

**5. 2021 OPERATING AND CAPITAL BUDGET – Q1 STATUS REPORT  
BUDGETS DE FONCTIONNEMENT ET DES IMMOBILISATIONS – 2021 T1  
RAPPORT D'ÉTAPE**

**COMMITTEE RECOMMENDATIONS**

1. That Council receive this report for information.
2. That Council approve the continuation of 7.0 full-time equivalents (FTEs) that were removed in the 2021 Budget in Children's Services for \$789 thousand to reflect the 2021 one-time funding agreement with the Ontario Ministry of Education.

**RECOMMANDATIONS DU COMITÉ**

1. Que le Conseil reçoive le présent rapport à titre d'information.
2. Que Conseil approuve la continuation de 7.0 postes équivalents à temps plein (ÉTP) qui avaient été retirés du budget 2021 des Services à l'enfance (ce qui représentait 789 000 \$), dans le cadre de l'entente de financement ponctuel de 2021 avec le ministère de l'Éducation de l'Ontario.

**DOCUMENTATION/DOCUMENTATION**

1. Deputy City Treasurer's report, Corporate Finance, Finance Services Department, dated May 20, 2021 (ACS2021-FSD-FIN-0014 )

Rapport de la Directrice générale, Services sociaux et communautaires, daté le 20 mai 2021, (ACS2021-FSD-FIN-0014 )

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
1 June 2021 / 1er juin 2021**

**and Council  
et au Conseil  
9 June 2021 / 9 juin 2021**

**Submitted on May 20, 2021  
Soumis le 20 mai 2021**

**Submitted by  
Soumis par:**

**Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Finance Services  
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Direction générale des services des finances**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2021-FSD-FIN-0014**

**SUBJECT: 2021 OPERATING AND CAPITAL BUDGET – Q1 STATUS REPORT**

**OBJET: BUDGETS DE FONCTIONNEMENT ET DES IMMOBILISATIONS – 2021  
T1 RAPPORT D'ÉTAPE**

## **REPORT RECOMMENDATIONS**

- 1. That the Finance and Economic Development Committee recommend Council receive this report for information.**
- 2. That the Finance and Economic Development Committee recommend Council approve the continuation of 7.0 full-time equivalents (FTEs) that were removed in the 2021 Budget in Children's Services for \$789 thousand to reflect the 2021 one-time funding agreement with the Ontario Ministry of Education.**

## **RECOMMANDATIONS DU RAPPORT**

- 1. Que le Comité des finances et du développement économique et le Conseil reçoive le présent rapport à titre d'information.**
- 2. Que le Comité des finances et du développement économique recommande au Conseil d'approuver la continuation de 7.0 postes équivalents à temps plein (ÉTP) qui avaient été retirés du budget 2021 des Services à l'enfance (ce qui représentait 789 000 \$), dans le cadre de l'entente de financement ponctuel de 2021 avec le ministère de l'Éducation de l'Ontario.**

## **BACKGROUND**

At the April 6, 2021 Finance and Economic Development Committee meeting, staff provided an update on our finances in conjunction with the 2020 Disposition Report ([ACS2021-FSD-FIN-0004](#)). The Quarter 1 Status Report provides greater detail and analysis of the City's finances for the first quarter of 2021 and is one of many updates provided throughout the year.

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 2021 budgets on a monthly and quarterly basis established primarily on historic spending patterns. 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, is summarized in Table 1. Table 1 summarizes the Q1 operating results for all City-Wide Tax Supported and Rate Supported service areas. 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.

**Table 1: 2021 Q1 Operating Results (in thousands of dollars)**

	1st Quarter		Year-to-Date Net Surplus / (Deficit)				
	Net Budget	Net Actual	Covid	Covid Funding	Vaccination Program	Non-Covid	Total*
<b>Tax Supported</b>							
Elected Officials	3,325	3,124	-	-	-	201	201
Office of the Auditor General	411	371	-	-	-	40	40
City Clerk & Solicitor	4,706	5,021	(340)	-	-	25	(315)
Transportation							

	1st Quarter		Year-to-Date Net Surplus / (Deficit)				
	Net Budget	Net Actual	Covid	Covid Funding	Vaccination Program	Non-Covid	Total*
Services	15,132	14,617	-	-	-	516	516
Community and Social Services	53,803	49,989	(15,725)	16,433	-	3,106	3,814
Public Works & Environmental Services	58,015	53,493	(2,122)	-	-	6,644	4,522
City Manager's Office	521	516	-	-	-	5	5
Emergency and Protective Services	52,856	51,328	(2,615)	2,366	(1,320)	3,097	1,528
Recreation, Cultural and Facility Services	34,895	31,276	(2,545)	6,284	(140)	20	3,619
Finance Services	7,266	6,393	-	-	-	873	873
Planning, Infrastructure & Economic Development	11,557	9,090	-	-	-	2,467	2,467
Innovative Client Services	36,163	36,101	(682)	431	(5)	319	63
Non-Departmental - All Services	(949,635)	(945,012)	(3,461)	-	-	(1,162)	(4,623)
<b>Total Tax Supported Programs</b>	<b>(670,985)</b>	<b>(683,694)</b>	<b>(27,490)</b>	<b>25,514</b>	<b>(1,465)</b>	<b>16,151</b>	<b>12,709</b>
<b>Rate Supported</b>							
Water	(18,151)	(16,025)	(2,804)	-	(58)	736	(2,126)
Wastewater	(14,358)	(9,928)	(2,879)	-	-	(1,552)	(4,431)
Stormwater	(11,563)	(11,906)	-	-	-	342	342
<b>Total Rate Supported Programs</b>	<b>(44,073)</b>	<b>(37,859)</b>	<b>(5,683)</b>	<b>-</b>	<b>(58)</b>	<b>(474)</b>	<b>(6,215)</b>
<b>Total Tax &amp; Rate Supported Programs</b>	<b>(715,058)</b>	<b>(721,553)</b>	<b>(33,173)</b>	<b>25,514</b>	<b>(1,523)</b>	<b>15,677</b>	<b>6,495</b>

\* Rounded

The property tax supported component of the City's corporate budget ended Q1 with a surplus of \$12.709 million and the rate supported services (water, sewer and storm water) ended Q1 with a deficit of \$6.215 million. These results include COVID-19

budget pressures and the costs associated with the Vaccination Program rollout for Phases 1 and 2 in Q1 for both the tax and rate supported business areas.

The 2020 Disposition report to Council ([ACS2021-FSD-FIN-0004](#)) summarized the Federal and Provincial funding allocated to the City of Ottawa to address the 2021 COVID-19 pressures. There is currently a total of \$62.8 million available from the Safe Restart Agreement (SRA) Municipal stream for all of 2021, \$17.5 million from the Social Services Relief Fund (SSRF) for Q1, and an additional \$21.6 million of SSRF funding to the end of December 2021. There is also a Provincial commitment to fund all eligible costs incurred for the Vaccination Program.

The overall tax and rate supported year-to-date surplus for the first quarter is \$6.495 million. This includes \$27.490 million in increased expenditures related to COVID-19 for tax and \$5.683 million for rate, which is offset by \$25.514 million of SRA, SSRF and other federal/provincial program funding allocated to date for COVID out of the total \$101.9 million available for all of 2021. Total expenditures in Q1 for the Vaccination Program, excluding Ottawa Public Health, is \$1.523 million which is expected to be recovered from Provincial funding from the Ministry of Health.

The total non-COVID-19 surplus for tax supported programs is \$16.151 million and for rate supported programs there is non-COVID-19 deficit of \$474 thousand.

The Q2 Status Report will provide a better indication as to the overall year-end position and will include a forecast to the end of the year.

All departments and service 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 the next section.

### **Highlights of Q1 Results**

#### ***COMMUNITY AND SOCIAL SERVICES DEPARTMENT (CSSD) – SURPLUS OF \$3.814 MILLION***

Surplus of \$3.814 million due to lower demand for some Employment and Social Service benefits due to Federal COVID-19 response benefits and a delay in program

expenditures in Housing Services and in Children's Services to later in 2021. These surpluses were partially offset by a deficit in emergency shelters where demand continues to remain high.

***PUBLIC WORKS & ENVIRONMENTAL SERVICES DEPARTMENT (PWESD) –  
SURPLUS OF \$4.522 MILLION***

PWESD saw a reduction in expenditures mainly due to Roads Service's winter operations, as there were a lower than average number of snowfall/freezing rain events which resulted in reduced snow removal costs and required less salt for road maintenance. Solid Waste Services saw an increase in revenues from higher tonnage of soils received at the Trail Road landfill as well as increased funding from the Resource Productivity and Recovery Authority (RPRA) and household revenues. The surplus was partially offset by increased expenditures in recycling processing and garbage collection caused by a higher number of residents staying at home. Forestry Services saw a reduction in expenditures due to vacancies and reduced tree maintenance required during the winter. As a result of business closures and residents staying at home due to COVID-19, Parking Services experienced lower revenues due to reduced on-street and off-street parking, with a partial offset in decreased maintenance costs in various city parking lots.

***EMERGENCY AND PROTECTIVE SERVICES DEPARTMENT (EPSD) – SURPLUS  
OF \$1.528 MILLION***

The surplus in EPSD was mainly driven by Paramedic Services, where funding was received by the Province for the Community Paramedicine programs. The funding will be spent as outstanding orders are fulfilled. Provincial funding was also provided for the Inter-Facility Transports program and for the Central Ambulance Communication Centre. The surplus is partially offset by increased compensation, materials and equipment expenditures to support the COVID-19 vaccination distribution program, increased inter-facility transport service coverage costs, and one-time contract costs related to the Defense Research and Development Canada project.

***RECREATION, CULTURAL AND FACILITY SERVICES DEPARTMENT (RCFS) –  
SURPLUS OF \$3.619 MILLION***

In response to the COVID-19 pandemic, the surplus is mainly attributed to the reduction in operating expenditures in community recreation and cultural programming and facility

rentals due to the facility closures and program cancellations. These savings will reduce the SRA funding allocated to these services reducing the surplus to a net effect of zero due to COVID-19. The SRA funding allocated in Q1 was recorded to recover the lost revenues from arena rentals, programming revenues and membership and registration fees due to COVID-19.

***FINANCE SERVICES DEPARTMENT (FSD) – SURPLUS OF \$873 THOUSAND***

The surplus in FSD was mainly driven by Revenue Services due to an increase in various fee revenues such as new account fees, change in ownerships fees, reminder notice fees, and tax and water certificates.

***PLANNING, INFRASTRUCTURE AND ECONOMIC DEVELOPMENT DEPARTMENT (PIED) – SURPLUS OF \$2.467 MILLION***

The PIED revenue surplus is due to increased revenues from building permit, inspection, temporary encroachment, and development revenues. The expenditure shortfall is the result of the transfer of the Building Code Services Ontario Building Code (BCS OBC) surplus to the BCS OBC Stabilization Reserve, which is partially offset by other departmental savings.

***NON-DEPARTMENTAL (ND) - ALL SERVICES – DEFICIT OF \$4.623 MILLION***

As result of COVID-19, the deficit is primarily due to a decline in revenues from investment income, provincial offence revenues including Red Light Camera revenues, and Rideau Carleton Raceway revenues.

***RATE SUPPORTED SERVICES – DEFICIT OF \$6.215 MILLION***

As a result of COVID-19, there is an increase in residents staying and working from home. The water and sewer bill revenue deficit is driven by lower than budgeted consumption and a shift in consumption from the higher tier 4 rate that mainly consists of industrial, commercial and institutional (ICI) properties to the lower tier 2 rate, mainly consisting of residential properties. The shift in revenue is due to COVID-19 and staff will continue to track revenue for rate services to the end of the year to identify impacts due to COVID-19 and seek to include this pressure as a COVID-19 funding recovery item.



Sanitary Services experienced an increase in expenditures due to increased sewer and catch basin maintenance which was partially offset by Drinking Water Services savings in compensation due to vacancies.

### ***COMMUNITY AND SOCIAL SERVICES DEPARTMENT – CHILDREN’S SERVICES***

Every year, Children’s Services submits a budget for Council approval with an estimate of the Provincial revenues and related expenses since Ministry of Education (MOE) funding agreements are received after the annual budget process. In the 2021 Budget, Children’s Services estimates included an expectation of lower MOE revenue resulting in a decrease of 7.0 FTEs. The MOE one-time funding agreement of \$2.615 million has now been received and staff are recommending the reinstatement of 7.0 FTEs for 2021 in Children’s Services in the amount of \$789 thousand to reflect the full nature of the funding agreement. There is a net zero budget impact as it is fully funded by the MOE in 2021.

### ***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 2021 compensation budget.

On a corporate basis, actual overtime costs as a percentage of the annual budget are 44 per cent spent. Additional overtime costs were incurred due to COVID-19 and Vaccination Program related support mainly in Community and Social Services, Emergency and Protective Services and Innovative Client Services Department. Additional overtime cost was also incurred in Public Works and Environmental Services where overtime usage is reflective of the seasonal, nature of this service.

### **Capital Projects and Programs**

Document 3 provides a list of City tax and rate supported capital projects. The list identifies the lead department, category (renewal, growth, or service enhancements), total approved budget authority, expenditures as of March 31, 2021, and contractual obligations as of March 31, 2021. The total for capital works in progress is \$12.278 billion, of which \$2.288 billion is uncommitted to date. Separate Q1 Status Reports will be provided to the Transit Commission and to the Boards of the Ottawa Police Service,

Ottawa Public Library and Ottawa Public Health Boards and will include a status on projects that are under their respective mandates.

### **Budget Adjustments and Transfers**

A summary of the budget adjustments and transfers made in the first quarter of 2021, either through the delegated authority given to the Chief Financial Officer/Treasurer or through Council-approved reports, is provided in Document 4.

Council policy requires the reporting of these transactions for information purposes.

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

### **RISK MANAGEMENT IMPLICATIONS**

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

### **FINANCIAL IMPLICATIONS**

The financial implications are outlined in the report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impact implications with this report.

## **TERM OF COUNCIL PRIORITIES**

This report supports the City's on-going commitment to financial sustainability and transparency.

## **SUPPORTING DOCUMENTATION**

Document 1 – Operating Results Summary March 31, 2021 provides operating budget detail on year-to-date results for the various departments and service areas.

Document 2 – 2021 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 Service Enhancements. This report is for information purposes.

Document 4 – Budget Adjustments and Transfers.

## **DISPOSITION**

There are no disposition requirements as this is an administrative report. The 7.0 FTEs in Children's Services will be reinstated for 2021.