

4. 2018 OPERATING AND CAPITAL BUDGET – Q1 STATUS REPORT
BUDGETS DE FONCTIONNEMENT ET DES IMMOBILISATIONS – 2018 T1
RAPPORT D'ÉTAPE

COMMITTEE RECOMMENDATIONS AS AMENDED

That Council:

1. Receive this report for information; and
2. Establish a capital project for \$2.25 million to fund initiatives to advance the Ten Year Housing and Homelessness Plan and funded by one-time Provincial revenue as detailed in the report;
3. Establish a capital project for \$1.0 million to fund equipment replacement and technology upgrades for Long Term Care Services and funded by one-time Provincial revenue as detailed in the report, and delegate the authority to the General Manager of Community and Social Services to use these project funds, as needed, to augment the \$800,000 provided to hire 35 additional Personal Support Workers in 2018, if needed, subject to the approval of the FTEs and related funding by Council;
4. Authorize that \$100,000 in 905118 Community Centre Additions be allocated to Walter Barker Sports Centre improvements in support of the Barrhaven Food Cupboard;
5. Approve the removal of the Community Endowment Fund requirement from the financing plan for the facility as well as the limitations on fundraising costs; and the community funds currently held in trust be made available to invest in priority capital enhancements for the site, including an outdoor fitness park, beach volleyball pits and a sponsor recognition board; and that all obligations under the original Council

approved funding program agreement with the Kanata North Recreation Centre Inc. be considered fulfilled; and

6. Approve the provision of \$45,000 in funding from the One-Time and Unforeseen Account to Invest Ottawa to cover the costs of preparing the site and installing the growing system.

RECOMMANDATIONS MODIFIÉES DU COMITÉ

Que le Conseil municipal :

1. Prenne connaissance de ce rapport à titre d'information;
2. Lance un projet d'immobilisation doté d'un budget de 2,25 millions de dollars afin de financer des initiatives visant à promouvoir le Plan décennal de logement et de lutte contre l'itinérance, et financé d'un apport financier ponctuel de la part du gouvernement provincial, comme le précise le rapport;
3. Lance un projet d'immobilisation doté d'un budget d'un million de dollars afin de financer le remplacement d'équipement et des mises à niveau technologiques pour les Soins de longue durée, et financé d'un apport financier ponctuel de la part du gouvernement provincial, comme le précise le rapport, et délègue au directeur général des Services sociaux et communautaires le pouvoir d'utiliser ces fonds de projet pour compléter, au besoin, les 800 000 \$ octroyés pour l'embauche de 35 nouveaux préposés aux services de soutien à la personne en 2018 sous réserve de l'approbation de ces postes équivalents temps plein et du financement connexe par le Conseil;
4. Autorise l'octroi de 100 000 \$ à partir du poste 905118 (agrandissement de centres communautaires) pour les rénovations à effectuer au Centre sportif Walter-Baker afin de répondre aux besoins du centre de secours alimentaire de Barrhaven;
5. Approuve le retrait de l'exigence de fonds de dotation communautaire du plan de financement du Complexe ainsi que les restrictions

concernant les coûts liés aux collectes de fonds; et que le fonds communautaire, actuellement détenu en fiducie, puisse servir à financer l'apport d'améliorations prioritaires au Complexe, notamment l'aménagement d'un parc de conditionnement physique extérieur et de terrains de volley-ball de plage ainsi que l'achat d'un tableau de remerciement des commanditaires; et que toutes les obligations prévues aux termes de l'accord original de financement du programme conclu avec le Complexe récréatif de Kanata-Nord et approuvé par le Conseil soient considérées comme remplies:

6. Approuve l'octroi d'un montant de 45 000 \$ provenant du compte des événements ponctuels et imprévus, pour financer la préparation des lieux et l'installation du système de culture, comme l'explique la présente motion.

DOCUMENTATION/DOCUMENTATION

1. Deputy City Treasurer's report, Corporate Finance, Corporate Services Department, dated 20 April 2018 (ACS2018-CSD-FIN-0009).

Rapport de la Trésorière municipale adjointe, Finances municipales, Direction générale des services organisationnels, daté le 20 avril 2018 (ACS2018-CSD-FIN-0009).

2. Extract of draft Minutes, Finance and Economic Development Committee, 1 May 2018.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 1 mai 2018.

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
1 May 2018 / 1er mai 2018**

**and Council
et au Conseil
9 May 2018 / 9 mai 2018**

**Submitted on April 20, 2018
Soumis le 20 avril 2018**

**Submitted by
Soumis par:**

**Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Corporate Services
Department / Trésorière municipale adjointe, Finances municipales, Direction
générale des services organisationnels**

Contact Person

Personne ressource:

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2018-CSD-FIN-0009

SUBJECT: 2018 OPERATING AND CAPITAL BUDGET – Q1 STATUS REPORT

**OBJET: BUDGETS DE FONCTIONNEMENT ET DES IMMOBILISATIONS – 2018
T1 RAPPORT D'ÉTAPE**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council:

- 1. Receive this report for information.**
- 2. Establish a capital project for \$2.25 million to fund initiatives to advance the Ten Year Housing and Homelessness Plan and funded by one-time Provincial revenue as detailed in the report.**
- 3. Establish a capital project for \$1.0 million to fund equipment replacement and technology upgrades for Long Term Care Services and funded by one-time Provincial revenue as detailed in the report.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande que le Conseil municipal prenne connaissance de ce rapport à titre d'information.

- 1. Prenne connaissance de ce rapport à titre d'information.**
- 2. Lance un projet d'immobilisation doté d'un budget de 2,25 millions de dollars afin de financer des initiatives visant à promouvoir le Plan décennal de logement et de lutte contre l'itinérance, et financé d'un apport financier ponctuel de la part du gouvernement provincial, comme le précise le rapport.**
- 3. Lance un projet d'immobilisation doté d'un budget d'un million de dollars afin de financer le remplacement d'équipement et des mises à niveau technologiques pour les Soins de longue durée, et financé d'un apport financier ponctuel de la part du gouvernement provincial, comme le précise le rapport.**

BACKGROUND

Quarterly operating and capital status reports are prepared as part of the reporting framework approved by Council. Operating reports present actual year-to-date revenues and expenditures against the amounts budgeted for the corresponding period. Year-end forecasts are presented in the second and third quarter reports. Capital reports provide a listing of the capital projects / programs, the authorized expenditure budgets, along with the actual expenditures and commitments incurred to date.

The purpose of this report is to present the first quarter operating and capital budget results for City Wide Tax Supported Programs and Rate Supported programs along with providing an overview of any issues or risks that will be monitored during the year and reported in subsequent quarterly reports.

First quarter results for Ottawa Police Services, Ottawa Public Library, Ottawa Public Health and Transit Services will be presented in separate reports to their respective boards.

DISCUSSION

First Quarter Year-to-Date Results

The year-to-date budget figures are prepared on a “calendarized” basis. Departments have allocated their 2018 budgets on a monthly and quarterly basis established primarily on past experience. Programs such as winter maintenance and recreational programs (outdoor pools and beaches) have seasonal spending patterns. Other program expenditures or revenues are not seasonal in nature but also may not occur evenly throughout the year. These expenditures are more difficult to allocate to a specific month, or months, so historical spending patterns are used. These types of program costs or revenues may occur at specific periods during the year. For example, a maintenance contract may be expected to be paid by the end of March; therefore, the budget is reflected in March.

A high-level corporate summary of the operating results for each City department, as shown in Document 1, are summarized in Table 1. Document 1 shows the first quarter actual expenditures and revenues compared to the budget for the same period. For reference purposes, the annual budget for the department or program area is provided.

The property tax supported component of the City’s corporate budget ended Q1 with a surplus of \$8.373 million, while the rate supported services (water, sewer and storm water) ended Q1 with a deficit of \$1.248 million.

The Q2 Status Report, which includes a forecast for the year, will provide a better indication as to the overall year-end position.

All departments and services areas were asked to review their first quarter results to ensure that their respective spending and revenue results were not indicative of any underlying issues needing to be highlighted or addressed at this time. Additional

information on specific program areas, where there was a significant variance from budget that should be highlighted, is provided in Table 1.

Table 1 - 2018 Q1 Operating Results (\$ thousands)

	1st Quarter Net Budget	1st Quarter Net Actual	YTD Net Surplus / (Deficit)
Tax Supported			
Elected Officials	3,156	3,142	14
Office of the Auditor General	418	412	7
City Clerk & Solicitor	7,321	7,113	208
Transportation Services	12,150	12,139	11
Community and Social Services	48,946	46,019	2,927
Public Works & Environmental Services	49,821	48,858	963
City Manager's Office	388	370	18
Emergency and Protective Services	47,049	46,863	186
Recreation, Cultural and Facility Services	25,513	24,945	568
Corporate Services Department	26,233	25,895	339
Planning, Infrastructure & Economic Development	8,797	8,306	491
Service Innovation & Performance Department	8,742	8,687	55
Non Departmental - All Services	-842,321	-844,908	2,588
Total Tax Supported Programs	-603,787	-612,160	8,373
Water	-14,486	-14,831	345
Wastewater	-21,814	-19,995	-1,819
Storm water	5,273	5,048	226
Total Rate Supported Programs	-31,026	-29,779	-1,248
Total Tax & Rate Supported Programs	-634,814	-641,939	7,125

Highlights of Q1 Results

Community and Social Services – Surplus due to one-time provincial funding of \$3.25 million from a reconciliation of social assistance costs reported in the Social Assistance Management Systems (SAMS) dating back to 2014. The Q1 results for this service area also include additional costs in Housing related to shelters and in Long Term Care Services related to staff replacement cost due to sick leave.

It is recommended that the Finance and Economic Development Committee and Council approve that the \$3.25 million one-time funding be used to fund the following:

- \$2.25 million to fund initiatives to advance the Ten Year Housing and Homelessness Plan. Community and Social Services will bring forward a subsequent information report to Committee and Council outlining these initiatives.
- \$1.0 million to fund equipment replacement and technology upgrades for Long Term Care Services.

Public Works and Environmental Services – Surplus resulting from higher recycling revenues in Solid Waste Services and savings in winter operations due to milder weather conditions experienced in the first half of the 2018 winter season partially offset with road repair operating expenditures due to the number of freeze/thaw cycles.

The surplus in non-departmental accounts is primarily related to higher penalty and interest income related to growth in fees collected and increase in other revenue including investment income and provincial offense fees due to volume of tickets issued.

Surpluses in other City programs were primarily due to compensation savings related to unfilled vacancies in the first quarter and overall savings across various expenditure accounts.

Rate Supported Services - \$1.248 Million Deficit

Deficit primarily related to legal settlements for sewer backup claims and flooding in 2009. Water consumption is also slightly below the “calendarized” budgeted consumption at 98.8 per cent of budget. As the majority of water consumption occurs June to September, staff will be monitoring consumption levels in the ensuing months and will provide a forecast in the Q2 Status Report.

Q1 Compensation Results

Document 2 provides compensation information showing the actual salary / benefits and overtime costs incurred by departments for Q1 versus the full year budget. Overall, the total actual compensation costs for the first quarter were 25 per cent of the full year 2018 compensation budget, which is below normal and attributable to the overall compensation savings.

On a corporate basis, actual overtime costs as a percentage of the annual budget are 41 per cent spent. Additional overtime costs were incurred in Public Works and Environmental Services Department – overtime usage in the first quarter is reflective of

the seasonal nature of this service, and Community and Social Services, Long Term Care Services – because of staff replacement cost due to sick leave.

Provision for Unforeseen and One Time Expenditures

The 2018 budget contained a provision of \$2.8 million to address expenditures of a one-time nature and unforeseen expenditures during the year. Through the 2018 budget process, Council approved spending of \$1.484 million against this provision. In addition, on December 13, 2017, Council approved another \$200,000 for the Building Better Revitalized Neighbourhoods – Phase 2 Strategies to be funded from the Provision for Unforeseen and One Time Expenditures budget.

As of March 31, the remaining uncommitted balance in the provision is \$1.116 million.

Budget Adjustments and Transfers

A summary of the budget adjustments and transfers made in the first quarter of 2018, either through the delegated authority given to the City Treasurer and General Manager, Corporate Services Department or through Council-approved reports is provided in Table 2.

Adjustments between departments (Table 2) were made to reflect administrative adjustments and to realign program costs and revenues. These adjustments do not result in any increase or decrease to the total corporate expenditure or revenue budgets.

Table 2 - Intra-Departmental Budget Adjustments and Transfers

Nature of Budget Adjustment	Amount (\$ Millions)
Transfer of corporate responsibility for Sponsorship and Advertising to Recreation, Culture and Facilities Services from Economic Development.	-1.076
Transfer Pension Administration function from Service Innovation Performance Department, Human Resources Service Area to the Corporate Services Department, Corporate Finance Service Area.	0.180

Table 3 - Budget Adjustments & Transfers Affecting Overall Expenditures/Revenues

Nature of Budget Adjustment	Amount (Millions)	Funding Source	Net Effect on Budget Revenues and Expenditures
Housing Services – Adjustments to reflect current cost of Social Infrastructure Fund Initiatives.	26.713	Provincial funding	Decrease in revenues and decrease in expenditures
Additional funding for childcare and child and family programs as per report ACS2018-CSS-GEN-0005.	24.834	Provincial funding	Increase in revenues and increase in expenditures
Increase in financial assistance benefits to reflect current caseloads.	24.780	Provincial funding	Increase in revenues and increase in expenditures

Capital Projects and Programs

Document 2 provides a list of City tax and rate supported capital projects. The list identifies the lead department, ward, financial status (approved budget versus actual results) and anticipated completion date. The total for capital works in progress is \$7.7 billion, of which \$2.1 billion is uncommitted to date. Separate Q1 Status Reports will be provided the Transit Commission and to the Boards of the Ottawa Police Service, Ottawa Public Library and Ottawa Public Health Boards and include a status on projects that are under their respective mandates.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Not applicable

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable

ADVISORY COMMITTEE(S) COMMENTS

There are no comments by an advisory committee required for this report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk impediments to implementing the recommendations in this report.

FINANCIAL IMPLICATIONS

As outlined in the report.

ACCESSIBILITY IMPACTS

There are no accessibility impact implications with this report.

TERM OF COUNCIL PRIORITIES

The recommendations in this report support the Term of Council priority: FS2 “Maintain and enhance the City’s financial position”.

SUPPORTING DOCUMENTATION *(Held on file with the City Clerk)*

Document 1 – Operating Results Summary March 31, 2017 provides operating budget detail on year-to-date results for the various departments and service areas.

Document 2 – 2017 Q1 Compensation Summary provides compensation information showing the actual salary / benefits and overtime costs incurred by departments for Q1 versus the full year budget.

Document 3 – Capital Works in Progress provides a detailed listing of the capital projects by departments / service areas sorted by category namely, Renewal, Growth and Strategic Initiatives. This report is for information purposes.

DISPOSITION

Staff will implement the report recommendations as outlined in the report.