2,272,664)	(6,961,450)	6,179,186	Operating expenditures had a favourable variance of \$2.8M related to delays in opening the SWTP, including \$2M in savings related to utility costs. Revenues had a favourable variance of \$3.4M as a result of timing delays in receiving billing data from Power stream related to the final months of 2010, as well as accurate and timely billing data from the new Automated Meter Infrastructure (AMI) for the final few months of 2011.
Wastewater Operations	(431,448)	(1,176,526)	(5,026,735)	4,595,287	Operating expenditures had a favourable variance of \$2.2M because of delays related to maintenance on equipment as a result of limited access from construction at the main plant. Revenues had a favourable variance of \$2.4M by bringing billings to a more current basis, the new billing system created a one-time excess in revenue.
Parking	655,251	653,137	657,358	(2,106)	A \$66K shortfall in revenue due to meters out of commission during construction and repairs was offset by lower spending.
Total	(558,461)	(2,796,053)	(11,330,827)	10,772,366	

APPENDIX "D"
Capital Plan Progress Update as at December 31, 2011

	2011 Capital Spending Plan					Performance Reporting				
	Carryover from Prior Year Budgets	New Projects Approved in 2011 Budget	In Year 2011 Transfers / Additions	Total 2011 Spending Planned	Projected Year End Spending	Actual 2011 Spending	Variance to 2011 Projected (\$)	% of 2011 Projected Spending Achieved	% of 2011 Spending Plan	Spending Deferred
Summary of Capital Plan & Forecast										
Corporate Services Division	2,367,698	2,453,362	167,305	4,988,366	4,294,718	2,860,691	1,434,027	67%	57%	2,127,675
Infrastructure, Development & Culture Division	49,854,723	45,690,900	790,214	96,335,836	61,063,339	49,315,031	11,748,308	81%	51%	47,020,806
Community Operations Division	13,454,303	11,848,100	(4,734,209)	20,568,194	23,125,563	24,651,943	(1,526,380)	107%	120%	(4,083,749)
Total	65,676,724	59,992,362	(3,776,690)	121,892,396	88,483,620	76,827,664	11,655,956	87%	63%	45,064,732

APPENDIX "E"
Transfer Net Assets from ACDC to City

BACKGROUND

Allandale Community Development Corporation (ACDC) was incorporated in 1998 as an economic community development corporation without share capital under the laws of Ontario. The intent was to use this company to purchase land and tracks from CN from Bradford to Utopia to avoid the elimination of rail service provided to local industries. The abandoned rail line properties from Tiffin Street to the north City limits were also acquired.

On June 1, 2009, the ACDC Board of Directors passed the following motion:

1. That the Secretary and Treasurer of the Allandale Community Development Corporation (ACDC) be authorized to initiate the process to "wind up" ACDC and incorporate its operations within The Corporation of the City of Barrie, subject to discussions with the City of Barrie's Executive Management Team concerning work plan, business plan and budgetary impacts.
2. That staff investigate the feasibility of converting ACDC into a "shell company" for potential future use as an economic development corporation.

Transferring the net assets to the City of Barrie requires Council approval of this action.

ANALYSIS

ACDC's assets, liabilities, revenues, and expenditures have been included in the City's annual consolidated financial statements due to the relationship between the two organizations:

1. The Board of Directors must be comprised of all members of Barrie City Council
2. The sole source of financing for ACDC's net operational and capital requirements is from the City in the form of a non-interest bearing floating promissory note.

In addition to selling surplus lands since 1998, ACDC was involved in the following business areas:

1. North Shore Trail (leased to City of Barrie)
2. North Shore Barrier Wall (maintained by City of Barrie)
3. Short-line rail operations (from north of 8th Line of Innisfil through Barrie to Utopia)

The transfer of each of the business operations to the City effective midnight December 31, 2011 was discussed with the appropriate department heads and managers for inclusion in their 2012 work plan and budget – City Clerk's Office; Finance; Roads, Parks, and Fleet; Environmental Services; Engineering and Legal Services. All were receptive and supportive of the transfer indicating that it provided better opportunity for collaboration, and the operations (including a net cost of \$333k) are reflected in 2012 work plans and budgets.

At December 31, 2011, prior to the transfer to the City, ACDC's balance sheet reflected the following items and values (\$M):

Net capital assets (land, land improvements, building, tracks, bridge, and equipment)	\$2.6
Rail track inventory	0.4
Long-term receivable from the City to ACDC (related to 2007 GO transactions)	4.3
Promissory note payable from ACDC to the City (floating, non-interest bearing)	(6.0)
Net sundry receivables/payables	(0.3)
Pre-transfer accumulated surplus	\$(1.0)

FINANCIAL

The transfer of the net assets and operations of ACDC to the City of Barrie was supported by EMT and resulted in the following:

1. Elimination of \$4.3M of long-term debt owed by the City of Barrie to ACDC
2. Elimination of further costs related to the acquisition of 2.4 acres of land adjacent to the Allandale Station
3. Acquisition of tangible capital assets with a net book value of \$2.6M
4. Improved reporting of City's financial support of rail operations through its annual Business Plan