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**TO:** GENERAL COMMITTEE

**SUBJECT:** 2012 BUSINESS PLAN – YEAR END REPORT

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** C. MILLAR, MBA, CGA, DEPUTY TREASURER, ext. 4436 *Craig Millar*

**SUBMITTED BY:** D. MCKINNON, CGA, DIRECTOR OF FINANCE *cm on behalf of D. McKinnon*

**GENERAL MANAGER APPROVAL:** E. ARCHER, CMA, GENERAL MANAGER OF CORPORATE SERVICES *E. Archer*  
R. FORWARD, MBA, M.Sc., P.ENG., GENERAL MANAGER OF COMMUNITY OPERATIONS *R. Forward*

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** C. LADD, CHIEF ADMINISTRATIVE OFFICER *C. Ladd*

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**RECOMMENDED MOTION**

1. That the 2012 year end tax rate supported surplus of \$2,276,459, comprising \$2.1 million in net surplus from services provided by Service Partners and \$0.2 million in surplus from services provided by the City of Barrie, be distributed as follows:
  - a) \$115,678 carried forward to 2013 to fund items that were committed in 2012 by purchase order or contract but remained incomplete or undelivered at December 31, 2012;
  - b) \$950,000 to the Tax Capital Reserve 13-04-0440, to fund carryforward commitments related to the County of Simcoe Capital Projects,
  - c) \$847,547 to the Tax Capital Reserve 13-04-0440,
  - d) \$363,234 to the Tax Rate Stabilization Reserve 13-04-0461.
2. That the 2012 wastewater rate surplus of \$2,216,697 be distributed as follows:
  - a) \$68,430 carried forward to 2013 to fund items that were committed in 2012 by purchase order or contract but remained incomplete or undelivered at December 31, 2012;
  - b) \$1,503,787 to the Wastewater Rate Capital Reserve 12-05-0575,
  - c) \$644,480 to the Wastewater Rate Stabilization Reserve
3. That the 2012 water rate surplus of \$2,804,896 be distributed as follows:
  - a) \$34,500 to the Lake Simcoe Conservation Authority to fund a 2013 capital project commitment.
  - b) \$1,939,277 to the Water Rate Reserve 12-05-0580
  - c) \$831,119 to the Water Rate Stabilization Reserve

4. That the \$500,000 paid to the City of Barrie by the Mady Development Corporation, forming part of the financial contribution for the purchase of the Foodland site, located at 90 Collier and 55 Mulcaster Streets, be transferred into the Parking Rate Reserve Account #12-05-0570.
5. That an additional \$815,000 required to fund the growth management program, for a total commitment of \$3.1 million, be approved and funded from the Tax Rate Stabilization Reserves (13-04-0461).

**PURPOSE & BACKGROUND**

Report Overview

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 2012 performance generated a surplus 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 memos 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, 2012.
8. Prior to applying the directions recommended by this report or the directions provided by Council regarding the 2013 Business Plan, the December 31, 2012 reserve balances effected by the recommendations in this report are:

| Stabilization Reserves           | Current Balance at Dec 31, 2012 | Committed at Dec 31, 2012 | Non-Committed Balance at Dec 31, 2012 | 2012 Minimum Expected Balance* | Difference    |
|----------------------------------|---------------------------------|---------------------------|---------------------------------------|--------------------------------|---------------|
| Tax Rate Stabilization Reserves  | \$2,349,287                     | \$838,658                 | \$1,510,629                           | \$11,360,675                   | (\$9,850,046) |
| Wastewater Stabilization Reserve | \$1,198,793                     |                           | \$1,198,793                           | \$2,581,206                    | (\$1,382,413) |
| Water Stabilization Reserve      | \$1,836,926                     |                           | \$1,836,926                           | \$2,345,038                    | (\$508,112)   |

\*Minimum 2012 expected balance as per the Financial Policies Framework

| Capital Reserves           | Current Balance at Dec 31, 2012 | Committed at Dec 31, 2012 | Non-Committed Balance at Dec 31, 2012** | 2012 Estimated Amortization Expense* | Difference     |
|----------------------------|---------------------------------|---------------------------|---|--------------------------------------|----------------|
| Tax Capital Reserves       | \$32,400,030                    | \$37,053,562              | (\$4,653,532)                           | \$22,780,000                         | (\$27,433,532) |
| Wastewater Capital Reserve | (\$12,561,618)                  | \$9,383,724               | (\$21,945,342)                          | \$12,975,000                         | (\$34,920,342) |
| Water Capital Reserve      | \$21,115,309                    | \$15,185,423              | \$5,929,886                             | \$8,600,000                          | (\$2,670,114)  |
| Parking Capital Reserve    | \$831,733                       | \$1,594,939               | (\$763,206)                             | \$398,000                            | (\$1,161,206)  |

\*As per the Financial Policies Framework, contributions to reserves are planned to be equivalent to the annual amortization expense within 12 years

\*\* The table highlights the non-committed balance at December 31, 2012, and does not reflect any approved Capital transfers into the reserves that have been approved by Council in the 2013 Business Plan

9. Although the actual balance in Tax Capital Reserves was \$32.4M at December 31, 2012, this includes funds of approximately \$37.1M committed to 2012 Capital Projects, Georgian College expansion agreement, and RVH funding. As noted in the 2013 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 2012 tax supported amortization expense of \$22.8M would produce a Tax Capital Reserve shortfall of \$27.4M.
10. Including commitments to 2012 Capital Projects, the Wastewater Capital Reserve has a shortfall of \$21.9M; however, adjusting for the 2012 amortization expense, the actual shortfall would be approximately \$34.9M. Similarly, adjusting for the 2012 water amortization expense results in a balance of \$2.7M for the Water Capital Reserve. Under Ontario Regulation 453, Municipalities are required to maintain a financially sustainable water system.
11. The budget carry forward recommended in Motions 1, 2, and 3 ensures expenditures committed in one year are properly accounted for and funded in the following year. The amounts of \$115,678 funded by tax levies and \$68,430 funded by wastewater rate represent purchase order commitments that occurred in 2012 but were not able to be completed during the year. Since the funding commitment was made in 2012, these amounts were not included in the 2013 Business Plan. By carrying over the funds required from 2012 budgets to meet these financial obligations in 2013, an appropriate matching will occur between the funds allocated to the work and the timing of its completion.
12. The County of Simcoe's 2012 year end surplus of \$1.7M includes \$622K of deferred capital spending related to Paramedic facilities (see paragraph 34). As described on page 70 of the 2013 business plan, the County invoices the City on a cash flow basis and motion 1 ensures sufficient funding is allocated from the City's tax capital reserve to fund these commitments. The total carryforward commitment of \$950K includes deferred capital spending from 2012 (\$622K) and previous years (\$328K).
13. Allocating funds to the Lake Simcoe Conservation Authority (LSCA) in motion 3 is to address a funding shortfall for their 2013 capital program. As described on Page 70 of the 2013 business plan, the LSCA requested a 6.2% budget increase over 2012, however, staff recommended and Council approved a 3% increase, which is \$34,500 less than requested. For details of the LSCA 2013 budget request see Pages 377 to 401 of the 2013 business plan.
14. All Municipal partners approved the LSCA requested budget, except for the City of Barrie. As a result the LSCA has a capital funding shortfall of \$34,500 for 2013. Currently, Council approved a budget commitment of \$1.1M, out of which \$276K or 25% is funded from water rates with the remaining balance of \$844K from tax levy. For the 2014 budget process, in consultation with the LSCA, staff will review their services and capital needs, with the objective to ensure the City's funding source allocation is appropriate (i.e. tax levy vs. rates).
15. Including recommended motion #4, the Parking Rate Reserve is forecasted to be in a negative position of approximately \$263K by the end of 2013. The City's current Parking Operations business model is not self sustaining and staff will provide further options later in 2013 to review the current financing model and address projected current and future years' reserve deficit.
16. Detailed description surrounding motion 5 is contained in paragraph 26 a) below. The original approved funding for the growth management plan was \$2.3 million with the initial funding from the rate stabilization reserve. However, the recent DC by-law update included costs related to this program and as DC's are collected will replenish funds borrowed from the tax rate stabilization reserve. Likewise, the additional funds of \$815K being requested will also be incorporated into the upcoming phase II DC update. Including motion 5 and costs incurred to date, the anticipated final costs of the growth management program will be \$3.1 million.

**ANALYSIS**

17. 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 2011 results are presented for comparison purposes. Appendix B includes the details of the variances for tax rate based variances.

|  | 2011<br>Actual<br>Results to<br>Dec 31 | Year-to-Date to Dec 31, 2012 |                    |                  |
|--|--|------------------------------|--------------------|------------------|
|  |  | Budget                       | Actual<br>Results  | Variance         |
| Community Operations                             | 63,435,078                             | 67,522,482                   | 65,188,057         | 2,334,425        |
| Infrastructure, Development<br>and Culture       | 6,517,741                              | 7,023,743                    | 6,977,473          | 46,270           |
| Corporate Services                               | 11,693,241                             | 13,331,253                   | 12,494,559         | 836,695          |
| Office of the CAO                                | 2,124,771                              | 2,509,314                    | 2,280,558          | 228,756          |
| Council & Mayor's Office                         | 738,023                                | 834,818                      | 738,733            | 96,085           |
| Financial & Other General<br>Government Expenses | 19,161,999                             | 17,448,933                   | 19,601,684         | (2,152,751)      |
| Grants & Service Partners                        | 71,052,991                             | 75,332,272                   | 73,229,332         | 2,102,940        |
| <b>Total Net Expenditures</b>                    | <b>174,723,844</b>                     | <b>184,002,816</b>           | <b>180,510,395</b> | <b>3,492,420</b> |
| Corporate Revenues                               | (174,402,848)                          | (184,002,816)                | (182,786,854)      | (1,215,961)      |
| <b>Total Variance</b>                            | <b>320,996</b>                         | <b>0</b>                     | <b>(2,276,459)</b> | <b>2,276,459</b> |

18. The corporation's year end financial results to December 31, 2012, resulted in a favourable tax supported surplus of \$2.3M for services provided by both the municipality (\$0.2M) and its service partners (\$2.1M). The favourable variance is greater than the forecasted unfavourable variance of \$1M described in the Business Plan Status memo as of September 30, 2012. Detailed variance explanations are provided in this report and in Appendix B. Broadly, however, there are three significant factors influencing actual results:
- a) Greater than expected savings from winter control services,
  - b) A change in the timing of debenture issuance, and
  - c) Actual financial results reported by the County of Simcoe were significantly higher than forecast.

**Salary Gapping**

19. The salary gapping provision approved by Council in the 2012 Business Plan, as amended, was \$1.5M, compared to \$750K in previous years. Historically, this amount only related to permanent staff salary and benefits funded from the tax rate. However, in an effort to achieve the 2012 target, staff included casual and part-time salary costs funded from the tax rate. In addition all departments delayed filling positions up to a minimum of four months and were directed to reduce actual spending on overtime by 50% compared to planned levels as approved in the Business Plan.

20. The actual net salary gapping result for 2012 was \$733K or 49% of plan. The gross amount of savings from vacancies was \$996K. This was offset by lower than expected recoveries from Capital projects (\$263K) compared to plan.
21. The following table illustrates complement levels at Dec 31. Details are available in Appendix A:

|   | Approved FTE | Actual FTE | Vacant Positions |
|---|--------------|------------|------------------|
| Community Operations                    | 488          | 466        | 22               |
| Infrastructure, Development and Culture | 125          | 116        | 9                |
| Corporate Services                      | 192          | 180        | 12               |
| Office of the CAO                       | 16           | 14         | 2                |
| <b>Total</b>                            | <b>821</b>   | <b>776</b> | <b>45</b>        |

Community Operations: \$715K favourable forecasted, actual \$2.3M favourable at Dec 31

22. The Community Operations Division completed the year with a net favourable tax rate supported variance of 96.5% of plan with expenditures at 98.2% and revenues at 101.9%.
23. The net favourable year end variance relates primarily to the following:
- a) Roads, Parks and Fleet had a net tax rate supported favourable variance of \$1.3M and a favourable variance to forecast of \$420K largely resulting from the following items:
    - i) Winter Operations was \$997K under budget as a result of mild winter conditions in January to April.
    - ii) Road-life cycle maintenance costs had a favourable variance to budget of \$262K and \$313K to forecast because the costs to complete the work was lower than originally anticipated.
    - iii) Salary gapping for the department, excluding winter operations, resulted in \$150K in savings compared to budget.
  - b) Environmental Services had a tax rate supported favourable variance of \$872K and a favourable variance to forecast of \$530K largely resulting from the following items:
    - i) Significantly higher than budgeted provincial funding was received for hazardous household waste (HHW) programs. The favourable variance to budget of \$741K and \$278K variance to forecast is the result of the Provincial funding model not being changed in 2012 as anticipated, as well as additional revenues relating to 2011 being received and recognized in 2012.
    - ii) Provincial funding for the blue and grey box waste diversion program was \$156K over plan and \$113K over forecast. This was largely a result of revenues relating to 2011 being received and recognized as revenue in 2012.
    - iii) Tipping revenue was \$240K below budget and \$14K below forecast. The unfavourable variance to plan resulted from expected efficiency opportunities that were not realized. The balance of the variance is a result of reduced tonnage brought to the landfill. A review of tonnage volumes for 2012 compared to prior years is currently underway.

- c) Recreation, Facilities and Transit had a net favourable variance of \$166K to plan and a favourable variance to forecast of \$750K primarily driven by the following:
- i) Transit operations realized fuel savings of \$132K as well as the deferral of \$63K from the Metrolinx study budgeted in 2012. Transit pass revenues have a favourable variance of \$360K, primarily as a result of a timing difference related to 2011 earned revenues being recognized in 2012. This is a signal that Finance staff need to ensure sufficient, appropriate oversight is applied, and technical knowledge is transferred to operating department staff where required, to ensure appropriate matching of revenues and expenses to the proper accounting period.
  - ii) Contracted services for the Facilities operations had an unfavourable variance of \$294K to plan. This was related to unplanned expenditures incurred to address health and safety concerns and construction deficiencies.
  - iii) Debt charges had a favourable variance of \$203K to plan, primarily because of the timing of the debenture issue occurring in early 2013.
  - iv) Recreation program revenues had unfavourable variances to plan across most program offerings, including registered programs (\$132K), passes (\$124K), and school aquatics (\$60K).
24. The Community Operations Division achieved results associated with the Key Service Delivery Initiatives listed in the 2012 Business Plan on pg. 212 and 213. Noteworthy outcomes include:
- a) Maintenance of a Quality Management System that ensures ample supply of safe drinking water and fire fighting water.
    - i) Water SCADA system upgrade is on-going
    - ii) SWTP operational optimization efforts
  - b) Maintain Emergency Plans that address the likely hazards, risks and potential emergencies that could arise in the city:
    - i) All emergency plans have been reviewed, updated and fully comply with legislative requirements.
  - c) Monitor and review service delivery processes for efficiency and effectiveness:
    - i) On-going implementation of service review recommendations in Water, Wastewater and Environmental Operations.
    - ii) Wastewater Treatment Facility Optimization Investigations – On-going.
  - d) Ensure both physical and financial accessibility to recreation programs
    - i) RecACCESS – In 2012, RFT staff engaged their counterparts at other municipalities to identify best practices for similar programs currently in operation and leveraged their findings to develop a financial assistance model tailored for the City of Barrie. The program launched in the first quarter of 2013.
  - e) Provide information to the public about services and opportunities available to them:

- i) The Recreation branch embarked on a plan to upgrade the Recreation website and Program Guide in 2012. With the assistance of the Corporate Communications group, the improvements were successfully executed within the specified timeframe. The Recreation website is now more user friendly while the Program Guide has been restructured for ease of reference and consistent branding.
  - ii) Transit Services - Updated the web site to be more user friendly and provide key transit information. Implemented program with a communications component for Priority and Courtesy Seating on buses.
  - iii) On-going public education events held by Barrie Fire and Emergency Services, geared to target groups and seasonal topics.
- f) Provide ongoing training to personnel:
- i) Safety training for staff was expanded to include non operational staff (i.e. Defensive Driving Training).
  - ii) Training requirements met in 2012 for operator licenses, defensive driving and workplace safety for staff in the Environmental Services department.
  - iii) Training completed for 20 new recruits for Fire Station #5 – opened December 2012.
- g) Capital Projects:
- i) Interim Fire Stn #5: In 2012 RFT delivered the interim fire station #5 to add service to the southwest area of the City to aid in improving fire response times. This project included the partnership with an outside provider who undertook the design and construction components of the project as part of a 9yr lease agreement. Fire Station #5 opened and commenced service on December 17<sup>th</sup>.
  - ii) Police Accommodation: In 2012 RFT prepared a tender package to issue to the market for the interim accommodations for Police Services. Tender closed and construction commenced in the fourth quarter of 2012. In addition, RFT engaged the services of Rebanks Pepper Littlewood to prepare a facility master plan development and site requirements study to identify the appropriate phasing plan for Police Services as per council direction. Staff have utilized this information to prepare for investigating site alternatives and anticipate being in a position to recommend a specific site to council in the first half of 2013.
  - iii) Transit Garage P3: In 2012 RFT started the City's first ever P3 procurement project. Steps undertaken in 2012 include retaining the following services to assist in the procurement of this project: fairness monitor, legal advisor, financial advisor, procurement advisor, technical advisor. After procurement of these advisor services RFT issued to the market a Request for Pre-qualification for the services required to undertake the design build and finance for the construction of the bus operations and maintenance facility and provide a 20yr operating service contract for Transit operations. The RFP closed in November 2012 with 6 submissions received for evaluation. A shortlist of proponents and the issuance of the RFP document are anticipated in early 2013.
  - iv) Plans for transit – Phase 1: Council adopted a new multi-hub transit route model and in the 2012 Business Plan included funding for two additional buses, real-

time passenger information system and Mobility Hub Feasibility study at Allandale Waterfront GO Station:

- Two additional buses for Phase 1 were ordered in 2012 and delivered to City in Q1 2013.
- The Real-time Passenger Information System is in development and currently undergoing beta testing. The system will include a public web portal with real-time bus location and schedule information, next bus arrival information via text messaging and voice, and will link to Google transit for trip planning purposes.
- The Mobility Hub Feasibility Study to be performed in partnership with Metrolinx was deferred and is scheduled for completion in 2013.

h) Other Projects:

- i) Sustainable Waste Management Strategy: Approved by Council and is now in implementation phase. Planning work is underway to select a suitable contractor for new curbside collection contract.

25. Key Performance Indicator results are as follows:

- a) 10 Fire Fighters on scene within 10 minutes. - 90% of the time structure & fire alarms sounding: the 2012 result of 93.09% is 3.09% above the planned target of 90% and 1.13% higher than the previous year. The slight increase over the prior period is a result of Fire Stn. #5 opening in December.
- b) Residential Waste Diversion Rate: 2012 result of 46.91% is 6.2% below the planned target of 50%. The 2012 rate is equivalent to 2011 results. The early onset of winter conditions significantly decreased the amount of residential yard waste collected and received at the facility in December 2012. A total of 28.43 tonnes of residential yard waste was received in December compared to an average of 1,349 tonnes received for each of the months of October and November.
- c) Total Participant Utilization Rate for Directly Provided Reg. Prog.: This indicator compares the Recreation Program spaces used by participants to the maximum spaces available. For 2012, the final result of 72% is 3% above the planned target of 69%.
- d) Passenger Trips per In-Service Vehicle Hour: This indicator reports the average number of passengers boarding for every hour each of the City's buses is on the road. The measure includes all conventional transit service routes. The 2012 result of 19.03 is slightly above the planned target of 18.70.

Infrastructure, Development & Culture: \$46K favourable forecasted, actual \$46K favourable at Dec 31

26. The Infrastructure, Development & Culture Division net favorable variance is primarily due to staff vacancies offset by lower than anticipated development revenues.

- a) Staff vacancies within the Division primarily occurred in the Corporate Asset Management and Building departments. This is partially due to fluctuations in current development activities.



27. The Infrastructure, Development & Culture Division moved forward on the 11 Key Service Delivery Initiatives listed in the 2012 Business Plan on pg. 261 and noteworthy outcomes include:

a) Growth Management Program:

The growth management program is progressing. This includes ongoing work on the preparation of a long-term Growth Management Strategy (GMS) for the City and Secondary Plans for the annexed lands. The GMS has been finalized and an Executive Summary issued. Preliminary Drafts of the Salem and Hewitt's Secondary Plans were released in mid-September and the subject of a Public Information Centre held on September 27, 2012. A total of 37 written submissions were received from the public and stakeholders. Infrastructure master plans for water, wastewater, transportation and drainage progressed based on the Draft Secondary Plans and in anticipation of a public information session that were held in early 2013. Throughout the fourth quarter of 2012 numerous meetings were held with the City's public sector partners and landowner groups.

Recommended Motion #5, if approved, would increase the budget for this project by \$815,000. This is a 38% increase, reflecting the fact that the work undertaken to date has been extremely detailed and even more so than first envisioned. However, the level of detail will position the City and landowners to move forward to implementation with a high level of confidence in the proposed servicing and transportation systems. Furthermore, it is anticipated that the additional work on the tertiary plans for the Salem and Hewitt's Secondary Plan areas has provided a much more detailed basis for development which will substantially expedite approvals.

The level of detail evident in the plans that are now being finalized generated the need for a significant number of additional meetings, working sessions, analysis and coordination which could not have been anticipated at the outset of the project. The meetings with landowners and agencies covered a wide range of issues, contributed to an enhanced dialogue and set the tone for the entire project. The associated research and investigation reflected the complexity of the project. As a result, the process ran very smoothly, stakeholders were better informed and the City has plans that are less likely to attract appeals to the Ontario Municipal Board.

Based on provincial planning direction, it was anticipated in the work program that development options would be prepared to 2031. However, once the project commenced it was determined that the initial concepts should address development to the ultimate City boundary. This would allow for a comprehensive evaluation of future land use and servicing both to 2031 and beyond. As a result, the preferred concept and draft Secondary Plans which only include lands to 2031 differ from the options that required additional work as part of the Master Plan process with respect to modelling, drawings, presentation materials and reporting. In addition, more detail was required by the City for the "out to boundary" or 2051 analysis than originally envisioned. This change in scope included the preparation of population and employment estimates for the extended time horizon.

As a result, an additional \$815,000 is required to complete the Annexed lands Secondary Plan/Citywide Infrastructure Master Plans project. All the costs associated with this project including the original budget of \$2.26M will be included as part of the next DC By-law Update. In the interim, staff are recommending that the expense be funded from the Tax Rate Stabilization Reserve (13-04-0461) and returned as development charges are collected in the Annexed Lands.

- b) Work continues on building a vibrant City Centre through a number of ongoing initiatives including the site plan application and conditional building permit being issued on the Foodland site, and the construction of 15 Maple is nearing completion.

28. Key Performance Indicator results for Infrastructure, Development & Culture are as follows:

- a) Development activity within the city is lower than originally anticipated. The value of Commercial, Institutional and Residential permits received was \$23M versus a target of \$30M. A total of 20 Site plan applications were received versus a target of 24.

Corporate Services: \$94K favourable variance forecasted, actual \$837K favourable variance at Dec 31

29. The Corporate Services' Division ended the year with net operating expenditures tracking 93.7% of plan. Main drivers of the positive variance include the following:

- a) Salary expenditures for the Division had a favourable variance of \$548K primarily driven by hiring delays due to salary gapping and vacancies in the Clerk's Office, Finance, and ICT departments.
- b) External legal expenditures were \$163K below budget as in-house capacity to provide service reduced the need for external legal support.
- c) Other contributing factors to the favourable expenditure variance include a \$47K variance in ICT for licenses, and \$60K in Human Resources related to the Leadership Development Program
- d) The positive expenditure variance for the Division was offset by an unfavourable gross revenue variance of \$120K (\$257K net unfavourable). The unfavourable variance is attributable to decreased parking ticket revenue in MLPS resulting from the adoption of a non-proactive winter parking enforcement policy.

30. The Corporate Services Division moved forward on 8 Key Division Service Delivery Initiatives as outlined on page 174 of the 2012 Business Plan. Noteworthy outcomes include:

- a) The City successfully completed its third year of participation in the Ontario Municipal Benchmarking Initiative; with the 2011 OMBI Performance Benchmarking Report being published in October.
- b) Significant progress was made in 2012 as Council approved the implementation of an Enterprise Resource Planning (ERP) system. The implementation of the first phase of the project is anticipated for the first quarter of 2015.
- c) The ICT Department successfully implemented a number of recommendations from the 2011 service review. Most notably, the department achieved a \$200,000 net cost reduction to its 2012 operating budget and introduced a series of process improvements.

- d) The City of Barrie achieved compliance with all applicable 2012 requirements in the Accessibility for Ontarians with Disabilities Act (AODA), 2005. An audit of the City's adherence to the AODA requirements was conducted by the Accessibility Directorate of Ontario in fall 2012. The City successfully met the expectations of the audit, and is well positioned to meet all future AODA compliance requirements.
31. Key Performance Indicator results for Corporate Services are as follows:
- a) Number of Visits to Municipal Website per Capita: The City of Barrie received 2.8 million visits to its website in 2012 or 20.05 visits per capita. This has well surpassed the target of 12.00 and can be attributed to additional services and more on-line content provided including pet licensing, water billing, water consumption dashboard, facility booking form and Legistar.
- b) WSIB (hours) / Cost – Lost Time Accidents: The City has a total of 1,022 WSIB hours YTD at a total cost of \$30,839. This is 41% below the YTD target of 1,723 hours and 38% below the budgeted cost of \$49,500 respectively. This improvement reflects positive staff response to improved health and safety training, policies, and procedures. The severity of lost time injuries has decreased.
- c) Average Number of Applications per Posting: The average number of applications received per job posting finished the year at 44, well above the set target of 35. This is generally attributed to several entry level positions that generated a high number of applications.

Office of the CAO: \$103K favourable variance forecasted, actual \$229K favourable at Dec 31

32. The Office of the CAO ended the year with net operating expenditures tracking to 90.9% of budget. The main contributors to the positive variance are lower than anticipated spending on corporate advertising and the Employee Survey.
33. The Office of the CAO is currently working on 11 Key Division Service Delivery Initiatives as outlined on page 157 of the 2012 Business Plan. Specific progress updates are as follows:
- a) Stemming from 'Ideas in Motion', the City hosted the first ever interactive business event in 2012 where over 200 local business leaders came together to help develop 5 key priorities and action plans to move Barrie's economy forward. In addition, other milestones completed in 2012 include:
- I. **Open for Business**: A cross departmental 'open for business' team has been developed with a mandate to balance business needs with community objectives, improve processes and reduce barriers.
  - II. **Alignment**: All key City functions that have a leading role in the development of the economy have been joined under one strategic portfolio, Invest Barrie, to reflect the strategic importance of Council's key priority of growing the economy and creating jobs
  - III. **Reenergised the Business Ambassador program** to help economic development efforts.

- IV. Continued work to become University Ready by issuing the request for expression of interest for the education district in downtown Barrie.
- V. Launched the Barrie University video to raise awareness and support for the need for a university campus in Downtown Barrie.

Council and Mayor's Office: \$39K favourable forecasted, actual \$96K favourable at Dec 31

- 34. The year end favourable variance is primarily related the Ward Boundary Review being delayed because of the Ward 8 vacancy and the by-election held to fill that position.

Grants & Service Partners: \$727K favourable forecasted, actual \$2.1M favourable at Dec 31

- 35. The 2012 favourable variance results largely from savings from the County of \$1.7M relating to Ontario Works \$604K, Social Housing \$270K, Long Term Care \$64K, and Paramedics services \$754K. The Paramedic services year end favourable variance is driven by deferred capital spending of \$622K and a favourable operating variance of \$132K.
- 36. City Finance staff will continue to work with the County with the objective of receiving more timely and relevant information regarding the County's forecasts and to analyze actual operating results. Staff have already engaged County staff to discuss approaches for presenting information in the County's 2014 budget submission that clearly distinguishes operating spending from planned capital spending.
- 37. The remaining positive variance for Service Partners is related to the timing of the debenture issue for capital works related to the Lake Simcoe Regional Airport and the new GO platform. The debenture was budgeted to be issued in July 2012 with the actual issuance occurring in February 2013.

Financial Expenses: \$2.1M unfavourable forecasted, actual \$2.2M unfavourable at Dec 31

- 38. Financial expenses include transfers to tax capital reserves, insurance, MPAC fees, Council contingences and budgeting for salary gapping. The unfavourable variance, in part, represents the gross costs associated with salary gapping (\$1.5M) and other savings (\$700K). Actual results are recorded in various departments' budgets as the savings are realized.

Corporate Revenues: \$666K unfavourable forecasted, actual \$1.2M unfavourable at Dec 31

- 39. Corporate revenues unfavourable variance is largely due to higher than anticipated vacancy rebates (\$336K) and unfavourable ARB decisions (\$138K). The unfavourable ARB decisions are partially a result of MPAC catching up on outstanding ARB cases. It is expected the Assessment officer approved in the 2013 business plan will increase the City's capacity for proactive management of corporate tax revenues.
- 40. Another contributing factor to the unfavourable variance is lower interest rates and a larger proportion of cash balance being held in reserves. As a result, a larger portion of earned interest (\$406K) was allocated to reserves as required under the municipal act. Staff will actively be seeking opportunities for higher interest earning products and will improve overall cash flow forecasting and management.

User-Rate Supported Services: \$3.8M favourable forecasted, \$5.6M actual favourable at Dec 31

- 41. The following table summarizes the 2012 planned operating expenditures and actual results for user rate based operations. The actual results for 2011 are presented for comparison purposes.

|                       | 2011           | Year Ended Dec 31, 2012 |                  |                |           |
|-----------------------|----------------|-------------------------|------------------|----------------|-----------|
|                       | Actual Results | Budget                  | Planned Activity | Actual Results | Variance  |
| Water Operations      | (6,963,954)    | (316,791)               | (1,783,368)      | (3,121,687)    | 2,804,896 |
| Wastewater Operations | (5,027,131)    | (4,302,845)             | (5,038,738)      | (6,519,543)    | 2,216,697 |
| Parking Operations    | 657,358        | 791,713                 | 816,701          | 194,594        | 597,119   |
| Total                 | (11,333,727)   | (3,827,924)             | (6,005,405)      | (9,446,636)    | 5,618,712 |

42. The Water Operations Branch completed the year with a favourable variance of \$2.8M compared to the year-end favourable forecast variance of \$1.5M. The favourable results are due to \$2.7M in expenditure savings and \$198K in additional revenue from both user rate and non-rate revenue sources. The operating costs of the surface water treatment plant were lower than anticipated, particularly hydro, gas and chemical requirements. Staff's improved knowledge of the operating costs of the facility were incorporated into the 2013 business plan.
43. The Wastewater Operations Branch completed the year with a favourable variance of \$2.2M compared to the year-end favourable forecast variance of \$736K. The favourable results are primarily related to timing differences in the issuing of debenture costs associated with the Oro-Medonte Bio-solids facility. The debt was issued in early 2013 but had been budgeted to be issued at the end of the second quarter in 2012. Contributing to the favourable variance was additional revenue related to collection system repair work.
44. The Parking Operations Branch year end results incorporated the assumption that recommended motion #4, allocating the \$500K of funds related to the sale of the Foodland site, would be adopted by Council. As a result, the Parking Operation Branch would complete the year with a favourable variance of \$597K compared to the year-end unfavourable forecast variance of \$25K. Other contributing factors to the favourable forecast include expenditure savings from reduced snow clearing in parking lots due to the mild winter and changes in parking permit revenue as a result of the recent adjustments to the permit fee structure.
45. As described in paragraph 15, the Parking reserve is projected to be in a deficit position at the end year of 2013. The City's current Parking Operations business model is not self sustaining and later in 2013, staff will review the financing plan and identify approaches for mitigating forecasted deficits.

Capital Plan status at December 31

46. The Capital plan presented in Appendix "D" is a high level summary of activity as at Dec 31, 2012. At year end, capital expenditures were 65% of projected planned spending driven by a number of projects including the following:
- a) Duckworth St – Bernick to Cundles: Construction had been forecasted to begin in the fall of 2012, however, the project was delayed for the City and MTO to reach a cost sharing agreement
  - b) Sunnidale Reservoir construction is on schedule; however, the project was tendered under the original budget.

- c) As described in paragraph 24, for the Police Accommodation project, RFT engaged the services of Rebanks Pepper Littlewood to prepare a facility master plan development and site requirements study to identify the appropriate phasing plan for Police Services as per council direction. Staff have utilized this information to prepare for investigating site alternatives and anticipate to be in a position to recommend a specific site to council in the first half of 2013.

### **ENVIRONMENTAL MATTERS**

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

### **ALTERNATIVES**

48. The following alternatives are available for consideration by General Committee:

#### **Alternative #1**

General Committee could alter the proposed recommendation by directing staff to not fund the 2012 tax levy and rate carry forwards as identified in this report and allocate the rate surpluses in some other manner.

Although this alternative is available, it is not consistent with Council's Financial Policy Framework. The Tax Capital Reserve, Tax Rate Stabilization Reserve, 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 2012 budget to support committed expenditures that will occur in 2013 is appropriate.

#### **Alternative #2**

General Committee could alter the proposed recommendation by directing staff to not use a portion of the water surplus to fund a 2013 capital requirement of the Lake Simcoe Conservation Authority (LSCA).

This alternative is not recommended because the LSCA has indicated their other municipal service partners have approved the 2013 capital funding requirement, and as such, if this recommended motion is not approved, the LSCA will include the capital funding shortfall as part of their 2014 business plan request from the City of Barrie.

#### **Alternative #3**

General Committee could alter the proposed recommendation by directing staff to not allocate funds received from the sale of the Foodland site to the Parking Rate Reserve, but instead allocate the funds in another manner.

This alternative is not recommended because without the additional funds, the Parking Rate Reserve will be in a further deficit position of (\$763K) at the end of 2013.

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**FINANCIAL**

49. Subject to Council's approval of the recommended motions, the \$2.2M operating surplus, net of 2012 carryover funds, will be transferred to reserves. It is important to note the relatively small proportion of this surplus amount (\$0.2M) that is attributable to services provided by the City of Barrie. This reflects the financial risk associated with increased reliance on non-tax revenues. Staff managed operating budgets to ensure expenditure reductions occurred, but the City was fortunate to have uncontrollable factors, such as weather conditions, positively influence expenditure levels. An effective hedge against the risk that non-tax revenues do not achieve planned levels is the existence of sufficient, appropriate reserves and reserve funds.
50. Improving reserve balances is a key element of the Long Range Financial Plan and supports Council's desire for long term financial sustainability. Reserves are a critical component of the Long Range Financial Plan, help the City reduce its reliance on debt financing and contribute to ensuring that asset life cycle maintenance and replacement activities can occur.
51. Currently the Tax Rate Stabilization Reserve represents 1.0% 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 actual 2012 revenues, the minimum balance in the Tax Rate Stabilization Reserve should be \$11.2M. After adding the transfer from the 2012 year end tax surplus, subtracting amounts carried forward, 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 2013 is \$1.9M, which is well below the minimum target.
52. By applying the recommendations contained in this report, the water and wastewater stabilization and capital reserve balances identified in paragraph 8, while still inadequate, will be improved. Staff applied the lessons learned from 2012 financial results when preparing the 2013 budget.

**LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN**

53. 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, 2012

| Division/Department                              | Approved Permanent Staff Complement | Vacancies as at December 31, 2012 | Actual Staff Complement as at December 31, 2012 | Comments   |
|--|-------------------------------------|-----------------------------------|---|--|
| <b>Community Operations</b>                      | <b>488</b>                          | <b>22</b>                         | <b>466</b>                                      |  |
| ▪ General Manager's Office                       | 5                                   | 1                                 | 4   | <ul style="list-style-type: none"> <li>Marketing &amp; Promotion Manager – vacant-incumbent resigned</li> </ul>  |
| ▪ Recreation, Facilities, & Transit              | 92                                  | 7                                 | 85  | <ul style="list-style-type: none"> <li>Facilities Project Admin Technologist (temp position) – vacant</li> <li>Facility Services Technician – filled since Dec 31</li> <li>Facility Operator 2 (3 vac) – filled since Dec 31</li> <li>Manager of Corporate Facilities – vacant</li> <li>Recreation Programmer – vacant</li> </ul>  |
| ▪ Operations – Roads / Parks / Fleet             | 98                                  | 2                                 | 96  | <ul style="list-style-type: none"> <li>Stormwater Systems Operations Lead Hand – vacant</li> <li>Traffic Systems Foreperson – vacant</li> </ul>  |
| Environmental Services                           | 114                                 | 6                                 | 108   | <ul style="list-style-type: none"> <li>Operator 1 Heavy Equip (Landfill) – filled since Dec 31</li> <li>Operations Project Coordinator-Water – vacant-incumbent on LOA</li> <li>Senior Water Works Operator – vacant</li> <li>Water Distribution Operator II – vacant-incumbent on temp transfer</li> <li>Utilities Electrician/Instrument Tech – vacant</li> <li>Maintenance Lead Hand – WwTF – vacant</li> <li>Fire Fighter (6 vac) – recruitment in progress</li> </ul> |
| ▪ Fire & Emergency                               | 179                                 | 6                                 | 173   |  |
| <b>Infrastructure, Development &amp; Culture</b> | <b>125</b>                          | <b>9</b>                          | <b>116</b>                                      |  |



| Division/Department          | Approved Permanent Staff Complement | Vacancies as at December 31, 2012 | Actual Staff Complement as at December 31, 2012 | Comments  |
|------------------------------|-------------------------------------|-----------------------------------|---|---|
| ▪ General Manager's Office   | 3                                   | 1                                 | 2   | <ul style="list-style-type: none"> <li>• General Manager – IDC – vacant</li> </ul>  |
| ▪ Building Services          | 35                                  | 5                                 | 30  | <ul style="list-style-type: none"> <li>• Building Inspector – Small Buildings – vacant-salary gapping</li> <li>• Plans Examiner II – vacant-incumbent on LOA</li> <li>• Supervisor of Permits – vacant-incumbent temporarily promoted</li> <li>• Zoning Officer (2 vac) – one filled since Dec 31; one vacant-salary gapping</li> </ul> |
| ▪ Engineering                | 60                                  | 3                                 | 57  | <ul style="list-style-type: none"> <li>• Clerk Secretary – vacant-incumbent temp transferred</li> <li>• SR Project Engineer – vacant-incumbent temp promoted</li> <li>• Survey Party Chief 1 – vacant-incumbent retired</li> </ul>  |
| ▪ Culture                    | 5                                   | 0                                 | 5   |   |
| ▪ Corporate Asset Management | 8                                   | 0                                 | 8   |   |
| ▪ Planning Services          | 14                                  | 0                                 | 14  |   |
| <b>Corporate Services</b>    | <b>192</b>                          | <b>12</b>                         | <b>180</b>                                      |   |
| ▪ General Manager's Office   | 3                                   | 1                                 | 2   | <ul style="list-style-type: none"> <li>• Director Internal Audit – vacant due to retirement</li> </ul>  |
| ▪ Human Resources            | 11                                  | 1                                 | 10  | <ul style="list-style-type: none"> <li>• Compensation Specialist – recruitment now in progress</li> </ul>   |
| ▪ ICT                        | 34                                  | 1                                 | 33  | <ul style="list-style-type: none"> <li>• Systems Analyst – vacant-incumbent temporarily promoted</li> </ul>   |
| ▪ Finance                    | 49                                  | 4                                 | 45  | <ul style="list-style-type: none"> <li>• Accounting Clerk II (I&amp;B) – vacant-incumbent to return from LOA April 2013</li> <li>• Budget Analyst (2 vac) – filled since Dec 31</li> <li>• Deputy City Treasurer – filled since Dec 31</li> </ul>   |

| Division/Department  | Approved Permanent Staff Complement | Vacancies as at December 31, 2012 | Actual Staff Complement as at December 31, 2012 | Comments  |
|--|-------------------------------------|-----------------------------------|---|---|
| <ul style="list-style-type: none"> <li>▪ Clerk's Office</li> </ul> | 47                                  | 5                                 | 42  | <ul style="list-style-type: none"> <li>• Supervisor-vital Statistics, Corp Mail &amp; Print Shop – vacant-salary gapping</li> <li>• Court Admin Clerk (2 vac) – vacant-incumbents trans to CSC</li> <li>• Records &amp; Information Clerk – vacant incumbent to return from LOA June 2013</li> <li>• Secretary – vacant-salary gapping</li> </ul> |
| <ul style="list-style-type: none"> <li>▪ Legal</li> </ul>          | 48                                  | 0                                 | 48  |   |
| <b>Office of the CAO</b>   | <b>16</b>                           | <b>2</b>                          | <b>14</b>                                       |   |
| Office of the Mayor & CAO  | 6                                   | 1                                 | 5   | <ul style="list-style-type: none"> <li>• Project Manager-Corporate Quality – vacant</li> </ul>  |
| Economic Development   | 5                                   | 1                                 | 4   | <ul style="list-style-type: none"> <li>• Economic Development Officer – incumbent on LOA-now filled temporarily</li> </ul>  |
| Comm. & Strategic Initiatives                                      | 5                                   | 0                                 | 5   |   |
| <b>TOTAL</b>   | <b>821</b>                          | <b>45</b>                         | <b>776</b>                                      |   |

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2012

|  | 2012 Net Requested Budget | 2012 Planned Activity | 2012 Actual Activity | Variance to Budget | Explanation/Comments   |
|--|---------------------------|-----------------------|----------------------|--------------------|--|
| Council & Mayor's Office                                 | 834,818                   | 796,287               | 738,733              | 96,085             | Favourable variance consists primarily of \$40K for Ward Boundary Review which was delayed because of the Ward 8 By-election and \$25K due to reduced spending by the International Relations Committee. Lower expenditures for memberships, event hosting and closed meeting investigations were also realized. |
| <b>Office of Chief Administrative Officer</b>            |                           |                       |                      |                    |  |
| Administration   | 720,253                   | 715,686               | 613,236              | 107,017            | 53K of the favourable variance related to delayed spending for the Employee Survey. Salary gapping accounted for another 20K, with the remainder of the surplus resulting from reduced expenditures in a number of areas.  |
| Communications & IG Affairs                              | 1,044,603                 | 977,410               | 949,865              | 94,738             | As a result of less than anticipated advertising for Culture and Economic Development the centralized corporate advertising account held within Communications had a 93K surplus.  |
| Economic & Strategic Development                         | 744,458                   | 713,325               | 717,457              | 27,001             | Lower expenditures on conferences and business development were the main drivers of the surplus.   |
| <b>Community Operations Division</b>                     |                           |                       |                      |                    |  |
| Office of the General Manager and Emergency Preparedness | 604,824                   | 575,760               | 587,769              | 17,055             | Favourable variance to budget was largely due to salary gapping measures.  |
| Fire and Emergency Services                              | 20,242,509                | 20,220,500            | 20,297,797           | -55,288            | The BFES unfavourable variance resulted from multiple unexpected retirements early in 2012   |

|   | 2012 Net Requested Budget | 2012 Planned Activity | 2012 Actual Activity | Variance to Budget | Explanation/Comments  |
|---|---------------------------|-----------------------|----------------------|--------------------|---|
| Environmental Services                                  | 6,035,627                 | 5,692,729             | 5,163,185            | 872,442            | resulting in increased overtime spending and expenses related to new recruitments.<br>The positive variance was a result of the Household Hazardous Waste (HHW) funding model from Waste Diversion Ontario, not being changed in 2012 as expected, plus revenues related to 2011 being received and recognized in 2012. The result was a favourable impact of \$897K in 2012, partially offset by lower revenues for garbage tags and tipping fees. |
| Roads, Parks, Fleet                                     | 23,120,762                | 22,206,004            | 21,786,553           | 1,334,210          | Winter Operations was \$997K under budget as a result of mild winter conditions in January to April. Road-life cycle maintenance costs had a favourable variance to budget of \$262K because contracted work expenditures were lower than anticipated. Salary gapping also contributed to the surplus.  |
| Recreation, Facilities, and Transit                     | 17,518,759                | 18,102,504            | 17,352,753           | 166,006            | Favourable variance was primarily driven by transit fees which were overstated due to 2011 earned revenues being recognized in 2012. The Also, savings were realized in fuel and natural gas, which were partially offset by higher expenses for hydro, water, and wastewater.  |
| <b>Infrastructure, Development and Culture Division</b> |                           |                       |                      |                    |   |
| Office of the General Manager                           | 408,343                   | 405,911               | 388,354              | 19,989             | Positive variance is primarily a result of staff vacancies  |
| Engineering   | 2,725,835                 | 2,718,645             | 2,767,206            | -41,371            | Lower than anticipated development fee revenue has contributed to the unfavourable variance.  |
| Corporate Asset Management                              | 577,641                   | 520,741               | 510,757              | 66,884             | Positive variance is primarily a result of staff  |

|   | 2012 Net Requested Budget | 2012 Planned Activity | 2012 Actual Activity | Variance to Budget | Explanation/Comments   |
|---|---------------------------|-----------------------|----------------------|--------------------|--|
| Building Services                         | 277,630                   | 163,561               | 132,640              | 144,990            | vacancies<br>Positive variance is primarily a result of staff vacancies and higher than anticipated building revenues.   |
| Planning Services                         | 1,425,712                 | 1,481,985             | 1,543,945            | -118,233           | Over expenditure is a result in the use of a GM approved unbudgeted position (City Revitalization Coordinator).  |
| Department of Culture                     | 1,608,582                 | 1,687,111             | 1,634,570            | -25,988            | Additional staff hours required to manage the volume of events and booking for the Mady Center theatre resulted in an unfavourable variance.   |
| <b>Corporate Services Division</b>        |                           |                       |                      |                    |  |
| Office of the General Manager             | 299,473                   | 302,968               | 303,258              | -3,785             | No significant variance.   |
| City Clerk                                | 690,069                   | 564,283               | 445,719              | 244,350            | Majority of the favourable variance is attributable to salary gapping (168K City Clerk Admin, 56K POA).  |
| Finance                                   | 3,515,723                 | 3,343,232             | 3,291,352            | 224,371            | The positive variances resulted primarily from salary gapping.   |
| Human Resources                           | 1,550,439                 | 1,513,490             | 1,372,790            | 177,649            | Favourable variance of 34K from salary gapping and 23K in Fees and Service Charges from higher than anticipated firefighter recruit revenues. In addition 60K for Leadership Development was delayed. Finally, under spending in a number of other accounts contributed to the remainder of the surplus. |
| Information, Communication and Technology | 5,341,245                 | 5,352,562             | 5,196,634            | 144,611            | Favourable variance in ICT consisted of 96K related to salary gapping as well as 47K delayed spending for Licenses.  |
| Internal Audit                            | 157,208                   | 155,491               | 143,416              | 13,792             | A vacancy in the Director of Internal Audit position late in the year resulted in the positive   |

|                                | 2012 Net Requested Budget | 2012 Planned Activity | 2012 Actual Activity | Variance to Budget | Explanation/Comments  |
|--------------------------------|---------------------------|-----------------------|----------------------|--------------------|---|
| Legal Services                 | 1,777,097                 | 2,022,049             | 1,741,389            | 35,707             | variance.<br>Positive variances resulted from more legal work being completed in-house as well as increased licensing and permit revenues. These items were largely offset by decreased parking ticket revenue due to reduced volume activity and changes in winter parking enforcement.                                  |
| <b>Other Expenses</b>          |                           |                       |                      |                    |   |
| Financial Expenses             | 14,292,745                | 16,311,623            | 16,303,422           | -2,010,677         | The unfavourable variance largely relates to salary gapping (\$1.5M) and other savings budgeted corporately (\$700K), which are included in the budget as financial expenses, but actual savings are reflected in department results.   |
| Other General Government       | 3,156,188                 | 3,208,478             | 3,298,262            | -142,074           | Slightly unfavourable variance can be attributed to higher insurance deductible costs than originally anticipated   |
| <b>TOTAL NET CITY SERVICES</b> | <b>108,670,543</b>        | <b>109,752,334</b>    | <b>107,281,062</b>   | <b>1,389,481</b>   |   |
| Grants & Service Partners      | 75,332,272                | 74,605,314            | 73,229,332           | 2,102,940          | Favourable variance relates to the County of Simcoe programs, including the County Health Unit, Ontario Works, Social Housing, and the Homes for the Aged. However, the current year favourable variance includes the City's portion of deferred capital spending of approximately \$622K relating to Paramedic Services. |
| <b>TOTAL NET EXPENDITURES</b>  | <b>184,002,816</b>        | <b>184,357,648</b>    | <b>180,510,395</b>   | <b>3,492,420</b>   |   |
| <b>Corporate Revenues</b>      |                           |                       |                      |                    |   |

|   | 2012 Net Requested Budget | 2012 Planned Activity | 2012 Actual Activity | Variance to Budget | Explanation/Comments   |
|---|---------------------------|-----------------------|----------------------|--------------------|--|
| Net Taxation for own purposes                             | -175,046,487              | -174,436,496          | -174,333,223         | -713,264           | Unfavourable variance relates to higher than budgeted vacancy rebates, and higher than budgeted ARB decisions; partially offset by lower than budgeted tax write-offs. |
| Payments in Lieu of Taxes                                 | -1,599,210                | -1,298,284            | -1,550,514           | -48,696            | Unfavourable variance relates to lower than budgeted receipts from Hydro One.  |
| Rentals   | -1,000                    | -89                   | -327                 | -673               |  |
| Interest Income   | -4,286,000                | -4,127,643            | -3,794,481           | -491,519           | Unfavourable variance largely due to low interest rates and large proportion of cash balance being held in reserves.   |
| Contributions from Reserves                               | -2,785,698                | -2,785,698            | -2,785,698           | 0                  |  |
| Proceeds from Sale of Fixed Assets                        | 0                         | 0                     | -3,640               | 3,640              |  |
| Sundry Revenue  | -284,421                  | -688,536              | -318,971             | 34,551             |  |
| <b>TOTAL REVENUE</b>                                      | <b>-184,002,816</b>       | <b>-183,336,747</b>   | <b>-182,786,854</b>  | <b>-1,215,961</b>  |  |
| <b>TOTAL OPERATING VARIANCE BASED ON PLANNED ACTIVITY</b> | <b>0</b>                  | <b>1,020,902</b>      | <b>-2,276,459</b>    | <b>2,276,459</b>   |  |

APPENDIX "C"

User Rate Supported Operating Budget Variance as at December 31, 2012

|                       | 2012 Net Requested Budget | 2012 Planned Activity | 2012 Actual Activity | Variance to Budget | Explanation/Comments   |
|-----------------------|---------------------------|-----------------------|----------------------|--------------------|--|
| Water Operations      | -316,791                  | -1,783,368            | -3,121,687           | 2,804,896          | Overestimates in utility and chemical costs for the SWTP are the largest driver of the variance to budget. This year was the first full year of combined water production (surface water and ground water) and the expense impact of the combined coverage was difficult to predict. Staff's improved knowledge of the cost to run the SWTP and produce two sources of water has been built into the 2013 business plan. The balance of the savings to budget is snow removal around hydrants, fewer water meter purchases due to a drop in new installations and the high change out rates in 2011 for the AMR program. |
| Wastewater Operations | -4,302,845                | -5,038,738            | -6,519,543           | 2,216,697          | The expenditure variance is largely due to a timing difference in the issuance of the debenture related to the Oro-Medonte Bio-solids facility. The debt was issued in early 2013 but had been budgeted to be issued at the end of the second quarter 2012. The balance of the savings was due to salary gapping measures (gapped one position throughout the year and implemented more controls over overtime), savings in overtime from the change in the shift schedule, and savings on the sludge haulage contract.  |
| Parking               | 791,713                   | 816,701               | 194,594              | 597,119            | The unbudgeted sale of the Foodland site (\$500K) was the most significant contribution to the variance to budget and forecast. Parking revenues from permits and meters are over budget and there were operational savings in snow clearing due the mild winter from January to March.  |
| <b>Total</b>          | <b>-3,827,924</b>         | <b>-6,005,405</b>     | <b>-9,446,636</b>    | <b>5,618,712</b>   |  |



**APPENDIX "D"**  
**Capital Plan Progress Update as at December 31, 2012**

|  | 2012 Capital Spending Plan        |                                      |                                    |   |                            | Performance Reporting |                            |                                   |                          |                   |
|--|-----------------------------------|--------------------------------------|------------------------------------|---|----------------------------|-----------------------|----------------------------|-----------------------------------|--------------------------|-------------------|
|  | Carryover from Prior Year Budgets | New Projects Approved in 2012 Budget | In Year 2012 Transfers / Additions | Total 2012 Spending Plan with transfers | Projected YE Spending Plan | Actual 2012 Spending  | Variance to 2012 Projected | % of 2012 Projected Plan Achieved | % of Total Spending Plan | Spending Deferred |
| Summary of Capital Plan & Forecast             |                                   |                                      |                                    |   |                            |                       |                            |                                   |                          |                   |
| Corporate Services Division                    | 2,256,221                         | 3,167,167                            | (27,452)                           | 5,395,936                               | 3,300,204                  | 1,991,904             | 1,308,300                  | 60%                               | 37%                      | 3,404,032         |
| Infrastructure, Development & Culture Division | 54,778,902                        | 49,255,000                           | 13,450,747                         | 117,484,649                             | 58,191,777                 | 41,762,860            | 16,428,917                 | 72%                               | 36%                      | 75,721,788        |
| Community Operations Division                  | 8,645,110                         | 22,659,375                           | 5,748,801                          | 37,053,286                              | 32,205,756                 | 17,343,880            | 14,861,876                 | 54%                               | 47%                      | 19,709,405        |
| <b>Total</b>                                   | 65,680,232                        | 75,081,542                           | 19,172,096                         | 159,933,870                             | 93,697,738                 | 61,098,645            | 32,599,093                 | 65%                               | 38%                      | 98,835,226        |