



Budget 15

Operating & Capital Budgets



All Operating Departments

2015 Operating Budget

Operating Budget Summary	
Description	

	2014		2015				
	Projected Actual	Budget	Base Budget	% 2014 Budget	Approved Budget Options	Approved Budget	% 2014 Budget
Full Time Positions		2,011	2,018	0.3	3	2,021	0.5
Part Time Hours		851,670	860,143	1.0	(6,423)	853,720	0.2
Crew Hours		183,583	180,575	(1.6)	0	180,575	(1.6)
Overtime Hours		29,137	28,431	(2.4)	0	28,431	(2.4)
Volunteers		350	350	-	0	350	-
<u>Revenues</u>							
Levies	(10,614,539)	(11,106,447)	(10,340,222)	6.9	0	(10,340,222)	6.9
Provincial Grants & Subsidies	(120,489,697)	(120,162,028)	(121,783,469)	(1.3)	0	(121,783,469)	(1.3)
Federal Grants & Subsidies	(1,067,925)	(1,151,252)	(950,656)	17.4	0	(950,656)	17.4
User Fees	(104,251,721)	(105,206,702)	(108,309,721)	(2.9)	2,145,158	(106,164,563)	(0.9)
Licensing & Lease Revenues	(4,747,025)	(4,766,673)	(4,852,508)	(1.8)	0	(4,852,508)	(1.8)
Investment Earnings	(11,619,243)	(10,647,914)	(10,740,516)	(0.9)	0	(10,740,516)	(0.9)
Contr from Reserve and Capital	(7,439,318)	(6,436,649)	(6,066,000)	5.8	(6,750,906)	(12,816,906)	(99.1)
Other Revenues	(14,787,917)	(14,095,530)	(14,199,408)	(0.7)	(1,250,000)	(15,449,408)	(9.6)
Total Revenues	(275,017,385)	(273,573,195)	(277,242,501)	(1.3)	(5,855,748)	(283,098,249)	(3.5)
<u>Expenses</u>							
Salaries & Benefits	224,557,538	224,754,630	230,907,036	2.7	16,001	230,923,038	2.7
Materials - Operating Expenses	47,054,892	47,203,515	46,963,390	(0.5)	(151,005)	46,812,385	(0.8)
Energy Costs	20,617,022	19,872,076	19,665,717	(1.0)	3,562	19,669,279	(1.0)
Rent and Financial Expenses	1,395,504	1,532,370	866,333	(43.5)	0	866,333	(43.5)
Purchased/Contract Services	95,913,974	89,521,933	96,487,143	7.8	(927,798)	95,559,345	6.7
Debt Repayment	5,716,800	5,966,801	10,421,135	74.7	0	10,421,135	74.7
Prof Development & Training	1,677,769	1,663,090	1,636,179	(1.6)	(19,900)	1,616,279	(2.8)
Grants - Transfer Payments	35,732,493	36,700,694	36,943,081	0.7	796	36,943,877	0.7
Contr to Reserve and Capital	77,235,866	77,257,319	73,278,323	(5.2)	(1,421,214)	71,857,109	(7.0)
Internal Recoveries	(780,096)	(421,609)	(380,402)	9.8	0	(380,402)	9.8
Total Expenses	509,121,763	504,050,820	516,787,935	2.5	(2,499,558)	514,288,377	2.0
Net Budget	234,104,378	230,477,625	239,545,433	3.9	(8,355,306)	231,190,128	0.3

OPERATING BUDGET GUIDE

This 2015 budget document contains information on the 2014 projected year end position, the 2014 approved budget, and the 2015 approved budget including budget options in order to fulfill Council's desire to have a zero percent municipal tax levy increase.

2014 Projected Actuals

The 2014 projected actuals are based on staff's best estimate as to the expected year end position as of November 2014 month end.

2014 year end projected variances are provided in accordance with the operating budget policy, where a net budget variance of greater than \$200,000 is projected within a division or section. Staff prepared a variance report on the projected year end position for Finance and Administration Committee during budget deliberations.

2015 Base Budget

The 2015 base budget was prepared in accordance with the Budget Preparation Policy and includes all known contractual obligations and management and staff's best estimates of 2015 operational requirements.

Budget variance explanations are provided in the applicable section of the budget binder for category budget variances of greater than \$50,000 and 10%.

Staffing

Included in the budget binder are the budgeted number of full time positions, part time, overtime and crew hours and number of volunteer firefighters for 2014 and 2015 in each department or section. There are reconciliations of changes from 2014 to 2015 for full time positions, part time and crew hours.

In addition, there is a schedule of changes in full time positions and part time hours from 2010 to 2015 included in this section. Staff prepared a report on actual full time, part time and overtime hours for Finance and Administration Committee to review during budget deliberations.

Approved Budget Options

A number of budget options were approved in order to achieve Council's objective of a zero percent municipal tax levy. These options were reviewed during budget deliberations and voted on by the Finance and Administration Committee prior to finalization of the 2015 budget.

The approved budget column reflects the 2015 base budget plus any approved budget options. In each section, the net budget represents that section's overall impact on the municipal tax levy.

CATEGORY DESCRIPTIONS

The following definitions relate to the revenue and expense categories used in the presentation of the operating budget.

Revenues:

Levies

This category consists of supplementary taxation and payments-in-lieu of taxation received from government agencies.

Provincial Grants & Subsidies

This category consists of grants received from the Province of Ontario for specific functions such as Ontario Works, Housing Services, Children Services, Emergency Medical Service, the Ontario Municipal Partnership Fund, etc.

Federal Grants & Subsidies

This category consists of grants received from the Federal Government for specific functions funded through agencies such as Fednor, and Human Resources Development Corporation.

User Fees

This category consists of fees for use of services such as, but not limited to, ice and hall rentals, leisure activities, cemetery fees, library fees, applications for building permits, water/waste water, transit and Pioneer Manor resident fees.

Licensing & Lease Revenues

This category consists of licensing fees such as business licenses, lottery licenses, taxi licensing and lease revenues.

Investment Earnings

This category accounts for investment income, interest on Greater Sudbury Utility note, interest on tax arrears, and interest earned on internal capital financing.

Contributions from Reserves and Capital

This reflects the contributions from reserves and reserve funds for various projects identified in the operating budget.

Other Revenues

This category includes revenues such as the Ontario Lottery and Gaming Corporation and Provincial Offences Act fines collected.

Expenses:

Salaries & Benefits

This category consists of compensation for all employees such as salaries, benefits, service pay, overtime, car allowance, boot and tool allowance, etc.

Materials - Operating Expenses

This category includes items such as office supplies, salt and sand, asphalt, gravel and shop supplies, tax write-offs, insurance costs, telephone costs, property taxes and other general expenses.

Energy Costs

This category consists of water, hydro, natural gas, propane, diesel and unleaded fuel.

Rent and Financial Expenses

This category includes bank charges, debit and credit charges, tax interest on penalty write-offs, cost of rental equipment and rent expense.

Purchased/Contract Services

This category consists of items that are outsourced, such as, but not limited to, Housing Services providers, Children Services providers, Ontario Works, roads maintenance contracts, vehicle repairs, hired or rental equipment, and professional services.

Debt Repayment

This category consists of internal and external debt payments.

Professional Development & Training

This category consists of business travel expenses, accommodations, meals, professional development and training, educational seminars, and professional membership dues.

Grants - Transfer Payments

This category consists of any grants given to community groups and outside boards such as Nickel District Conservation Authority, Sudbury District Health Unit, Arts and Culture grants, grants to playgrounds and transfer payments to Ontario Works recipients.

Contributions to Reserves and Capital

This reflects the Contributions to reserves and reserve funds and the transfer to capital fund for capital envelopes.

Internal Recoveries

The line "internal recoveries" consist of allocations to each department for indirect overhead costs and program support. An internal recovery is recorded for program support costs such as finance, human resources, information technology and mailroom. These program support costs are calculated in accordance with the Ontario Municipal CAO's Benchmarking Initiatives (OMBI) drivers. Some examples of the "drivers" used by Sudbury as well as all municipalities in the OMBI group, are - Human Resources costs are allocated to each direct service delivery area based on number of FTEs; Information Technology costs are allocated based on number of computers, phone and copiers; and Finance (Budget, Accounts receivable, Accounts Payable, Purchasing and Payroll costs) are allocated based on their individual applicable drivers (number of invoices processed, number of purchase orders and tenders issued, percentage of gross budget etc).

As well there are indirect overhead charges for areas such as engineering services which are allocated to water/wastewater, roads and solid waste.

This line also includes the equipment charges and credits predominately in Infrastructure, Parks and Emergency Services area. These equipment charges represent the cost of the maintenance, repairs and a depreciation component which allows for future replacement of equipment and vehicles.

2015 OPERATING BUDGET SUMMARY

VARIANCE ANALYSIS

Major Variance Analysis (2014 Approved Budget compared to 2015 Approved Budget):

Revenues:

Overall, the 2015 budgeted revenues, other than taxation have increased by \$9.5 Million or 3.5% to \$283.1 Million. The variances by Revenue category are as follows:

1. Levies, which mainly consist of supplementary taxation and payments in-lieu of taxes have a budgeted decrease of \$770,000 or 6.9%. Staff is forecasting decreases in payments in lieu of taxation, and supplementary taxation revenue consistent with 2014 projected actual revenues. Also included in this category are reductions due the completion of some local improvement water and wastewater levies.
2. Provincial Grants have a net budgeted increase of \$1.6 Million or 1.3%. The net increase is a result of increases in grants such as Police Services, Social Services, Children Services, Emergency Medical Services and Long Term Care totaling \$4.6 Million which are offset by the reduction of \$3.0 Million in the Ontario Municipal Partnership Fund.
3. Federal Grants have a budgeted decrease of \$200,000 or 17.4%, which is primarily a change in funded programs within Economic Development as some programs have been completed and new programs begin.
4. User Fees have increased by approximately \$1 Million or 0.9%. A general user fee rate increase of 3% on the miscellaneous user fees was processed in accordance with the by-law. Other types of user fees included in this budget category are water and wastewater user fees (approved at 2014 levels), building permit fees, parking fees and Pioneer Manor resident accommodation fees.
5. Licensing and Lease Revenues consist of licensing fees such as business, lottery and, taxi licensing and lease revenues. The overall base budget has increased \$80,000 or 1.8% primarily due to increases in lease revenue for Barrydowne Arena, and Coniston and Levack Medical leases.
6. Investment Earnings have a budgeted increase of \$100,000 or 0.9%, largely as a result of budgeted increases in interest earned on tax arrears.
7. Contributions from Reserve and Capital have increased by \$6.4 Million or 99%. Increases in draws for 1160 Lorne Street, approved water and wastewater budget, Municipal Day Care succession planning and approved budget options total \$7.8 Million. These increases are offset by the removal of the 2014 draw from Election Reserve of \$900,000, and the removal of 2014 one time budget options funded from reserves of \$500,000.
8. Other Revenues have a budgeted increase of \$1.4 Million or 9.6%, which includes the approved budget option targets for increased advertising and sale of surplus municipal properties in addition to other net increases in cost recoveries from police services.

2015 OPERATING BUDGET SUMMARY

VARIANCE ANALYSIS

Major Variance Analysis:

Expenses:

Overall the 2015 budgeted expenditures have increased by \$10.2 Million or 2.0% to \$514.3 Million. The variances by Expense category are as follows:

1. Salaries and Benefits have increased by approximately \$6.2 Million or 2.7%. The increase is mainly due to contractual increases in wages and benefits, and changes in staffing levels.
2. Material and Operating Expenses have a budgeted decrease of \$400,000 or 0.8% encompassing both contractual obligation increases and efficiency reductions.
3. Energy Costs are budgeted to decrease by \$200,000 or 1% based on current commodity market price decreases in natural gas and fuel, offset by estimated hydro rate increases.
4. Rent and Financial Expenses are budgeted to decrease \$600,000 or 44% primarily as a result of the removal of the rental of the election equipment.
5. Purchased and Contract Services have a budgeted increase of \$6.0 Million or 6.7%. This category includes increases in payments to Housing providers, Ontario Works, child care providers as well as increases in the City's contractual obligations for Animal Control, Handi Transit, Greater Sudbury Utility water billing contract and the opening of the Biosolids facility.
6. Debt Repayment has a base budget increase of \$4.4 Million or 74.7% which is primarily a result of the estimated cost of borrowing for 1160 Lorne Street, and the Biosolids facility.
7. Professional Development and Training has been decreased by \$50,000 or 2.8%.and includes the approved budget option to eliminate the City's participation in the Ontario Municipal Benchmarking Initiative (OMBI).
8. Grants and Transfer Payments have a budget increase of \$ 200,000 or 0.7%. This is primarily a result of the increase in payments to the Sudbury and District Health Unit, Ontario Works benefit payment increases and increases to Economic Development Grants which are offset by reductions from the removal of 2014 one time grants.
9. Contribution to Reserves and Capital have decreased \$5.4 Million or 5.9%. This budget decrease is attributable to the increase in debt payments for 1160 Lorne and the Biosolids facility, as contributions to capital are reduced to fund the new debt payments. Also included are the approved budget options to eliminate inflation on capital envelopes and reduce roads capital.
10. Internal Recoveries reflect the net effect of services performed by operating departments for other departments.

City of Greater Sudbury

2015 Budget - Program Support Allocation

Internal recoveries are recorded for the following program support costs. These costs are calculated in accordance with the Ontario Municipal Benchmarking Initiatives (OMBI) drivers. Some examples of the "drivers" used by Sudbury as well as all municipalities in the OMBI group, are - Human Resources costs are allocated to each direct service delivery area based on number of FTEs; Information Technology costs are allocated based on number of computers, phone and copiers; and Finance (Budget, Accounts receivable, Accounts Payable, Purchasing and Payroll costs) are allocated based on their individual applicable drivers (number of invoices processed, number of purchase orders and tenders issued, percentage of gross budget etc).

	IT	AR/AP/ Payroll	Supplies & Services	Finance - Budget	HR	Mail Room	Total
Executive and Legislative							
Mayor	34,668	1,722	-	591	11,219	732	48,932
Council	164,517	3,794	-	1,591	4,498	1,969	176,368
Auditor General	16,238	180	311	352	4,481	436	21,998
CAO	89,275	6,354	1,399	1,608	25,048	1,990	125,674
Total	304,698	12,049	1,710	4,143	45,246	5,126	372,972
Administrative Services							
Clerks	93,261	5,509	4,664	2,373	32,275	2,936	141,017
Legal	71,018	3,590	155	1,860	28,332	2,302	107,258
Corporate Security	64,069	4,616	622	1,103	20,913	1,364	92,687
Total	228,348	13,715	5,441	5,336	81,521	6,602	340,962
Financial Services							
Finance	321,966	15,033	2,643	12,257	132,942	15,165	500,006
Total	321,966	15,033	2,643	12,257	132,942	15,165	500,006
Growth and Development							
Economic Development	241,655	21,991	15,234	6,958	66,653	8,608	361,099
Planning and Development	285,121	11,275	7,928	6,028	118,015	7,458	435,825
Building & Compliance	281,119	12,002	1,710	5,151	105,844	6,373	412,200
Assets	113,387	45,954	28,292	11,214	55,375	13,874	268,096
Environmental Services	79,877	51,296	8,394	21,145	64,972	26,162	251,846
Total	1,001,159	142,519	61,559	50,495	410,859	62,476	1,729,067
Community Development							
Housing (includes GSHC - I)	195,784	6,032	-	26,768	25,334	33,120	287,039
Long Term Care	327,731	87,254	19,276	32,277	816,005	39,935	1,322,478
Social Services	705,633	22,557	21,297	48,017	221,800	59,410	1,078,713
Citizen Services	977,222	65,322	23,163	30,119	313,328	37,265	1,446,418
Leisure	559,946	151,407	36,065	26,275	628,350	32,509	1,434,553
Total	2,766,317	332,572	99,801	163,455	2,004,816	202,239	5,569,200
Infrastructure							
Roads	655,649	64,041	47,102	65,240	499,946	80,720	1,412,697
Water/Wastewater	537,597	73,771	71,508	64,071	420,762	79,273	1,246,982
Transit / Fleet	198,705	139,612	161,827	31,835	431,563	39,388	1,002,929
Total	1,391,950	277,423	280,438	161,145	1,352,271	199,381	3,662,608
Emergency Services							
Emergency Management	198,480	1,319	-	432	4,481	535	205,247
Ambulance	302,425	42,967	8,705	20,445	348,194	25,297	748,033
Fire	279,644	60,423	12,592	22,880	296,445	28,309	700,292
Total	780,549	104,709	21,297	43,758	649,119	54,140	1,653,572
Police							
Police	-	87,643	59,849	56,322	178,692	69,685	452,192
Total	-	87,643	59,849	56,322	178,692	69,685	452,192
Total 2015 Program Support	(6,794,987)	(985,663)	(532,738)	(496,910)	(4,855,466)	(614,815)	(14,280,579)
Total 2014 Program Support	(6,707,090)	(953,206)	(535,850)	(475,281)	(5,009,429)	(668,376)	(14,349,232)
Percent Change	1.31%	3.41%	-0.58%	4.55%	-3.07%	-8.01%	-0.48%