




TO: GENERAL COMMITTEE

SUBJECT: 2010 BUSINESS PLAN – YEAR END REPORT

PREPARED BY AND KEY CONTACT: C. MILLAR, CGA, DEPUTY CITY TREASURER, ext. 4436 

SUBMITTED BY: D. McKINNON, CGA, DIRECTOR OF FINANCE, ext. 5130 

COMMISSIONER APPROVAL: E. ARCHER, CMA, GENERAL MANAGER OF CORPORATE SERVICES 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That staff be authorized to transfer the year end Building code surplus of \$1,009,518 to the Building Code reserve account 13-04-0434 as required under the Building Code Act.
2. That the 2010 tax rate supported surplus of \$5,189,621 (excluding the amount of \$1,009,518 approved in #1) be distributed as follows:
 - a) \$392,817 carried forward to 2011 to fund items that were committed in 2010 by purchase order or contract but remained incomplete or undelivered at December 31, 2010;
 - b) \$2,398,402 to the Tax Capital Reserve 13-04-0440
 - c) \$2,398,402 to the Tax Rate Stabilization Reserve 13-04-0461
3. That the 2010 wastewater rate surplus of \$853,066 be distributed as follows:
 - a) \$355,666 carried forward to 2011 to fund items that were committed in 2010 by purchase order or contract but remained incomplete or undelivered at December 31, 2010;
 - b) \$497,400 to the Wastewater Rate Reserve 12-05-0575,
4. That the 2010 water rate surplus of \$4,564,457 be distributed as follows:
 - a) \$175,235 carried forward to 2011 to fund items that were committed in 2010 by purchase order or contract but remained incomplete or undelivered at December 31, 2010;
 - b) \$4,389,222 to the Water Rate Reserve 12-05-0580

PURPOSE & BACKGROUND

5. The purpose of this report is to obtain Council approval to make transfers to reserves in accordance with the Financial Policies Framework, describe the factors that influenced year-end results and to report on the City's 2010 financial and non-financial performance.
6. 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 the final activity for 2010.
7. Prior to any 2010 surplus allocations, the December 31, 2010 reserve balances affected by the recommendations in this report are:

	Balance at December 31, 2010
Tax Capital Reserves	\$47,052,195
Tax Rate Stabilization Reserves	\$8,227,632
Building Code Surplus Reserve 13-04-0434	\$564,393
Wastewater Rate Reserve	(\$18,466,062)
Water Rate Reserve	\$26,701,071

8. Although the actual balance in Tax Capital Reserves was \$47.1M at December 31, 2010, this includes funds of approximately \$27.3M committed to 2011 Capital Projects and the Georgian College expansion agreement. As noted in the 2011 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.
9. The 2010 water and wastewater six year financial plan identified the need for increased revenues to provide a source of funding for the ongoing replacement/refurbishment of capital assets and provide a reasonable level of stabilization funds to manage current and future operating requirements and emergency situations. As experience is gained with the actual operating costs of the new Surface Water Treatment Plant, this plan will need to be updated.
10. 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 \$392,817 funded by tax levies, \$355,666 funded by wastewater rate, and \$175,235 funded by water rate represent purchase order commitments that occurred in 2010 but were not able to be completed during the year. Since the funding commitment was made in 2010, these amounts were not included in the 2011 Business Plan. By carrying over the funds required from 2010 budgets to meet these financial obligations in 2011, an appropriate matching will occur between the funds allocated to the work and the timing of its completion.

ANALYSIS

11. 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 2009 results are presented for comparison purposes. Appendix B includes the details of the variances for tax rate based variances.

	2009 Actual Results	Year-to-Date to Dec 31, 2010		
		Budget	Actual Results	Variance
Community Operations	50,511,375	56,723,596	56,774,546	(50,950)
Infrastructure, Development and Culture	6,667,353	6,845,907	6,246,171	599,736
Corporate Services	9,872,586	11,701,349	10,663,189	1,038,160
Office of the CAO	2,142,892	2,336,455	2,183,759	152,696
Council & Mayor's Office	642,869	731,434	630,729	100,705
Financial & Other General Government Expenses	15,421,238	14,944,386	16,375,941	(1,431,556)
Grants & Service Partners	69,293,391	72,349,313	70,858,982	1,490,331
Total Net Expenditures	154,551,704	165,632,439	163,733,316	1,899,122
Corporate Revenues	(161,170,826)	(165,632,439)	(168,922,938)	3,290,499
LESS: 2010 Commitments			(392,817)	(392,817)
Total Variance	(6,618,582)	0	(4,796,804)	4,796,804

12. As described above, including recommended 2010 commitments, the year end surplus is \$4.8M, which is slightly lower than the \$4.9M surplus described during deliberations about the 2011 Business Plan. Except where noted, non-financial performance is consistent with planned results. Explanations for the final year end favourable variance are provided later in this report and in Appendix "B", but noteworthy items include:

- a) Corporate Revenues: Additional revenues of \$3.2M above plan were derived from higher than anticipated supplementary tax revenues, Payments in Lieu of Taxes and interest income related to charges for late tax payments. Each year the City estimates supplementary tax revenue based on building permits issued, past patterns and projections. However, the timing of receipt of the supplementary assessments is controlled by the Municipal Property Assessment Corporation (MPAC). This revenue driven element of the surplus is not expected to recur in the future as the 2011 Business Plan reflects the most current information available to staff.
- b) County of Simcoe: The County had a favourable total year end variance of \$1.4M as a result of savings related to Ontario works (\$892K), Social Housing (\$324K), Land Ambulance (\$358K), and Homes for the aged (\$61K). Some the savings were offset by higher costs related to ODSP (\$146K) and Childcare (\$62K). The year end favourable forecast provided by the County was \$570K. Staff will continue working with the County to improve forecasted results throughout the year.

Salary Gapping

13. The salary gapping provision was increased from \$550,000 in 2009 to \$750,000 in the 2010 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 prior to one-time adjustments for lieu bank payouts was \$875,000. This consisted of savings from staff vacancies worth \$1.3M, offset by \$425,000 in additional overtime costs. A one-time payout of accumulated lieu time worth \$510,000 was also made to eliminate a growing liability for the corporation.

Process Improvement Savings Target

14. To support the presentation of a 2010 Business Plan that reflected Council's budget directions, staff introduced a "process improvement" requirement that called for a reduction in the 2010 net cost of local government services worth \$750,000. Report CRP002-10 identified five services as process improvement candidates that could contribute to the process improvement target. Two other services were also identified as candidates that, while not expected to contribute to the process improvement target, would nonetheless improve service quality and corporate effectiveness.
15. Throughout the year, EMT reported that while the selected process reviews could produce net financial benefits to the corporation their ability to contribute to the 2010 process improvement target appeared to be limited. As anticipated the process improvement candidates identified did not generate savings for 2010, however, work will continue to determine whether savings can be realized for future years. Service reviews expected to be complete by the fourth quarter of 2011, as directed by Council during its review of the 2011 Business Plan, will contribute to this expected outcome and be discussed as part of 2012 Business Plan deliberations.

Corporate Performance Summary

18. 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	458	433	25
Infrastructure, Development and Culture	123	113	10
Corporate Services	186	172	14
Office of the CAO	15	15	0
Total	782	733	49

Community Operations: \$695K favourable forecasted, \$51K unfavourable at Dec 31

19. The Community Operations Division completed the year with a net unfavourable tax rate supported variance of \$51K to budget
20. Expenditures for the Community Operations Division at year end were under plan or favourable by \$1.0M or 1.2% as a result of the following:
 - a) \$969K in savings related to winter control activities as a result of mild winter weather for the months January to March 2010.
 - b) Road-life cycle maintenance costs had a favourable variance of \$853K because contracted work levels were lower than anticipated.
 - c) Hydro costs for facilities and street lighting had an unfavourable variance of \$870K related to rate increases and additional usage of facilities

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21. Gross revenues for the Division at year end were below plan by \$1.1M or 4.0%. The largest portion of the year end variance at \$853K is related to road life-cycle maintenance work that is funded by Federal Gas Tax and identified above. Other contributors to the revenue variance at year end include the following:
- a) Planned revenues from charges for attending motor vehicle collisions in the Barrie Fire Service was behind plan by \$239K because of difficulties obtaining accident information. Barrie Police Service expressed concern that sharing such information violates the Freedom of information Act. Council will consider this matter further in 2011.
 - b) The unfavourable variance in Recreation is driven primarily from Day Camps and Aquatics which are down \$124K and \$82K respectively. However, reduced revenues were offset by reducing costs associated with temporary staffing.
 - c) Transit bus fare revenue was at 98% of budget with a shortfall of \$58K and bus pass revenue was at 96% of budget with a short fall of \$91K.
 - d) Funding from the Province of Ontario related to Environmental waste diversion and household hazardous waste was \$415K higher than planned. The additional funding received was primarily a result of higher waste diversion results for 2009.
22. The Community Operations Division achieved results associated with the 11 Key Service Delivery Initiatives listed in the 2010 Business Plan on pg. 203. Noteworthy outcomes include:
- a) Departments have incorporated OMBI indicators into department balanced scorecards to better evaluate efficiencies and effectiveness.
 - b) A process improvement initiative for non-routine agreements (revenue generating) was implemented during the year. This change will ensure the City bills under these agreements in a timely manner and will improve tracking of the agreements through a centralized process coordinated with the Finance department.

There are now two distinct branches within the Facilities area which staff anticipates will be better able to manage the unique needs of each function – Facility Operations and Facility Planning and Development.
 - b) Ongoing management to provide effective water supply and wastewater treatment services during the construction of the Surface Water Treatment Plant (SWTP) and the Water Pollution Control Centre (WPCC) expansion. Preparing staff resources to assume operations in 2011.
 - c) In the area of energy management, all energy audits of major facilities were completed in 2010 including a peer review of Holly Community Centre energy systems. All work identified in the operating budget for 2010 is 100% complete. Examples include: Re-lamping the Transit Terminal and the Eastview Arena lighting retrofit.

- d) In the area of staff accommodation, all approved 2010 positions were accommodated. Work to finalize the master accommodation plan is in progress.
 - e) Staff continued to refine the process for the maintenance of an accurate department asset register for financial reporting under PSAB 3150. This register provides an accurate inventory of the major corporate facilities.
23. Key Performance Indicator results are as follows:
- a) Emergency response call volumes: Total 2010 call volumes were 6,352 or 96% of the expect call target of 6,600. The lower than expected call volume can partially be attributed to reduced medical calls due to new priority procedures from the Ministry of Health.
 - b) 10 Fire Fighters on scene within 10 minutes. - 90% of the time structure & fire alarms sounding: 2010 result of 88.66% is 1.34% below the target of 90%. The 2010 result is better than the previous year result by 2%
 - c) Number of participants in registered and drop-in programs: 2010 results of 4.42 compared to target of 4.80 is below plan driven primarily from lower participation in Day Camps and Aquatics. Economic weakness continues to have an adverse impact on household spending for these services. In addition, a changing demographic in the Allandale area is also a contributing factor for aquatics. Results for Day Camps are consistent with other municipalities
 - d) Transit revenue to cost ratio: 2010 result of 51.20% is slightly ahead of plan (50%). The current transit model continues to yield adequate financial results, although ridership levels are quite low.

Infrastructure, Development & Culture: \$465K favourable forecasted, \$600K actual favourable at Dec31

- 24. The Infrastructure, Development & Culture Division net favourable variance is primarily due to increased Engineering fee revenues and cost avoidance due to staff vacancies.
- 25. Approximately \$100K of the division's surplus relates to engineering fee revenue collected in 2010 for work that will be completed in 2011.
- 26. Staff vacancies within the Division have primarily occurred within the Engineering and Building 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.
- 27. Not reflected in the surplus amount above is an additional \$1M related to Building Code services. As per the Building Code Act, any surplus funds related to building permit activity must be moved to a Building Code Reserve (see Recommended Motion #1). The Building Code Reserve is used to manage annual cost or revenue fluctuations related to building code activity.
- 28. The Division moved forward on the 11 Key Service Delivery Initiatives listed in the 2010 Business Plan on pg. 234 and noteworthy outcomes include:

- a) The growth management program deliverables for 2010 were completed by year end. These include advancing the preparation of a long-term Growth Management Strategy (GMS) for the City and the Secondary Plan project for the annexed lands. Watson & Associates Economists Ltd. began work on the GMS Phase 2 and 3 reports which were completed in the first quarter of 2011. It is expected the balance of the GMS will be completed in the first half of 2011. On November 10, 2010, a contract for the preparation of master land use and servicing plans and related background studies for the annexed lands was awarded to a multi-disciplinary team led by Macaulay Shiomi Howson Ltd.
 - b) Work continues on building a complete community through a number of ongoing initiatives including the construction of the Downtown Theatre, design for the second Go Transit Station, redeveloping the Allandale lands, and restoration of the train station building.
29. Key Performance Indicator results are as follows:
- a) Residential building permit activity: Development activity within the city is higher than originally anticipated. Residential building permit activity is higher than planned with 960 building permits being issued versus a target of 900. Commercial activity was 190 ahead of plan with 227 commercial permits issued. Institutional activity was on target.
 - b) Attendance at Barrie Cultural Events: Attendance continued to grow through the year with actual attendance levels of 590,900 versus a target of 610,500. This was a result of concerted efforts by staff in the Department of Culture to engage the cultural community and encourage its participation in events.

Corporate Services: \$656K favourable forecasted, \$1.0M actual favourable at Dec 31

- 30. The Corporate Services' Division ended the year with a net positive variance of \$1.0M. Operating expenditures were 94.10% of planned levels and operating revenues were 97.80%.
- 31. Gross revenues in the Division finished the year \$207K below budgeted levels primarily because internal revenue transfers from user rates, as described below, were not required. POA (\$309K) and MLPS (\$60K) revenues were above planned levels.
- 32. The main contributors to the favourable expenditure variance were:
 - a) A \$151K reduction in the planned levels of external legal spending due to lower demand for external legal resources and delays in the timing of labour arbitration cases.
 - b) The water and wastewater billing project is on schedule. Recommended Motions #4 and #5 would carry forward a favourable variance of \$350K into 2011 to match the timing of planned expenditures.
 - c) Some planned software application expenditures did not occur and some ICT projects were deferred until 2011, resulting in a \$133K positive variance. Similarly, ICT staff successfully renegotiated telephone contracts to realize improved rates. This produced a \$44K positive variance in telephone spending.

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- d) Staff turnover resulted in salary gapping savings at year end of \$318K. Legal Services represented the majority of the variance resulting from turnover in MLPS, changes in winter control enforcement levels, and staff vacancies in the Real Estate Services section.
33. The Division is currently working on 10 Key Division Service Delivery Initiatives as outlined on page 164 of the 2010 Business Plan. Specific progress updates are as follows:
- a) Following the completion and roll-out of the Corporation's Mission, Vision, and Values, staff in Human Resources began work on the review and update to the City's Human Resources Policy framework. A draft of the framework was completed in 2010 and is anticipated to be finalized, approved, and implemented in 2011.
- b) The 2010 Municipal Election was held over the period of October 18 – 25th with a 40% voter turnout (an increase of 10% over the past several elections). The inaugural ceremony for the 2010-2014 City Council on December 6, 2010 was well attended with numerous dignitaries representing former Mayors, Members of Provincial and Federal Parliament and area municipalities. Individual orientation meetings were held with the new members of Council to provide procedural guidance and general logistics information. The 2010-2014 Committee structure was approved on December 13, 2010, establishing the number, composition and mandates of the reference and advisory committees of Council. A recommendation to change the City's procedural by-law related to meeting frequency, the order of business and increased opportunities for public participation was also approved by City Council on December 13, 2010.
- c) The development of the Water and Wastewater Billing Program is continuing, on budget and on schedule. The development of the Transition Agreement with PowerStream was substantially completed, the Water and Wastewater Billing system was selected, the Supervisor of the branch was hired and renovations to the Finance Department workspace were completed in order to accommodate the additional staff required to provide the service.
- d) The Purchase Order system has been fully implemented as planned with the first full year of use set to begin in 2011. This implementation of this system strengthens City's Financial Control Framework. For the first time, as a result of this system the corporation now has a purchase commitment system that should facilitate improved forecasting by Department Heads and enhance project management and contract controls. New and significant management reporting enhancements also occurred as a result of this system's implementation.
- e) The City of Barrie has successfully completed its first year of participation in the Ontario Municipal Benchmarking Initiative. The 2009 Performance Benchmarking report was released in early 2011 and circulated to Council. This information has been effective at supporting discussions with Council about services and service levels in conjunction with the development of the 2011 Business Plan.

34. Key performance indicator results are as follows:

- a) Insurance Cost per Claim: As projected the average insurance cost per claim continued to trend upwards finishing the year at \$4,059 per claim, well above the target of \$2,000. The unfavourable result is due to a backlog of outstanding claims being settled in 2010; it is not anticipated that this trend will continue in 2011.
- b) Properties on Pre-authorized Payments: The percentage of properties enrolled in preauthorized payment plans for 2010 was 22.58%. This result exceeded the Corporation's target of 21% and improved on last year's result of 21.51%. The positive result attributable to aggressive promotion of the program by staff.
- c) Percentage of Billings Outstanding Over 90 Days: The percentage of billings outstanding over 90 days old saw significant improvement in 2010 finishing the year at 42.93% down from 49.16% in 2009 but short of the 40% target for 2010.
- d) Average Number of Bids per Bid Call: This measure continues to obtain higher than expected results finishing the year at 5.65 bids per bid call versus a target of 5. The favourable result attributable to a number of factors including a general improvement in vendor relationships and the use of an electronic procurement document distribution system (Biddingo) which has been effective at reaching more prospective bidders
- e) Staff turnover was 3.7% which is higher than the planned turnover level of 3.0%. This is attributable to higher than expected resignations in some departments, generally driven by market conditions favourable to those employee groups.
- f) The number of lost time accidents (18) was higher than planned levels (15), as was the average number of absences per employee (9.7 days v.8.5 days). An Attendance Support Program has been implemented starting in 2011 with the expectation that the average number of absences per employee will be 7.4 days. Similarly, health and safety training throughout the corporation should reduce both the frequency and severity of lost time accidents,
- g) The average number of applications per posting (31) is consistent with planned levels, although the average recruiting cycle time of 32.5 days is above the target of 25 days. The increased timeline is attributable to increased requirements for managing scheduling conflicts for candidate interviews.

Office of the CAO: \$128K favourable forecasted, \$153K actual favourable at Dec 31

- 35. The Office of the CAO ended the year with a favorable variance of \$153K with net operating expenditures tracking to 93.5% of budget.
- 36. The favourable variance was partially related to lower than planned advertising spending within the Strategy and Economic Development Office as a result of delays in launching the corporation's external website. In addition, the number of conferences and trade shows attended by Economic Development and the CAO's Office was below planned levels.

Council and Mayor's Office: \$65K favourable forecasted, \$101K actual favourable at Dec 31

37. Council and Mayor's office ended the year with a favorable variance of \$101K with net operating expenditures tracking to 86.2% of budget. Significant under spend on meetings and meal expenses in the Mayor's Office occurred as the budgeted funds for Corporate Events was not used. The Mayor's Office also did not use any of the budget allotted for conferences and trade shows.

Grants & Service Partners: \$704K favourable forecasted, \$1.5M actual favourable at Dec 31

39. The County had a favourable total year end variance of \$1.4M as a result of savings related to Ontario works (\$892K), Social Housing (\$324K), Land Ambulance (\$358K), and Homes for the aged (\$61K). Some of the savings were offset by higher costs related to ODSP (\$146K) and Childcare (\$62K).

Financial Expenses: \$1.9M unfavourable forecasted, \$1.4M actual unfavourable at Dec 31

40. Financial expenses include transfers to tax capital reserves, insurance, Council and Corporate Contingencies, MPAC fees, budgeting for salary gapping and process improvement challenges. While \$1.5M in annual savings were budgeted in this category (\$750K for salary gapping and \$750K for process improvement challenges), the actual results are reflected in department variances. While corporate and council contingencies had a favourable variance of \$580K, the savings were offset by unfavourable insurance deductible costs of \$400K related to a backlog of outstanding claims being settled in 2010.

Corporate Revenues: \$2.4M favourable forecasted, \$3.2M actual favourable at Dec 31

41. Additional revenues of \$3.2M above plan were derived from higher than anticipated supplementary tax revenues, payments in Lieu and interest income related to late tax payment charges. Each year the City estimates supplementary tax revenue based on an analysis of building permits issued and historical trends. However, the timing of receipt of the supplementary assessments is controlled by the Municipal Property Assessment Corporation (MPAC). This revenue driven element of the surplus is not expected to recur in the future as the 2011 Business Plan reflects the most current information available to staff.

User-Rate Supported Services: \$2.1M favourable forecasted, \$5.4M actual favourable at Dec 31

42. The following table summarizes the 2010 planned operating expenditures and actual results for user rate based operations. The actual results for 2009 are presented for comparison purposes.

	2009 Actual Results	Year Ended Dec 31, 2010		
		Budget	Actual Results	Variance

Water Operations	(8,859,666)	(4,876,749)	(9,441,206)	4,564,457
Wastewater Operations	(3,878,093)	(2,941,978)	(3,795,045)	853,066
Parking Operations	(500,637)	352,215	340,022	12,193
Total	(13,238,396)	(7,466,512)	(12,896,229)	5,429,717

43. The Water Operations Branch completed the year with a favourable variance of \$4.6M compared to the year end forecast of \$2.8M. The favourable results are due to \$4.1M in expenditure savings and \$434K in additional revenue from both user rate and non-rate revenue sources. The expenditure savings are in employee costs (\$628K) due to on-going position vacancies, delayed opening of the SWTP (\$1.1M), and debenture costs (\$2.4M) not issued in 2010 for the SWTP. The variance to forecast was a result of the forecast assuming a planned November opening of the SWTP and lower water rate revenue in October and November.
44. Wastewater operations completed the year with a favourable variance of \$853K compared to the year end unfavourable forecast of \$1.2M. Operating expenditures had a favourable variance of \$1.4M related to vacancies (\$325K) and delays in maintenance work (\$1.1M) as a result of access issues linked to the plant expansion project. Net debenture costs allocated to wastewater operations for the WPCC expansion were \$129K more than planned due to the entire 2010 debenture issue being allocated to the WPCC expansion as opposed to being split with the SWTP as budgeted. The additional debenture costs of \$2.3M were offset by related Development Charge revenue of \$2.2M. Overall for the year sewer rate revenues were unfavourable at \$450K below plan. The budget was built on the assumption that the expansion work would be complete by the end of Q2, 2010. The variance to forecast was a result of the forecast assuming an earlier plant expansion completion date and lower wastewater rate revenue in October and November.
45. Parking operations completed the year with a favourable variance of \$12K compared to the year end favourable forecast of \$94K. Gross expenditures are under budget by \$46K and revenue is under budget by \$34K. Operational savings of \$77K from less snow clearing in parking lots from January to March and efficiency savings at the Collier St. Parkade were partially off-set by higher than budget employee costs (\$32K) due to a variance between budget and actual charges for employees shared between parking and traffic operations and lieu bank payouts. Both parking permit revenue and meter revenue results were 97% of budget.

Capital Plan status at December 31

46. The Capital plan presented in Appendix "D" is a high level summary of activity as at December 31, 2010. At year end, capital expenditures were 71% of planned expenditures; however, the year end forecast was 96% of projected spending. Major projects contributing to the planned expenditure variance include:
- a) The Gowan St, Go Station Works and Allendale Train Restoration works are \$14.8M behind the plan as a result of delays associated with development proposals and negotiating cost sharing agreements.

- b) The Water Pollution Control Planed and Surface Water Treatment plant are \$6.4M behind plan at year end because of delays related to commissioning of the facilities. It is expected both facilities will be commissioned in the spring 2011.
- c) With the approved extension of the Infrastructure Stimulus Funding program from March 31 to October 31, 2011, various components of construction have been deferred until the spring of 2011 to allow for improved construction quality control. This has resulted in a variance to budget of \$5M.
- d) The Automated Meter Infrastructure project was behind plan by \$4.5M at year end as a result of delays in receiving the required federal license. However, progress has been made with the installation of Smart Points Transmitters and the project is on track for 2011.
- e) The Satellite Library was \$2.3M behind plan as a result of initial delays with the contractor. It is anticipated the final occupancy will be delayed by two months with the initial opening expected in the fall 2011.
- e) The Downtown Theatre project was behind plan by \$1.3M but is proceeding on schedule. Staff received confirmation subsequent to year-end that further cultural spaces funding in the amount of \$350,000 has been approved. This funding will reduce amount required from the tax base to fund the anticipated budget over-expenditure of \$593,000.

ENVIRONMENTAL MATTERS

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

ALTERNATIVES

48. The alternative available for consideration by General Committee:

Alternative #1

General Committee could direct staff to allocate the surplus in some other manner than is identified in this report.

This alternative is not consistent with Council's Financial Policy Framework. Both the Tax Rate Stabilization and Tax Capital Reserves are below required levels, 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 2010 budget to support committed expenditures that will occur in 2011 is appropriate..

FINANCIAL

49. Subject to Council's approval of the recommended motions, the \$4.8M operating surplus, net of 2010 carryover funds, will be transferred to reserves. Improving reserve balances is a key component 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.
50. Currently the Tax Rate Stabilization Reserve represents 3.3% 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 Long Range Financial Plan. Based on 2011 revenues, the minimum balance in the Tax Rate Stabilization Reserve should be \$10.4M. After accounting for the 2010 surplus and the planned expenditures approved in 2010 related to boundary expansion studies, and assuming no other expenditures funded by the Tax Rate Stabilization Reserve occur in 2011, transferring 50% of the 2010 surplus will leave a projected balance of \$7.7M by year-end, which is still below the minimum target.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

51. The recommended allocation to reserves is consistent with Council's goal of strengthening Barrie's financial condition by supporting the development of affordable long range plans that reflect changes in our communities growth and/or economy.

APPENDIX "A"
Staff Complement Levels as at December 31, 2010

Division/Department	Approved Permanent Staff Complement	Vacancies as at December 31, 2010	Actual Staff Complement as at December 31, 2010	Comments
Community Operations	458	25	433	
▪ General Manager's Office	4	0	4	
▪ Leisure, Transit, Facilities	89	6	83	<ul style="list-style-type: none"> - Aquatic Instructor-Lifeguard – incumbent on LOA - Capital Project Supervisor – new July 2010 - pending request to fill - Facilities Capital Project Supervisor – pending request to fill - Facility Operator 2 – backfilled with temp FO3 - FIMS Coordinator – pending request to fill - Recreation Programmer - incumbent on LOA
▪ Operations – Admin	8	1	7	<ul style="list-style-type: none"> - Operations Support Admin – Water – position filled since Dec 31
▪ Operations – Roads / Parks / Fleet	93	5	88	<ul style="list-style-type: none"> - Assistant to the Foreperson – pending request to fill - Fleet Services Foreperson – clerical functions temporarily being completed by a temp Secretary - Traffic Systems Assistant (formerly Labourer) – pending
▪ Operations – Water / Wastewater / Environmental	106	12	94	<ul style="list-style-type: none"> - Water Customer Services Coordinator – recruitment activity underway - Water Supply and Treatment Operator Class IV – recruitment activity pending new plant - Water Works Operator – position filled since Dec 31 - Water Utilities Maintenance Lead Hand – position filled since Dec 31 - Infrastructure Management System Coordinator – recruitment activity underway - Supervisor of Technical Services - recruitment activity underway - Maintenance Lead Hand – WPCC – incumbent seconded

APPENDIX "A"

Staff Complement Levels as at December 31, 2010

Division/Department	Approved Permanent Staff Complement	Vacancies as at December 31, 2010	Actual Staff Complement as at December 31, 2010	Comments
				<i>to temporary project</i> – (2) Maintenance Operator 1 (2 vac) – <i>recruitment activity underway</i> – Operator Class II-WPCC – <i>position filled since Dec 31</i> – Environmental Officer – <i>incumbent moved to SR position to cover for LOA</i> – Landfill Attendant – <i>recruitment activity underway</i> – Public Fire & Life Safety Officer – <i>recruitment activity underway</i>
▪ Fire & Emergency	158	1	157	
▪ Infrastructure, Development & Culture	123	10	113	
▪ General Manager's Office	3	0	3	
▪ Building Services	36	3	33	– (2) Building Inspector (2 vac) - Small Buildings - <i>no recruitment activity - assessing workload</i> – Zoning Enforcement Officer (formerly Zoning By-Law Enforcement Officer) – <i>pending request to fill</i>
▪ Engineering	58	3	55	– Annexation-Boundary Project Manager – <i>new position in 2010 – pending request to fill</i> – Dev. Services Field Coordinator – <i>recruitment activity underway</i> – Project Admin Technologist – <i>recruitment activity underway</i>
▪ Culture	4	0	4	
▪ Corporate Asset Management	8	0	8	
▪ Planning Services	14	4	10	– Director of Planning – <i>recruitment activity underway</i> – Consultant and Contract Planner – <i>pending request to fill</i> – (2) Policy Planner (2 vac) – <i>pending request to fill</i>
▪ Corporate Services	186	14	172	
▪ General Manager's Office	3	0	3	

APPENDIX "A"
Staff Complement Levels as at December 31, 2010

Division/Department	Approved Permanent Staff Complement	Vacancies as at December 31, 2010	Actual Staff Complement as at December 31, 2010	Comments
▪ Human Resources	11	0	11	- Manager of Network Services – incumbent seconded to Director position – backfilled with temporary BSA
▪ ICT	32	1	31	- Budget Analyst – position filled since Dec 31
▪ Finance	45	4	41	- Manager of Revenue – recruitment activity underway - Senior Accounting Clerk - pending request to fill - Utilities Services Clerk – recruitment activity underway
▪ Clerk's Office	45	4	41	- (3) Court Admin Clerk (3 vac)– recruitment activity underway - Records and Information Clerk – recruitment activity underway
▪ Legal	50	5	45	- Manager of Real Estate – on hold - Municipal Law Enforcement Officer II – recruitment activity underway - Municipal Prosecutor – position filled since Dec 31 - Secretary – recruitment activity underway - Senior Real Estate Officer – pending request to fill
Office of the CAO	15	0	15	
Office of the Mayor & CAO	5	0	5	
Strategy & Economic Develop	5	0	5	
Communications & Inter GA	5	0	5	
TOTAL	782	49	733	

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2010

	2010 Net Requested Budget	2010 Planned Activity	2010 Actual Activity	Variance to Budget	Explanation/Comments
Council & Mayor's Office	731,434	666,635	630,729	100,705	Significant under spend on meetings and meal expenses in the Mayor's Office as the budget dollars marked for Corporate Events was not required. The Mayor's Office also did not use any of the budget allotted for conferences and trade shows. Remainder comprised of a series of small variances in a number of City Council accounts.
Office of Chief Administrative Officer					
Administration	762,571	704,100	678,511	84,060	Favorable variance mainly attributable to less than planned salary and benefit expenditures for the Corporate Quality Manager. Remainder of variance the result of OMBI and LUMCO membership fees funded by other departments and less than anticipated conference availability.
Communications & IG Affairs	802,652	801,883	824,921	(22,269)	Salary expenses were over budget due to greater than anticipated salary costs incurred during the transition to the acting director. Increased demands on department's resources resulted in increased overtime and casual labour expenditures.
Economic & Strategic Development	771,232	702,427	680,328	90,904	Conference and trade show attendance was well below planned levels. Delays related to the launch of the external website postponed the corresponding planned advertising spending.
Community Operations Division					
Office of the General Manager and Emergency Preparedness	443,017	464,496	471,914	(28,897)	Budget included the full recovery of an analyst position from sewer and water reserves. Actual funding was calculated based on time spent

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2010

	2010 Net Requested Budget	2010 Planned Activity	2010 Actual Activity	Variance to Budget	Explanation/Comments
					working in/supporting these two business areas. The variance to forecast is due an unplanned training course in November and a low salary forecast.
					Motor vehicle collision revenue is below plan by \$239K because of difficulties obtaining accident information. Dispatching revenue down \$29K due to loss of Oro-Medonte as customer. Employee costs are over budget due to unplanned lieu payout (\$198K). Cost savings efforts were made in minor capital and general expense accounts to offset revenue challenges. The variance to forecast is due to unplanned lieu payout and 2010 retro pay accrual.
Fire and Emergency Services	16,644,771	17,018,542	17,130,979	(486,208)	Employee costs are over budget by \$254K due to unplanned lieu day payouts, overtime due to resource constraints and challenges in the Parks branch with a high amount of sod cutting requirements (record growth levels in 2010). The mild weather in Jan-Mar resulted in winter operations savings of \$394K in contracted services and \$575K in salt purchases. Road life cycle maintenance was under budget by \$854K with a corresponding reduction in funding from federal gas tax. Hydro/utility costs were \$333 over budget of which street lighting was a significant portion. This is primarily due to Powerstream distribution and customer charge increases. There are no notable differences between the forecast and actual results.
Operations	24,050,749	22,892,452	23,026,039	1,024,710	\$427K over budget on repairs and maintenance type expenses resulting from previous deferral of lifecycle maintenance on aging capital (i.e.
Leisure, Transit and Facilities	15,585,059	15,652,682	16,145,614	(560,555)	

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2010

	2010 Net Requested Budget	2010 Planned Activity	2010 Actual Activity	Variance to Budget	Explanation/Comments
					buildings and equipment). Minor capital under budget by \$103K from savings in Recreation and Transit. Recreation savings are direct response to Council direction to find savings in budget to pay for lifeguards not otherwise budgeted for. Facilities Operations, which is by far the largest contributor to minor capital, finished the year on budget in this area. Hydro over budget by \$470K because of increases in the Provincial benefit, underperforming systems at Holly Community Centre and longer ice season at Barrie Molson Centre and East Bayfield Community Centre. Gas under budget by \$159K due to unusually warm spring.
Infrastructure, Development and Culture Division					
Office of the General Manager	375,750	375,236	389,069	(13,319)	Negative variance is a result of paying out the lieu time banked
Engineering	2,799,833	2,498,314	2,326,703	473,130	Staff vacancies, spending on masterplans/studies and higher than anticipated development application revenue collected are attributable to the positive variance.
Corporate Asset Management	585,523	462,071	495,549	89,974	Positive variance is attributable to performance issues with the CCTV contractor.
Building Services	342,489	197,715	147,323	195,166	Positive variance is a result in the shift between Code and Non-Code activities in 2010. Code activities have been higher than originally anticipated and is full cost recovery, whereas Non-Code is only approx 25% recoverable.
Planning Services	1,399,226	1,440,403	1,369,379	29,847	Positive variance is mainly due to staff vacancies, as well as some delayed spending as it relates to the development of the Urban

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2010

	2010 Net Requested Budget	2010 Planned Activity	2010 Actual Activity	Variance to Budget	Explanation/Comments
					Design Guidelines.
					The negative variance is a result of lower than anticipated sponsorship revenues for the Cultural Events, banked lieu time being paid out and additional costs related to the operations of the Georgian Theatre.
Department of Culture	1,343,087	1,406,688	1,518,147	(175,060)	
Corporate Services Division					
Office of the General Manager	305,681	300,088	306,587	(906)	
City Clerk	433,437	556,447	424,392	9,045	Slightly greater than anticipated Court Services revenues were offset by increased facility costs related to the new Cedar Point offices.
Finance	2,837,752	2,595,840	2,743,381	94,371	Only one of two positions planned were backfilled to support the implementation of the Purchase Order System. Audit related expenses were less than anticipated. Remainder comprised of a number of smaller variances.
Human Resources	1,454,925	1,430,668	1,292,863	162,062	Positive variance the result of staff turnover, delays in roll-out of corporate training and the leadership development program, and reduced legal costs from arbitration case delays.
Information, Communication and Technology	4,792,310	4,448,617	4,417,160	375,150	Planned software application work was deferred to 2011, while other software work did not occur as planned resulting in a significant positive variance. Savings achieved through improved telephone rates resulting from renegotiated contracts. A number of planned contracted service works requiring sole sourcing was delayed.
Internal Audit	147,301	141,719	142,134	5,167	
Legal Services	1,729,942	1,572,230	1,336,671	393,271	Favorable variance attributable to reduced

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2010

	2010 Net Requested Budget	2010 Planned Activity	2010 Actual Activity	Variance to Budget	Explanation/Comments
					salary costs in MLPS from staff turnover, Real Estate Manager vacancy, and no night parking ticketing. Remainder of positive variance the result of reduced need for external legal support.
Other Expenses					
Financial Expenses	12,309,596	13,795,672	13,112,717	(803,121)	The unfavourable variance relates to salary gapping (\$750K) and budget challenges (\$750K), which are included in the budget, but actual savings are reflected in department results. This variance is partially offset by favourable variances relating to unused Contingency and Council Priority amounts.
Other General Government	2,634,789	3,076,955	3,263,225	(628,436)	Negative variance attributable to the resolution of a backlog of insurance claims from past years.
TOTAL NET CITY SERVICES	93,283,126	93,201,880	92,874,335	408,791	
SERVICE PARTNERS	72,349,313	71,644,875	70,858,982	1,490,331	The County had a favourable total year end variance of \$1.4M as a result of savings related to Ontario works (\$892K), Social Housing (\$324K), Land Ambulance (\$358K), and Homes for the aged (\$61K). Some the savings were offset by higher costs related to ODSP (\$146K) and Childcare (\$62K).
TOTAL NET EXPENDITURES	165,632,439	164,846,755	163,733,317	1,899,122	
Corporate Revenues					

APPENDIX "B"

Tax-Supported Operating Budget Variance as at December 31, 2010

	2010 Net Requested Budget	2010 Planned Activity	2010 Actual Activity	Variance to Budget	Explanation/Comments
Net Taxation for own purposes	(157,122,349)	(159,487,999)	(159,688,837)	2,566,488	Higher than anticipated supplementary assessments billed in 2010.
Payments in Lieu of Taxes	(1,465,073)	(1,438,675)	(1,834,808)	369,735	Favourable variance relates to Final Hydro One ARB decision dating back to 2003 relating to PIL revenue).
Interest Income	(4,246,000)	(4,246,000)	(4,809,825)	563,825	Favourable variance is a result of higher than expected interest and penalties on tax accounts and bank account interest.
Contributions from:					
Reserves	(200,000)	(200,000)	-	(200,000)	
User rate Reserve Funds	(2,444,472)	(2,444,472)	(2,444,472)	0	
Sundry Revenue	(154,545)	(154,545)	(144,996)	(9,549)	
TOTAL REVENUE	(165,632,439)	(167,971,689)	(168,922,938)	3,290,499	
TOTAL OPERATING VARIANCE BASED ON PLANNED ACTIVITY	(0)	(3,124,935)	(5,189,621)	5,189,621	

APPENDIX "C"

User Rate Supported Operating Budget Variance as at December 31, 2010

	2010 Net Requested Budget	2010 Planned Activity	2010 Actual Activity	Variance to Budget	Explanation/Comments
Water Operations	(4,876,749)	(7,680,195)	(9,441,206)	4,564,457	Employee costs under spent by \$565K due to position vacancies and existing staff working extra overtime to cover resource shortage. Delay in opening SWTP resulted in under spend of \$1.5M mainly from hydro, gas and chemicals. Debenture costs of \$2.4M budgeted for the SWTP were all charged to the WPCC expansion in 2010. Variance to forecast mainly due to forecasted opening of SWTP in November.
Wastewater Operations					Employee costs under spent by \$325K due to position vacancies and staff working extra overtime to cover resource shortage. General operating expenses under spent by \$972K (12.7%) mainly due to the plant under construction the entire year as opposed to the first half of the year as budgeted. Staff could not legally access equipment and building areas under construction to complete maintenance and repairs. Debenture costs are \$2.3M higher than budgeted due to the planned debenture split between WPCC and SWTP all being charged to WPCC. Debenture costs of \$2.15M were funded from unbudgeted development charges based on Council approval. The only notable variance to forecast is sewer rate revenue that was higher than forecast by \$821K.
Parking	(2,941,978)	(1,707,460)	(3,795,045)	853,066	Employee costs over budget \$32K due to alignment of employees split between parking and traffic in the budget and actual charges. Under spend of \$95K in general operating expenses mainly due to savings in snow clearing contracts from mild Jan-Mar and efficiencies in Collier St Parkade maintenance. Revenue from permits and meters was 97% of budget. Variances to forecast for unplanned lieu day payouts and further Nov-Dec winter savings.
Total	(7,466,512)	(9,645,730)	(12,896,229)	5,429,717	

APPENDIX "D"
Capital Plan Progress Update as at December 31, 2010

	2010 Capital Spending Plan				Performance Reporting					
	Carryover from Prior Year Budgets	New Projects Approved in 2010 Budget	In Year 2010 Transfers / Additions	Total 2010 Spending Planned	Projected Year End Spending	Actual 2010 Spending	Variance to 2010 Projected (\$)	% of 2010 Projected Spending Achieved	% of 2010 Spending Plan	Spending Deferred
Summary of Capital Plan & Forecast										
Corporate Services Division	1,356,255	2,222,247	1,054,446	4,632,948	2,909,492	2,085,312	824,180	72%	45%	2,547,636
Infrastructure, Development & Culture Division	50,107,799	64,758,372	221,742	115,087,913	90,340,839	83,857,379	6,483,460	93%	73%	31,230,534
Community Operations Division	18,806,578	21,924,781	3,511,110	44,242,469	27,484,514	30,357,898	2,873,384	110%	69%	13,884,571
Total	70,270,632	88,905,400	4,787,298	163,963,330	120,734,845	116,300,589	4,434,256	96%	71%	47,662,741