

THE CORPORATION OF THE CITY OF SARNIA
People Serving People

CORPORATE SERVICES DIVISION

OPEN SESSION REPORT

TO: Mayor and Members of Council

FROM: Jane Qi, City Treasurer
David Stockdale, General Manager of Corporate Services

DATE: June 12, 2023

SUBJECT: Q1-2023 Budget Status Update

Recommendation:

It is recommended:

That Sarnia City Council receives the Q1 Budget Status Report for the period ending March 31, 2023.

Executive Summary:

The forecast for all budgets combined is a surplus of \$98,049, which represents 0.06 per cent of the \$171,667,549 combined budget. This is comprised of:

- A surplus of \$94,400 (0.08 per cent) in the General Operating Budget
- A surplus of \$127,457 (1.65 per cent) in the Transit Budget
- A deficit of \$252,480 (-1.06 per cent) in the Sewer Budget
- A surplus of \$128,672 (0.67 per cent) in the Water Budget

Staff will continue to monitor revenue and expenses throughout the remainder of the year to strive to remain within the approved budget.

Background:

The Quarter 1 Budget Status – March 31, 2023 (Attachment 1) includes: Operating, Transit, Sewer and Water Budgets. The budgets include actual results to March 31, 2023 and forecasted amounts for the remainder of the year. Results include input from departments highlighting any revenues or expenses where over-spending or savings are expected.

Attachment 1 provides a summary by department with columns defined as:

- 2023 Budget represents the Operating, Transit, Sewer and Water budgets as approved by Council;
- 2023 YTD Actuals represents the actual revenues and expenses from January to March 2023. Currently, we do not accrue for all revenues or expenses that have not been received or paid and therefore some figures may be based on processed items only;
- 2023 Forecast represents anticipated year-end revenues and expenses based on actual results to the end of March 2023, plus forecasted amounts to the end of the year;
- Variance represents the difference between the Budget column and the Forecast column. A variance in brackets represents a negative variance and is an unfavourable result.

Comments:

General Operating Budget – Forecast Year-End Results

The 2023 General Operating Budget, which excludes Transit, Sewer, and Water is forecasting a surplus of \$94,400 which represents 0.08 percent of the \$120,904,800 General Operating Budget.

The table below highlights the key drivers of the surplus:

Key Drivers	Variance \$ Surplus (Deficit)
Savings:	
Labour costs – salary, wages and benefits	654,828
Pressures:	
Temporary cooling at Progressive Auto Sales Arena (PASA)	(224,958)
Garbage collection	(260,001)
Mall Road library expenses	(69,614)
All other variances combined	(5,855)
Total General Operating Surplus	94,400

Expense Savings:

- **Labour Costs** – forecasting to be under budget by \$654,828 due to vacancies in the first quarter that are in the process of being filled.

Expense Pressures:

- **Temporary cooling at PASA** – forecasting to be over budget by \$224,958 due to a 6-month pilot project to provide temporary cooling at PASA.

- **Garbage collection** – forecasting to be over budget by \$260,001 due to increased contract costs related to garbage collection.
- **Mall Road library** – forecasting to be over budget by \$69,614 due to the Clearwater Arena library not being ready for use. Mall Road library expenses currently being incurred include gas, electricity, and rent.

Transit Budget – Forecast Year-End Results

The 2023 Transit Budget is forecasting a surplus of \$127,457. This represents 1.65 per cent of the \$7,727,915 Transit Budget.

The table below highlights the key drivers of the deficit:

Key Drivers	Variance \$ Surplus (Deficit)
Savings:	
Salaries and benefits	64,507
Insurance	36,662
Vehicle and other licenses	45,404
Pressures:	
Gasoline	(9,839)
All other variances combined	(9,278)
Total Transit surplus	127,457

Recent gas price increases are responsible for the increase in the gasoline variance.

Sewer Budget – Forecast Year-End Results

The 2023 Sewer Budget is forecasting a deficit of \$252,480. This represents -1.06 per cent of the \$23,849,257 Sewer Budget.

The table below highlights the key drivers of the deficit:

Key Drivers	Variance \$ Surplus (Deficit)
Savings:	
Electricity	102,541
Pressures:	
Management services	(133,200)
Building maintenance	(237,810)
All other variances combined	15,989
Total Sewer deficit	(252,480)

Expense Savings:

- **Electricity** – primarily due to the Bio-solids process not being in operation during the Capital project upgrade.

Expense Pressures:

- **Management services** – increase in the monthly management services at Bio-solids.
- **Building maintenance** – an increase in wet well cleaning required due to an overabundance of illegal materials being disposed into the collection system, as well as a significant increase in cost of materials.

Water Budget – Forecast Year-End Results

The 2023 Water Budget is forecasting a surplus of \$128,672. This represents 0.67 per cent of the \$19,185,577 total Water Budget.

The primary driver is the operational requirements for the Lead Reduction Program coming to an end.

Total Combined Budget – Forecast Year-End Results

The forecast for all budgets combined is a surplus of \$98,049 which represents 0.06 per cent of the \$171,667,549 total overall 2023 Combined Budget.

Consultation:

All City departments were consulted on their financial results as at March 31, 2023 and their expected year-end forecasted results.

Financial Implications:

The financial implications have been discussed throughout this report.

Reviewed by:

David Stockdale, General Manager of
Corporate Services

Approved by:

Chris Carter
Chief Administrator Officer

This report was prepared by Lauren Boyce, Accounting Analyst and Kelly Farr, Accounting Analyst; and review by Jane Qi, City Treasurer.

Attachments: Quarter 1 Budget Status – March 31, 2023

ATTACHMENT 1
THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2023

	2023 Budget	2023 YTD Actuals	2023 Forecast	Variance
CURRENT BUDGET SUMMARY				
Taxation - Net (General, Transit & Sewer)	(88,556,400)	(2,525,047)	(88,556,011)	(389)
Provincial Subsidies	(5,016,532)	(974,240)	(5,016,532)	-
Federal Subsidies	(128,210)	-	(128,210)	-
Other Revenues & Costs Recovered	(75,135,095)	(23,156,963)	(77,885,911)	2,750,816
Total Revenue	(168,836,237)	(26,656,250)	(171,586,664)	2,750,427
Expenditures	171,667,549	71,468,199	171,488,615	178,934
TOTAL (SURPLUS)/DEFICIT			(98,049)	

NON-DEPARTMENTAL REVENUE

Expenditures				
1000 Taxation-General	601,516	129,186	601,200	316
1200 Ontario Grants - Unconditional	256,133	256,133	256,133	-
1350 Other Revenue	2,694,934	-	2,694,938	(4)
Total Expenditures	3,552,583	385,319	3,552,271	312
Revenue				
1000 Taxation-General	(82,254,364)	(24,898)	(82,254,364)	-
1100 Payments in Lieu Taxes	(1,405,434)	(255,037)	(1,405,045)	(389)
1200 Ontario Grants - Unconditional	(3,601,400)	(900,350)	(3,601,400)	-
1305 Rents, Concessions & Franchises	(63,211)	(72,457)	4,679	(67,890)
1340 Bluewater Power	(2,950,082)	-	(2,957,087)	7,005
1350 Other Revenue	(4,237,934)	(1,488,178)	(4,279,369)	41,435
Total Revenue	(94,512,425)	(2,740,920)	(94,492,586)	(19,839)
Total NON-DEPARTMENTAL REVENUE	(90,959,842)	(2,355,601)	(90,940,315)	(19,527)

COUNCIL & ADMINISTRATION

Expenditures				
2000 Mayor & Council	423,350	86,760	407,305	16,045
2001 Chief Administration Officer	362,066	81,300	359,526	2,540
2050,2100 City Clerk	767,348	278,113	755,909	11,439
2150 Economic Development	525,097	101,252	516,106	8,991
2065-2066 HARBOURS	913,810	203,535	818,569	95,241
Total Expenditures	2,991,671	750,960	2,857,415	134,256
Revenue				
2000 Mayor & Council	-	(345)	(345)	345
2050,2100 City Clerk	(355,845)	(66,288)	(353,464)	(2,381)
2150 Economic Development	(30,000)	(836)	(30,000)	-
2065-2066 HARBOURS	(1,097,010)	(295,604)	(1,044,546)	(52,464)
Total Revenue	(1,482,855)	(363,073)	(1,428,355)	(54,500)
Total COUNCIL & ADMINISTRATION	1,508,816	387,887	1,429,060	79,756

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THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2023

	2023 Budget	2023 YTD Actuals	2023 Forecast	Variance
CORPORATE SERVICES				
Expenditures				
2009 Administration & Communications	319,702	82,487	340,621	(20,919)
2005 Legal	647,016	133,224	626,341	20,675
2010-2012 Human Resources	1,056,881	229,904	1,092,814	(35,933)
2020-2023 Finance	2,169,740	413,943	2,151,752	17,988
2022 Information Technology	2,881,179	1,353,449	2,879,158	2,021
2024 Customer Service	743,792	133,569	708,915	34,877
2780 Emergency Management	358,092	98,584	351,766	6,326
2013 Communications	141,280	31,862	139,663	1,617
Total Expenditures	8,317,682	2,477,022	8,291,030	26,652
Revenue				
2005 Legal	(38,200)	(11,511)	(40,162)	1,962
2010-2012 Human Resources	(318,200)	(113,200)	(318,200)	-
2020-2023 Finance	(696,745)	(544,909)	(701,592)	4,847
2022 Information Technology	(526,900)	(524,900)	(526,399)	(501)
2780 Emergency Management	-	(7,500)	(7,500)	7,500
Total Revenue	(1,580,045)	(1,202,020)	(1,593,853)	13,808
Total Corporate Services	6,737,637	1,275,002	6,697,177	40,460
FIRE				
Expenditures				
2500 Fire Officers	21,905,409	5,464,511	21,873,917	31,492
2550 Stations	198,409	52,058	191,127	7,282
Total Expenditures	22,103,818	5,516,569	22,065,044	38,774
Revenue				
2500 Fire Officers	(168,555)	(100,876)	(164,653)	(3,902)
Total Revenue	(168,555)	(100,876)	(164,653)	(3,902)
Total FIRE	21,935,263	5,415,693	21,900,391	34,872

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QUARTER 1 BUDGET STATUS - March 31, 2023

	2023 Budget	2023 YTD Actuals	2023 Forecast	Variance
ENGINEERING & OPERATIONS				
Expenditures				
3000 Administration - Engineering	340,307	83,538	343,332	(3,025)
33,35,36 Engineering	2,909,957	734,824	2,888,371	21,586
3034,3300 Traffic & Streetlighting	2,079,251	373,581	2,098,882	(19,631)
3037 Shoreline Protection	500,000	8,149	500,000	-
3040 Municipal Drains	291,462	221,466	289,522	1,940
3005 Administration - Public Works	869,448	273,996	931,950	(62,502)
3008-3011 Road Maintenance	5,886,691	2,644,463	5,942,589	(55,898)
3015,3020 Works Centre	3,146,546	956,931	3,140,273	6,273
3800-3885 Garbage, Recycling & Compost	3,743,189	938,528	3,961,232	(218,043)
3150-3195 Care-A-Van Operations	1,170,667	223,015	1,095,984	74,683
Total Expenditures	20,937,518	6,458,491	21,192,135	(254,617)
Revenue				
3000 Administration - Engineering	(228,000)	(225,000)	(225,000)	(3,000)
33,35,36 Engineering	(1,854,224)	(1,444,172)	(1,854,224)	-
3034,3300 Traffic & Streetlighting	(143,400)	(28,343)	(153,106)	9,706
3037 Shoreline Protection	(500,000)	-	(500,000)	-
3040 Municipal Drains	(52,137)	-	(52,137)	-
3005 Administration - Public Works	(756,400)	(756,400)	(756,400)	-
3008-3011 Road Maintenance	(1,297,658)	(712,926)	(1,297,658)	-
3015,3020 Works Centre	(3,146,546)	(830,495)	(3,140,273)	(6,273)
3800-3885 Garbage, Recycling & Compost	(824,725)	(45,159)	(837,415)	12,690
3150-3195 Care-A-Van Operations	(239,199)	(15,928)	(239,199)	-
Total Revenue	(9,042,289)	(4,058,423)	(9,055,412)	13,123
Total ENGINEERING & OPERATIONS	11,895,229	2,400,068	12,136,723	(241,494)

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QUARTER 1 BUDGET STATUS - March 31, 2023

	2023 Budget	2023 YTD Actuals	2023 Forecast	Variance
COMMUNITY SERVICES				
Expenditures				
4500 Administration	454,450	83,202	430,281	24,169
4505-4551 Parks Maintenance	5,278,135	1,705,479	5,232,265	45,870
4600-4601 Recreation & Strangway	1,126,888	188,275	1,044,632	82,256
4610-5025 Committees	121,505	17,687	122,235	(730)
4700-4716 Arenas & Pools	4,312,844	1,094,592	4,245,842	67,002
2052 Facilities - Libraries & Other	1,136,075	280,785	1,205,358	(69,283)
5005 Planning	1,035,135	230,786	993,106	42,029
5020 Building	850,005	246,988	850,007	(2)
5035 Bylaw Enforcement	1,303,304	244,007	1,259,434	43,870
Total Expenditures	15,618,341	4,091,801	15,383,160	235,181
Revenue				
4505-4551 Parks Maintenance	(395,350)	(18,077)	(411,123)	15,773
4600-4601 Recreation & Strangway	(466,304)	(85,922)	(460,283)	(6,021)
4610-5025 Committees	(45,000)	(3,184)	(39,184)	(5,816)
4700-4716 Arenas & Pools	(2,682,585)	(944,060)	(2,707,458)	24,873
2052 Facilities - Libraries & Other	(122,500)	(99,187)	(122,500)	-
5005 Planning	(1,158,697)	(331,691)	(1,158,697)	-
5020 Building	(850,004)	(124,854)	(850,004)	-
5035 Bylaw Enforcement	(624,000)	(194,672)	(579,076)	(44,924)
Total Revenue	(6,344,440)	(1,801,647)	(6,328,325)	(16,115)
Total COMMUNITY SERVICES	9,273,901	2,290,154	9,054,835	219,066
OTHER				
Expenditures				
2490 Other Municipal	12,371,234	12,275,652	12,371,235	(1)
5500 Debt Charges	992,053	240,238	987,431	4,622
5515 Unclassified	102,936	19,669	112,082	(9,146)
5520 Municipal Grants	130,200	80,000	130,200	-
5525 Contribution to Boards & Commissions	587,607	296,347	601,816	(14,209)
Total Expenditures	14,184,030	12,911,906	14,202,764	(18,734)
Revenue				
2490 Other Municipal	(4,975,308)	(2,941,749)	(4,975,308)	-
Total Revenue	(4,975,308)	(2,941,749)	(4,975,308)	-
Total OTHER	9,208,722	9,970,157	9,227,456	(18,734)

ATTACHMENT 1
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QUARTER 1 BUDGET STATUS - March 31, 2023

	2023 Budget	2023 YTD Actuals	2023 Forecast	Variance
POLICE SERVICES				
Expenditures				
2600 Officers	20,899,520	4,665,395	20,899,520	-
2605 Court Security	856,232	183,329	856,232	-
2610 Communications	2,813,385	1,001,432	2,813,385	-
2615 Civilian	3,795,197	867,424	3,795,197	-
2620 Janitorial	344,597	92,098	344,597	-
2625 Station	4,440,321	2,897,086	4,440,321	-
2630 Police Services Board	49,905	46,017	49,905	-
Total Expenditures	33,199,157	9,752,781	33,199,157	-
Revenue				
2600 Officers	(2,160,973)	(531,934)	(2,160,973)	-
2610 Communications	(601,546)	(584,531)	(601,546)	-
2625 Station	(26,365)	-	(26,365)	-
2630 Police Services Board	(10,000)	-	(10,000)	-
Total Revenue	(2,798,884)	(1,116,465)	(2,798,884)	-
Total POLICE SERVICES	30,400,273	8,636,316	30,400,273	-
TOTAL GENERAL OPERATING (SURPLUS)/DEFICIT			(94,400)	
TRANSIT CONVENTIONAL				
Expenditures				
1055 Taxation - Transit	231,084	196,053	231,663	(580)
3100-3125 Transit Operations	7,496,831	2,315,385	7,368,795	128,036
Total Expenditures	7,727,915	2,511,438	7,600,458	127,456
Revenue				
1055 Taxation - Transit	(4,896,602)	(2,245,112)	(4,896,602)	-
3140 Transit Revenues	(2,831,313)	(598,990)	(2,831,313)	-
Total Revenue	(7,727,915)	(2,844,102)	(7,727,915)	-
Total TRANSIT CONVENTIONAL	-	(332,664)	(127,457)	127,456
TOTAL TRANSIT (SURPLUS)/DEFICIT			(127,457)	

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QUARTER 1 BUDGET STATUS - March 31, 2023

	2023 Budget	2023 YTD Actuals	2023 Forecast	Variance
SEWER AREA				
Expenditures				
3500 Sanitary Sewer Maintenance	12,282,750	11,031,730	12,288,164	(5,414)
3501 Pump Station Maintenance	2,175,385	630,656	2,358,029	(182,644)
3502 Operations Centre	56,300	6,944	53,056	3,244
3505-3507 Sewage Treatment Plant	5,257,097	1,265,123	5,362,407	(105,310)
3510 Administration	3,130,381	2,396,052	3,140,367	(9,986)
3600 Storm Sewer Maintenance	947,344	335,435	879,631	67,713
Total Expenditures	23,849,257	15,665,940	24,081,654	(232,397)
Revenue				
3505-3507 Sewage Treatment Plant	(450,000)	(143,665)	(456,665)	6,665
3600 Storm Sewer Maintenance	(947,344)	(2)	(879,633)	(67,711)
3590 Revenue & Costs Recovered	(22,451,913)	(5,422,876)	(22,492,876)	40,963
Total Revenue	(23,849,257)	(5,566,543)	(23,829,174)	(20,083)
Total SEWER AREA	-	10,099,397	252,480	(252,480)
TOTAL SEWER (SURPLUS)/DEFICIT			252,480	
WATER AREA				
Expenditures				
3700 3710 Administration	7,526,327	2,278,948	7,516,675	9,652
3705 Distribution	11,659,250	8,667,024	11,546,852	112,398
Total Expenditures	19,185,577	10,945,972	19,063,527	122,050
Revenue				
3705 Distribution	(140,000)	-	(140,000)	-
3790 Revenue & Costs Recovered	(19,045,577)	(4,519,422)	(19,052,199)	6,622
Total Revenue	(19,185,577)	(4,519,422)	(19,192,199)	6,622
Total WATER DEPARTMENT	-	6,426,550	(128,672)	128,672
TOTAL WATER (SURPLUS)/DEFICIT			(128,672)	
TOTAL (SURPLUS)/DEFICIT			(98,049)	