

## **Finance Committee AGENDA**

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***FORTY-SECOND MEETING OF THE FINANCE COMMITTEE  
TO BE HELD ON WEDNESDAY, NOVEMBER 25, 2009 AT 4:30 P.M.  
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE***

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### **COUNCILLOR CALLAGHAN, CHAIR**

***(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)***

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### **DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

## **PLEASE BRING FINANCE COMMITTEE AGENDA OF NOVEMBER 23, 2009 TO THE MEETING**

Finance Committee will continue with the items that were not completed at their meeting of November 23, 2009 as follows:

### **CORRESPONDENCE FOR INFORMATION ONLY**

15. Report dated November 17, 2009 from the Fire Chief regarding Maximizing Cost Recoveries – Fire Services.  
**(FOR INFORMATION ONLY)**
16. Report dated November 17, 2009 from the Fire Chief regarding Hydrants.  
**(FOR INFORMATION ONLY)**
17. Report dated November 17, 2009 from the Fire Chief regarding Advertising Costs – Fire Services.  
**(FOR INFORMATION ONLY)**
18. Report dated November 18, 2009 from the Chief Financial Officer/Treasurer regarding Ontario Sales Tax Harmonization.  
**(FOR INFORMATION ONLY)**
19. Report dated November 12, 2009 from the Director of Human Resources and Organizational Development regarding Ratio of Management Staff to Employees at the City of Greater Sudbury.  
**(FOR INFORMATION ONLY)**

### **VOTING ON BUDGET OPTIONS**

### **REVIEW OF VOTING RESULTS**

### **2010 PARKING LOT REVIEW**

The Chair of the Finance Committee will review each of the items placed in the Parking Lot. The consensus of Council will be required for each item listed in the Parking Lot.

### **ADJOURNMENT (RESOLUTION PREPARED)**

**COUNCILLOR TED CALLAGHAN  
CHAIR, FINANCE COMMITTEE**

**FRANCA BORTOLUSSI  
COUNCIL SECRETARY**

# Request for Recommendation Finance Committee



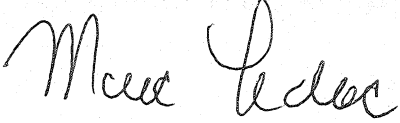
Type of Decision									
Meeting Date	November 23, 2009			Report Date	November 17, 2009				
Decision Requested	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed

Report Title
Maximizing Cost Recoveries

Budget Impact/Policy Implication	Recommendation
<input type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

	For Information Only
<b>Background Attached</b>	<b>Recommendation Continued</b>

Recommended by the Department	Recommended by the C.A.O.
Marc Leduc <i>Marc Leduc</i> Fire Chief	Doug Nadorozny <i>Doug Nadorozny</i> Chief Administrative Officer

Report Prepared By	Division Review
 Marc Leduc Fire Chief	Name Title

Currently Fire Services has user fees for auto extrication services, false alarms and the use of fire fighting foam.

In 2008 the user fees were as follows:

Billing Type	Costs Recovered
MVC	\$16,275.00
Foam Use	\$557.00
False Alarm Type I	\$9,360.00
False Alarm Type II	\$720.00

**Total Invoiced YTD      \$26,912.00**

In 2009 to date the user fees are as follows:

Billing Type	Costs Recovered
MVC	\$55,085.00
Foam Use	\$3,375.00
False Alarm Type I	\$4,320.00
False Alarm Type II	\$1,080.00

**Total Invoiced YTD      \$63,860.00**

**Descriptions of Billing Types as written in By-Law 2008-250F**

MVC	Motor Vehicle Collisions where services are actually provided
Foam Use	Foam used in fire fighting activities
False Alarm Type I	No Reasonable Cause
False Alarm Type II	Failure to Advise of Testing

Fire Services will explore the feasibility of adding new user fees. Some areas where additional fees may be considered include the issuance of burning permits and requested fire safety inspections.

# Request for Recommendation Finance Committee




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Decision Requested	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	x	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	x	Open	<input type="checkbox"/>	Closed

Report Title
Hydrants

Budget Impact/Policy Implication	Recommendation
This report has been reviewed by the Finance Division and the funding source has been identified.	

	For Information Only
<b>Background Attached</b>	<b>Recommendation Continued</b>

Recommended by the Department	Recommended by the C.A.O.
Marc Leduc <i>Marc Leduc</i> Fire Chief	Doug Nadorozny <i>Doug Nadorozny</i> Chief Administrative Officer

Report Prepared By	Division Review
 Marc Leduc Fire Chief	Name Title

The best water source for structural fire fighting is a hydrant. Upon arrival at the scene of a fire, the Fire Fighters hook up a water supply hose to the hydrant and advance the truck to the structure. The supply hose is then hooked up to the pump. The hydrant then supplies a continuous water supply for suppression activities.

In areas where there are no hydrants, we use a tanker shuttle system using a fleet of tankers, each of which carry approximately 1,500 gallons of water. These tankers are specifically designed to allow for a "quick dump" capability at the site of a fire. These tankers respond to the scene of a structure fire and quickly dump their water into a collapsible tank. This allows the tanker to off load its water supply into this portable tank and return to a water source to refill while the Fire Fighters at the scene use the water as needed, from the collapsible tank. Using a fleet of these tankers with this type of dump time, the Fire Fighters can deliver large volumes of fire suppression water for an extended period of time. Obviously, the variables that will dictate the final outcome of water supply are distance to water source for refill.

If the water supply is a hydrant other factors affecting response time include water main capacity at fill sites and road conditions.

Where there are no hydrants, the initial response time for arrival at the scene is unaffected. However, the set time does have an effect on the overall response time. Establishing a water shuttle is considerably timelier and more labour intensive than hooking up to a fire hydrant.

There are many areas throughout our community that do not have hydrants. The Fire Service is very supportive of expanding the hydrant system. However, if Council wishes to proceed with the installation of new hydrants it is recommended that they consider a complete overview of the system. This would provide Council with information required to determine where these hydrants should be located taking into consideration costs and overall fire protection effectiveness.

Council should also be made aware that our municipality is not in compliance with the Ontario Fire Code guidelines on fire hydrant and water main valve inspections and maintenance. These guidelines include the uniform marking of hydrants which is determined by fire flow testing. By providing the uniform colour-coding, responding Fire Fighters can make a more informed decision about the availability of adequate water supply to support whatever they are doing.

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This matter has been discussed with staff at Water/Waste Water. The cost of compliance has not yet been determined.

# Request for Recommendation Finance Committee



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	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed


Report Title
Advertising Costs

Budget Impact/Policy Implication	Recommendation
<input type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

	For Information Only
<b>Background Attached</b>	<b>Recommendation Continued</b>

Recommended by the Department	Recommended by the C.A.O.
Marc Leduc <i>Marc Leduc</i> Fire Chief	Doug Nadorozny <i>Doug Nadorozny</i> Chief Administrative Officer



Report Prepared By	Division Review
 Marc Leduc Fire Chief	Name Title

The Fire Protection and Prevention Act (FPPA) reads that every municipality shall, establish a program in the municipality which must include public education with respect to fire safety and certain components of fire prevention.

The FPPA recognizes the importance of implementing three lines of defense (Public Education, Fire Safety Standards and Enforcement and Emergency Response) to achieve an acceptable level of fire safety within communities. Distribution of public fire safety education materials fall under the first line of defense.

The loss of life and property in Ontario due to fire has continued to drop for several years. Changing public attitude and improved public knowledge of fire safety can help account for this decrease.

The Fire Services Public Safety Announcement (PSA) budget is \$17,000.

PSAs provided by other agencies amounts to \$60,000.00 (estimated costs).

Total public safety costs (fire safety education) is approximately \$77,000.00

The costs are distributed as follows:

1. Fire & Ice Hockey Cards (fire safety messages behind card) for the 2008/2009 season cost Fire Services \$1,600.00. There are approximately 35,000 cards distributed. However, in partnership with Leisure Days, the total value of program is \$12,000.
2. Public safety announcements for prevention of wild land fires cost Fire Services \$1,900.00. We received contributions from the Sudbury and District Mutual Aid Fire Departments in the amount of \$600. The Ministry of Natural Recourses contribution was \$2,500. for a total value of \$5,000. This was a television ad campaign.
3. Public safety announcements on Sudbury Wolves Score Clock cost Fire Services \$3,150.00 (general fire safety messages). We receive a total of 69 PSAs.
4. Sudbury Kids Injury Coalition (SKIP) Calendar cost \$500.00. This was a partnership with the Sudbury and District Health Unit. The Fire Safety Calendar is distributed to all children in grade school city wide.

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5. Radio PSAs - \$3,675.

Breakdown: 113 paid spots + 56 no charge spots + 35 spots for prepaying = 204 spots

This provides for 10 campaigns - six campaigns of 20 spots per occasion and 4 campaigns at 21 spots per occasion

6. TV - \$7,003.05

Breakdown: 93 spots - March - December, 2009

Other media advertising done with outside agencies with no cost to the Fire Department  
- estimated costs:

1. RL Equipment - year round campaign \$25,000. (smoke alarm and general fire safety tips)

2. Campeau Heating - \$4,000. (carbon monoxide detectors)

3. VALE INCO - \$2,000. (fast water safety psa)

4. City of Sudbury - \$2,000. (fast water safety - requested by Councillor Joscelyne Landry-Altmann)

5. Home Depot - \$2,000. (supplied materials)  
First Alert - \$500. (supplied smoke alarms)

6. Fire & Ice Hockey Cards for 2009/2010 season is being totally sponsored by Sudbury District Health Unit, Greater Sudbury Risk Watch Coalition, BMI Sports, Canvas in Motion and Home Depot. The total cost of program is \$11,000.

7. Wal-Mart supplied 100 smoke alarms given out during Fire Prevention week.  
Estimated cost is \$500.

# Request for Recommendation Finance Committee


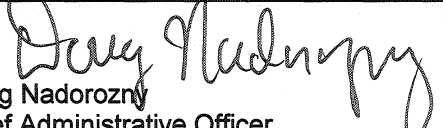


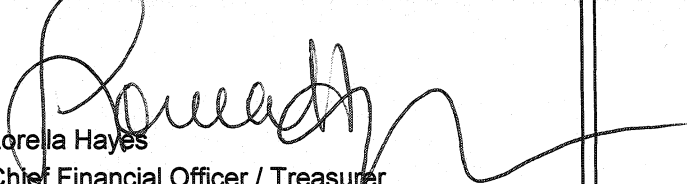
Type of Decision									
Meeting Date	November 23, 2009			Report Date	November 18, 2009				
Decision Requested		Yes	X	No	Priority	X	High		Low
	Direction Only			Type of Meeting	X	Open		Closed	

Report Title
Ontario Sales Tax Harmonization

Budget Impact/Policy Implication	Recommendation
X This report has been reviewed by the Finance Division and the funding source has been identified.	

	For Information Only.
X <b>Background Attached</b>	<b>Recommendation Continued</b>

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Lorella Hayes Chief Financial Officer / Treasurer	

The Provincial Government announced in its 2009 Budget that the province was moving to harmonize the federal GST and the provincial PST. In its announcement, the Province assured municipalities that the harmonized sales tax (HST) would be “fiscally neutral”.

This change will take effect on July 1, 2010. The HST will be 13%; 5% Federal component and 8% Provincial component. To date, there have been no specifics as to how the tax will work. It is anticipated that the details will flow in early 2010. However, it is understood that the HST will generally follow the same rules and tax base as GST and that Municipalities will receive a 100% rebate of the 5% federal component and a 78% rebate of the 8% provincial component.

Several newspaper articles have been written bringing to the public’s attention what impact the HST will have, and presentations have been made at the AMO conference to bring awareness to member municipalities. The Municipal Finance Officers Association (MFOA) has, over the summer, begun gathering information from its member municipalities to measure the impact of HST on municipalities, and accounting firms, such as KPMG, BDO and Deloitte, have prepared some information to help guide or plan for the impact based largely on the experiences of the Maritime Provinces.

City staff has prepared a preliminary analysis of the cost impact of the harmonized sales tax reform on our municipality. At this point in time, our best guess is that HST will be, for all intents and purposes, neutral. The 78% HST rebate, while designed to be fiscally neutral on a sector-wide basis, may result in increases to some municipalities and decreases to others. Similarly, depending on the nature of goods and services acquired, some city departments may experience an increase in costs, while others will see decreases. For example, those who outsource the delivery of services should expect to see negative financial outcomes. As far as capital construction expenditures, it is known that there will be an increase in the provincial sales taxes portion given the number of new items that will now be subject to HST which were previously excluded under the existing PST rules. The most obvious being professional services such as consulting, architectural and engineering fees, even though they will be partially offset by the 78% rebate of the provincial portion of the HST. Bottom line, for every \$1 million in capital costs, the HST will add about 2% to the cost. Although, potential favourable cost savings which could be passed on by suppliers may reduce this amount.

While higher costs can be anticipated for construction projects, the opposite will hold true for rolling stock and equipment purchases which were previously subject to provincial sales tax because the 78% rebate should produce savings of about 6%.

For public service bodies with more than \$10 Million in annual taxable sales (CGS meets this criteria), input tax credits will be available, however certain restrictions will apply. Municipalities will not be able to claim input tax credits on the following expenses:

- Energy,
- Telecommunications services,
- Road vehicles less than 3000 kilograms, and
- food, beverage and entertainment

The following table outlines a few examples of impact of HST:

<b>Impact of sales tax harmonization</b>	
Ontario will merge their sales tax (PST) with the federal goods and services tax (GST) on July 1, 2010. It will be called HST.	
GOODS AND SERVICES AFFECTED BY THE TAX CHANGES	
↑increase in taxes ↓decrease in taxes ↔ no change	
<b>Goods</b>	
Food	↔
Natural gas	↑
Gasoline	↑
Fuel oil and other fuels	↑
Medical devices	↔
<b>Services</b>	
Communications services	↑
Professional services - eg, engineering, audit	↑
Contracted services – eg, garbage collection	↑
Transit services	↔
Recreation & leisure services	↑
Electrical & HVAC services	↑
NOTE: TABLE IS MEANT TO CAPTURE THE GENERAL DIRECTION OF CHANGE. THERE MAY BE DIFFERENT TREATMENT FOR CERTAIN GOODS IN EACH CATEGORY.	

**CONCLUSION:**

In conclusion, staff's preliminary costing models and assumptions must be revisited once all rules/regulations (including transitional rules) respecting HST have been finalized.

Staff will continue researching this topic and attending training to ensure CGS is prepared for the HST effective July 1, 2010. In addition an internal project team will be developed to lead this project.

Some of the issues that must be resolved once we have all the pertinent information are:

- What impact will this have on new or existing procurement contracts?
- What budget and accounting issues will we have to address in 2010?
- What will be the impact on our financial systems and what can we expect during the change-over period?
- What are the potential financial impacts to our operating and capital budgets in future years?
- Should the City defer or accelerate certain expenditures depending on the HST impact?

Further reports on the anticipated impact of HST will be prepared for Council as more information is received.

# Request for Recommendation Finance Committee



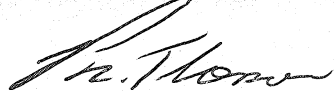

Type of Decision									
Meeting Date	November 23rd, 2009			Report Date	November 12th, 2009				
Decision Requested		Yes	X	No	Priority		High	X	Low
	Direction Only			Type of Meeting	X	Open		Closed	

Report Title
<b>RATIO OF MANAGEMENT STAFF TO EMPLOYEES AT CGS</b>

Budget Impact/Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

	<p>For Information Only</p>
<input checked="" type="checkbox"/> <b>Background Attached</b>	<input type="checkbox"/> <b>Recommendation Continued</b>

Recommended by the Department	Recommended by the C.A.O.
 Patrick Thomson, Director of Human Resources and Organizational Development	 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Patrick Thomson, Director of Human Resources and Organizational Development	 Patrick Thomson, Director of Human Resources and Organizational Development

**BACKGROUND:**

Council requested this information as a “parking lot” item related to the 2010 Budget deliberations.

The following reflects our current staff complement as of September 22nd, 2009.

As of September 22, 2009	Union	Non Union Management	Non Union Non Management	Volunteer Fire Fighters	All
Permanent Full Time	1,258	175	100	0	1,533 (Note #1)
Temporary Full Time	145	6	32	0	183
Regular Part Time	251	0	0	0	251
Casual Part Time	321	0	34	309	664
Seasonal Part Time	123	0	111	0	234
<b>Totals</b>	<b>2,098</b>	<b>181</b>	<b>277</b>	<b>309</b>	<b>2,865</b>

Note #1 – Reconciles to the 2009 budget figure of 1,553 [excluding Police] as the above reflects actual staff, not budgeted positions. The twenty (20) position difference between the above and budget reflects twenty-seven (27) vacancies at CGS at this time, and seven (7) pre-hired staff under CGS’s Succession Planning Program.

The ratio of Management to non-Management Employees is therefore  $(2,098 \div 181) = 15.83$ . In other words, there is an average of fifteen and one-half (15½) Employees for every Supervisor at CGS.

Council will recall that in recommending the Blueprint Organization Design to Council,



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the Senior Management Team advocated three (3) Building Blocks of Organizational Design, that would lead to a lean and accountable organization structure, as follows:

**Building Block #1 - Levels of Management**  
(i.e. four (4) to five (5) levels of Management in Operating Departments, and three (3) levels for Administrative Divisions is preferred).

**Building Block #2 - Spans of Reporting**  
(varying from six (6) to eight (8) Direct Reports for a General Manager, to ten (10) to twenty (20) Direct Reports for a Front Line Supervisor).

**Building Block #3 - Management to Staff Ratios**  
(to increase from one (1) to twelve (12) to one (1) to fifteen (15) under the Blueprint).

The CAO has indicated that these "rules" will be an ongoing feature of CGS's Organizational Design, such that our structure should remain lean and accountable over time, removing the need/push for any further efficiency motivated "restructurings".

The above data (drawn off of the Payroll system as at September 22nd, 2009), demonstrates that the above "Management to Staff Ratios Building Block" has, in fact, been achieved and maintained since the Blueprint was recommended and adopted by Council. This data is verified by our OMBI reporting data which shows that CGS's ratio of Managers to non-Managerial Employees is above the OMBI median.