



To: SPECIAL COUNCIL
Meeting Date: 6/28/2021
Subject: 2022 Operating Financial Update – April Forecast
Submitted By: Sheryl Ayres, Chief Financial Officer
Prepared By: Victoria Terella, Supervisor of Financial Planning
Report No.: 22-031-CRS
File No.: C1101
Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 22-031-CRS 2022 Operating Financial Update – April Forecast be received;

AND THAT operating forecast changes for the April 2022 reporting period that are reportable to Council under the Budget Control By-Law be approved;

AND FURTHER THAT transfers to and from reserve and reserve funds as identified in report 22-031-CRS be approved.

EXECUTIVE SUMMARY:

Purpose

As per the City's budget control by-law, Council is to be provided with regular updates related to operating budget variances. This report is an update on the City's operations for 2022 based on information as of April 30, 2022, for both tax-supported and the water utility budget.

Key Findings

The City is forecasting a year end surplus for 2022 of \$173,982, after offsetting the impacts of the COVID-19 pandemic from Safe Restart Funding. The main drivers of the April forecasted surplus include:

- Increased revenues in Planning Services from application fees and letters of compliance totalling \$277,900.
- Water and sewer adjustments representing savings of \$133,000 for the arenas.

- Savings from reduced software licenses and communication costs of \$21,000 within Corporate Strategy.
- Offsetting the savings are additional costs for equipment and maintenance and repairs for Fire Services (\$131,800), repairs of walkways, sidewalks, trails and equipment (\$64,755), legal fees (\$50,000), and increased funding for grants approved by Council through report 22-012-CRS (\$24,400).

The COVID-19 pandemic has continued to affect the City’s operations and service delivery into 2022. As a result, an increase in funding from the Safe Restart Agreement of \$321,315 is required to offset the net COVID-19 impacts. Additional closures in January due to the Omicron variant have resulted in an additional \$430,415 of lost revenues partially offset from savings in expenses related to COVID-19 of \$20,000 and cost containment strategies of \$89,100.

The water utility operations are forecasting a year end surplus for 2022 of \$15,000 due to increased water and sewer billings from penalties and interest.

Financial Implications

The following table summarizes the forecasted surplus on the City’s operations, including ongoing impacts of the COVID-19 pandemic:

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|----------------------------|-----------------------|---------------------------------|------------------------------|--------------------|------------------------------|---------|
| Mayor and Council | \$1,246,700 | \$0 | \$0 | \$1,246,700 | \$367,524 | 29.5% |
| Office of the City Manager | \$2,398,000 | \$0 | \$50,000 | \$2,448,000 | \$903,562 | 36.9% |
| Corporate Services | \$45,316,500 | \$44,200 | \$117,650 | \$45,478,350 | \$15,648,669 | 34.4% |
| Corporate Enterprise | \$6,878,200 | (\$3,300) | (\$21,187) | \$6,853,713 | \$1,815,692 | 26.5% |
| Community Development | \$9,177,000 | (\$3,175) | (\$276,600) | \$8,897,225 | \$1,965,810 | 22.1% |
| Infrastructure Services | \$19,202,700 | \$283,590 | (\$68,245) | \$19,418,045 | \$8,151,435 | 42.0% |
| Corporate Expenditures | (\$92,006,400) | (\$321,315) | \$24,400 | (\$92,303,315) | (\$39,179,263) | 42.4% |
| Idea Exchange | \$7,787,300 | \$0 | \$0 | \$7,787,300 | \$3,219,542 | 41.3% |
| Total Tax Supported | \$0 | \$0 | (\$173,982) | (\$173,982) | (\$7,107,029) | |

STRATEGIC ALIGNMENT:

- Strategic Action; or
- Core Service

Objective(s): Not Applicable

Strategic Action: Not Applicable

Program: Finance

Core Service: Financial Planning

Providing updates to Council on operating budget variances supports responsible oversight of financial resources. It also ensures program managers and departments are accountable for the programs they manage and provide transparency as to where public dollars are spent.

BACKGROUND:

Economic Outlook

As reported in staff report 22-230-CRS 2023 Budget and Business Plan Timeline and Guidelines, the Bank of Canada, in its latest Monetary Policy Report from April 2022¹, reports that the Canadian economy has strong momentum. However, the war in Ukraine has resulted in greater volatility in financial markets, commodity prices are higher and there are further disruptions to the supply chains that had not yet recovered from the COVID-19 pandemic. These factors have all led to high levels of inflation in most economies, including Canada's.

The Consumer Price Index (CPI), a key measure of inflation in the economy, in Canada averaged 3.4% in 2021, and based on the Bank of Canada's April 2022 Monetary Policy Report it is forecasted to average just below 6% for the first half of 2022 and remain well above the control range of 2 – 3% through the rest of the year. Overall, the Bank of Canada is forecasting CPI inflation to average 5.3% for 2022 and 2.8% for 2023.²

Similarly, the Provincial government is also forecasting CPI inflation for Ontario of 4.7% in 2022 and 2.5% in 2023.³

Staff continue to monitor the impact that the high inflation environment is having on operations. Some areas, such as fuel charges for the City's fleet, are temporarily being

¹ <https://www.bankofcanada.ca/wp-content/uploads/2022/04/mpr-2022-04-13.pdf>

² <https://www.bankofcanada.ca/wp-content/uploads/2022/04/mpr-2022-04-13.pdf>

³ <https://budget.ontario.ca/2022/pdf/2022-ontario-budget-en.pdf>

absorbed through the Equipment Reserve Fund and will be reviewed through the 2023 budget.

Safe Restart Funding

On July 16, 2020 the federal government announced the Safe Restart Agreement which would provide funding to help provinces and territories safely restart their economies and for municipalities to continue to deliver essential services. The total amount of safe restart funding the City of Cambridge received to date is \$6,858,752. As of the last update to Council, based on information as of December 31, 2021 (report 22-006-CRS), there was only \$350,327 remaining of this funding. To add additional contingency towards future COVID-19 impacts, as experienced in early 2022 with the Omicron variant, Council approved setting aside \$2,037,936 of cost containment savings from 2021 for this purpose.

ANALYSIS:

Tax-Supported Operating Variance

The City is forecasting a surplus of \$173,982 for 2022, after offsetting the one-time effects of the pandemic from Safe Restart Funding. The table below shows the variance between the annual Council-approved budget and year-to-date actuals for each department, for tax-supported operations.

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|----------------------------|-----------------------|---------------------------------|------------------------------|--------------------|------------------------------|---------|
| Mayor and Council | \$1,246,700 | \$0 | \$0 | \$1,246,700 | \$367,524 | 29.5% |
| Office of the City Manager | \$2,398,000 | \$0 | \$50,000 | \$2,448,000 | \$903,562 | 36.9% |
| Corporate Services | \$45,316,500 | \$44,200 | \$117,650 | \$45,478,350 | \$15,648,669 | 34.4% |
| Corporate Enterprise | \$6,878,200 | (\$3,300) | (\$21,187) | \$6,853,713 | \$1,815,692 | 26.5% |
| Community Development | \$9,177,000 | (\$3,175) | (\$276,600) | \$8,897,225 | \$1,965,810 | 22.1% |
| Infrastructure Services | \$19,202,700 | \$283,590 | (\$68,245) | \$19,418,045 | \$8,151,435 | 42.0% |
| Corporate Expenditures | (\$92,006,400) | (\$321,315) | \$24,400 | (\$92,303,315) | (\$39,179,263) | 42.4% |
| Idea Exchange | \$7,787,300 | \$0 | \$0 | \$7,787,300 | \$3,219,542 | 41.3% |
| Total Tax Supported | \$0 | \$0 | (\$173,982) | (\$173,982) | (\$7,107,029) | |

The main drivers of the April forecasted surplus of \$173,982 include:

- Increased revenues in Planning Services from application fees and letters of compliance totalling \$277,900.
- Water and sewer adjustments representing savings of \$133,000 for the arenas.
- Savings from reduced software licenses and communication costs of \$21,000 within Corporate Strategy.
- Offsetting the savings are additional costs for equipment and maintenance and repairs in Fire Services (\$131,800), repairs of walkways, sidewalks, trails and equipment (\$64,755), legal fees (\$50,000), and increased funding for grants approved by Council through report 22-012-CRS (\$24,400).

Further explanation of variances in spending to date and forecast changes are provided in the following sections by department.

Mayor & Council

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|--------------------------------|-----------------------|---------------------------------|------------------------------|--------------------|------------------------------|--------------|
| Mayor and Council | | | | | | |
| Mayor and Council | \$1,246,700 | \$0 | \$0 | \$1,246,700 | \$367,524 | 29.5% |
| Total Mayor and Council | \$1,246,700 | \$0 | \$0 | \$1,246,700 | \$367,524 | 29.5% |

The Office of the Mayor and Council is not projecting a year-end surplus or deficit for this reporting period.

Office of the City Manager

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|---|-----------------------|---------------------------------|------------------------------|--------------------|------------------------------|--------------|
| Office of the City Manager | | | | | | |
| Admin. City Manager | \$537,700 | \$0 | \$0 | \$537,700 | \$187,214 | 34.8% |
| Corporate Communications | \$937,700 | \$0 | \$0 | \$937,700 | \$276,065 | 29.4% |
| Legal Services | \$922,600 | \$0 | \$50,000 | \$972,600 | \$440,283 | 45.3% |
| Total Office of the City Manager | \$2,398,000 | \$0 | \$50,000 | \$2,448,000 | \$903,562 | 36.9% |

The Office of the City Manager is projecting a year-end deficit of \$50,000 for this reporting period. Legal Services division is forecasting additional legal fees amounting to \$125,300 which are partially offset by savings of \$75,300 from salary gapping.

Corporate Services

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|--------------------------------------|-----------------------|---------------------------------|------------------------------|---------------------|------------------------------|--------------|
| Corporate Services | | | | | | |
| Admin. Corporate Services | \$530,100 | \$0 | \$0 | \$530,100 | \$165,113 | 31.1% |
| Office of the City Clerk | \$3,360,600 | \$44,200 | (\$61,600) | \$3,343,200 | \$702,077 | 21.0% |
| Emergency Mgmt & Business Continuity | \$333,700 | \$0 | \$0 | \$333,700 | \$132,848 | 39.8% |
| Financial Services | \$3,491,400 | \$0 | \$34,400 | \$3,525,800 | \$1,477,623 | 41.9% |
| Fire Services | \$27,366,000 | \$0 | \$144,850 | \$27,510,850 | \$9,622,364 | 35.0% |
| Human Resources | \$2,739,100 | \$0 | \$0 | \$2,739,100 | \$843,617 | 30.8% |
| Technology Services | \$7,495,600 | \$0 | \$0 | \$7,495,600 | \$2,705,027 | 36.1% |
| Total Corporate Services | \$45,316,500 | \$44,200 | \$117,650 | \$45,478,350 | \$15,648,669 | 34.4% |

The Corporate Services department is forecasting a net deficit of \$117,650. The main drivers of this deficit include:

- Fire Services net forecasted deficit of \$144,850 as a result of additional costs due to a delay in the delivery of equipment that was budgeted in 2021 (\$66,000), additional bunker gear (\$39,000), P25 radio system maintenance (\$14,500) and Fire Station maintenance (\$12,300). Additional overtime to maintain minimum staffing levels resulting from leaves has been completely offset by gapping savings;
- Financial Services anticipated net deficit of \$34,400 is from additional ActiveNet fees (\$50,000) partially offset by increased tax and revenue penalties and interest (\$15,600); and
- Office of the City Clerk net forecasted savings totalling \$61,600 is driven by additional enforcement revenue of \$70,000 offset by the net cost of bringing parking enforcement in-house of \$16,000.

The COVID-19 pandemic has resulted in an increase in Safe Restart Funding required for the Corporate Services department in the amount of \$44,200. The driver of this is the loss of revenues from parking of \$50,000 partially offset by savings in print and mail costs of \$5,800 within the Office of the City Clerk.

Corporate Enterprise

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|-----------------------------------|-----------------------|---------------------------------|------------------------------|--------------------|------------------------------|--------------|
| Corporate Enterprise | | | | | | |
| Admin. Corporate Enterprise | \$395,200 | (\$400) | \$0 | \$394,800 | \$130,324 | 33.0% |
| Building Design and Construction | \$323,300 | \$0 | \$0 | \$323,300 | \$71,214 | 22.0% |
| Corporate Strategy | \$512,400 | (\$200) | (\$21,300) | \$490,900 | \$137,557 | 28.0% |
| Economic Development | \$969,300 | (\$2,700) | \$113 | \$966,713 | \$226,087 | 23.4% |
| Facilities | \$4,392,900 | \$0 | \$0 | \$4,392,900 | \$1,138,365 | 25.9% |
| Risk and Compliance | \$285,100 | \$0 | \$0 | \$285,100 | \$112,145 | 39.3% |
| Total Corporate Enterprise | \$6,878,200 | (\$3,300) | (\$21,187) | \$6,853,713 | \$1,815,692 | 26.5% |

The Corporate Enterprise department is projecting a year-end surplus of \$21,187 for 2022. This is mainly in the Corporate Strategy division from savings in software licenses of \$16,000 and communications costs of \$5,000.

Additional savings of \$3,300 have been forecasted in the Corporate Enterprise department as a result of the pandemic. This is mainly due to the decreased need of supplies and cleaning services from the reduced use of buildings.

Community Development

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|---|-----------------------|---------------------------------|------------------------------|------------------|------------------------------|---------|
| Community Development | | | | | | |
| Admin. Community Development | \$589,600 | \$0 | \$0 | \$589,600 | \$177,798 | 30.2% |
| Building Services | (\$808,400) | \$0 | \$0 | (\$808,400) | (\$466,595) | 57.7% |
| Engineering and Transportation Services | \$4,031,400 | (\$24,500) | (\$3,000) | \$4,003,900 | \$1,225,532 | 30.6% |

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|------------------------------------|-----------------------|---------------------------------|------------------------------|--------------------|------------------------------|--------------|
| Planning Services | \$1,587,800 | \$0 | (\$277,900) | \$1,309,900 | \$269,133 | 20.5% |
| Recreation and Culture | \$3,776,600 | \$21,325 | \$4,300 | \$3,802,225 | \$759,942 | 20.0% |
| Total Community Development | \$9,177,000 | (\$3,175) | (\$276,600) | \$8,897,225 | \$1,965,810 | 22.1% |

The Community Development department is forecasting a net surplus of \$276,600 for 2022. The main driver of this is the higher projected revenues in Planning Services from application fees and letters of compliance totalling \$277,900.

The Building Services division is currently trending towards higher building permit revenue. If this materializes at year end it will be transferred to the Building Permit Stabilization reserve as per the reserve fund by-law.

The impacts of the COVID-19 pandemic has resulted in a net surplus of \$3,175 for the Community Development department. Savings of \$24,500 from reduced Crossing Guards hours due to the closure of schools in January is offset by Recreation and Culture net pandemic-related deficit of \$21,325 due to loss of revenues partially offset by cost containment of wage related costs as well as contract services and supplies.

Infrastructure Services

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|---|-----------------------|---------------------------------|------------------------------|---------------------|------------------------------|--------------|
| Infrastructure Services | | | | | | |
| Admin. Infrastructure Services | \$458,700 | \$0 | \$0 | \$458,700 | \$292,742 | 63.8% |
| Asset Management and Project Management | \$536,000 | \$0 | \$0 | \$536,000 | \$362,224 | 67.6% |
| Environmental Services | \$857,100 | \$0 | \$0 | \$857,100 | \$164,654 | 19.2% |
| Operations | \$17,350,900 | \$283,590 | (\$68,245) | \$17,566,245 | \$7,331,815 | 41.7% |
| Total Infrastructure Services | \$19,202,700 | \$283,590 | (\$68,245) | \$19,418,045 | \$8,151,435 | 42.0% |

The Infrastructure Services department is forecasting a net surplus of \$68,245. The arenas have savings of \$133,000 from water and sewer adjustments partially offset by additional costs for repairs of walkways, sidewalks, trails and equipment for \$64,755.

Infrastructure Services is projecting a net deficit of \$283,590 relating to the COVID-19 pandemic, driven by Operations due to loss of revenues in arenas.

Corporate Expenditures

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|-------------------------------------|-----------------------|---------------------------------|------------------------------|-----------------------|------------------------------|--------------|
| Corporate Expenditures | | | | | | |
| Corporate Financing | \$3,893,900 | \$0 | \$0 | \$3,893,900 | (\$2,639,912) | (67.8%) |
| External Funding | \$1,969,100 | \$0 | \$24,400 | \$1,993,500 | \$1,281,360 | 64.3% |
| Insurance | \$1,161,200 | \$0 | \$0 | \$1,161,200 | \$89,257 | 7.7% |
| Income from Investment | (\$3,009,700) | \$0 | \$0 | (\$3,009,700) | \$58,692 | (2.0%) |
| Taxation Revenue | (\$92,201,400) | \$0 | \$0 | (\$92,201,400) | (\$37,028,423) | 40.2% |
| Payment in Lieu | (\$969,700) | \$0 | \$0 | (\$969,700) | \$0 | 0.0% |
| Corporate Grants | (\$96,900) | \$0 | \$0 | (\$96,900) | (\$124,587) | 128.6% |
| Corporate Allocations | (\$2,752,900) | (\$321,315) | \$0 | (\$3,074,215) | (\$815,650) | 26.5% |
| Total Corporate Expenditures | (\$92,006,400) | (\$321,315) | \$24,400 | (\$92,303,315) | (\$39,179,263) | 42.4% |

Corporate Expenditures reflects the \$312,315 draw from Rate Stabilization reserve for the increased use of Safe Restart which offsets forecasted costs throughout the City.

In addition, the External Funding area has forecasted an increase of \$24,400 for additional grant funding approved by Council through report 22-012-CRS.

Idea Exchange

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|----------------------------|-----------------------|---------------------------------|------------------------------|--------------------|------------------------------|--------------|
| Idea Exchange | | | | | | |
| Idea Exchange | \$7,787,300 | \$0 | \$0 | \$7,787,300 | \$3,219,542 | 41.3% |
| Total Idea Exchange | \$7,787,300 | \$0 | \$0 | \$7,787,300 | \$3,219,542 | 41.3% |

The Library, operating as Idea Exchange, is projecting no surplus or deficit for this reporting period.

COVID-19 Impact

The COVID-19 pandemic has continued to affect the City's operations and service delivery into 2022. The 2022 budget was prepared based on the best information available at the time prior to the Omicron variant and did not factor in facility closures in January 2022.

The table below summarizes the additional COVID-19 pandemic related costs and savings forecasted through April.

| Impact Area | Budget | April Forecast | Revised Forecast |
|---|--------------------|------------------|--------------------|
| Loss in revenues | \$1,080,400 | \$430,415 | \$1,510,815 |
| Additional expenses related to COVID-19 | \$1,019,300 | (\$20,000) | \$999,300 |
| Total COVID-19 Impacts | \$2,099,700 | \$410,415 | \$2,510,115 |
| Less Safe Restart Funding | (\$2,082,000) | (\$321,315) | (\$2,403,315) |
| Initial loss before cost containment | \$17,700 | \$89,100 | \$106,800 |
| Less savings related to Cost Containment strategies | (\$17,700) | (\$89,100) | (\$106,800) |
| Net after COVID-19 cost containment strategies | \$0 | \$0 | \$0 |

The additional closures and disruptions to services seen in the first quarter of 2022 has resulted in additional revenue losses in recreation facilities of \$380,415 and parking revenue losses of \$50,000.

Partially offsetting the losses in revenues is a \$20,000 reduction to costs directly relating to COVID-19. The 2022 Budget included an additional one-time cost to cover increased transportation costs in Older Adult services due to COVID-19 restrictions. However, program disruptions reduced attendance and the need for transportation resulting in a reduction to the anticipated costs.

Also offsetting the losses of revenues are cost containment savings totalling \$89,100. This includes savings of \$55,500 in recreational facilities from the corresponding reduction to part-time wages and program supplies due to closures, savings for part-time wages of Crossing Guards of \$24,500, and other small savings across various supply accounts amounting to \$9,100.

The City is forecasting to increase the draw from the Safe Restart Funding by \$321,315 to offset the net of the loss in revenues and savings from COVID-19 expenses and cost containment. Following the use of the Safe Restart funding in 2021 as well as the approved 2022 Budget & Business Plan and April forecast allocation of the funding, there remains \$25,392 available towards future additional COVID-19 impacts.

| Impact Area | Amount |
|--|--------------------|
| Program | Amount |
| Phase 1 Safe Restart | \$3,069,100 |
| Phase 2 Safe Restart | 1,298,000 |
| COVID-19 Recovery Funding | 2,491,652 |
| Total Funding Received | \$6,858,752 |
| Funding Allocation: | |
| Initiative | Amount |
| 2021 Actual Net COVID-19 Impact | \$4,061,553 |
| A/00794-10 Council Chamber Audio Video Replacement as per report 21-224(CRS) (initially \$264,000 plus \$3,620 being drawn through Capital Status & Forecasting report 22-009-IFS) | 267,620 |
| A/01241-40 Bishop St Parking as per report 21-123(CD) (initially \$125,000 less \$60,128 being returned through Capital Status & Forecasting report 22-002-IFS) | 64,872 |
| A/00866-40 Special Events Public Safety Barricades as per report 21-119(CRE) | 36,000 |
| 2022 Approved Budget & Business Plan | 2,082,000 |
| April Operating Forecasting | 321,315 |
| Total Amount Allocated to Date | \$6,833,360 |
| Remaining Balance of Safe Restart Funding | \$25,392 |

With only \$25,392 of Safe Restart Funding remaining towards any future pandemic-related impacts such as a result from new variants or increased level of cases causing the reintroduction of mitigation measures, the City may need to utilize Rate Stabilization Reserve funding to offset costs. As noted above, through the 2021 year-end report 22-006-CRS, \$2,037,936 was transferred to the Rate Stabilization Reserve from the 2021 COVID-19 pandemic related cost containment savings as contingency towards future COVID-19 impacts.

Water Utility Variance

The following summary shows the variance between the annual Council approved budget and year to date actuals for each department, for water utility operations.

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|--------------------|-----------------------|---------------------------------|------------------------------|------------------|------------------------------|---------|
| Water | | | | | | |
| Expenses | \$38,513,400 | \$0 | \$7,500 | \$38,520,900 | \$16,189,857 | 42.0% |
| Revenues | (\$38,513,400) | \$0 | (\$15,000) | (\$38,528,400) | (\$8,658,268) | 22.5% |
| Total Water | \$0 | \$0 | (\$7,500) | (\$7,500) | \$7,531,589 | |

| | Total Restated Budget | COVID-19 April Forecast Changes | Other April Forecast Changes | Revised Forecast | YTD Actuals as at April 30th | % Spent |
|--|-----------------------|---------------------------------|------------------------------|-------------------|------------------------------|---------|
| Wastewater | | | | | | |
| Expenses | \$34,655,300 | \$0 | (\$7,500) | \$34,647,800 | \$11,005,817 | 31.8% |
| Revenues | (\$34,655,300) | \$0 | \$0 | (\$34,655,300) | (\$8,514,878) | 24.6% |
| Total Wastewater | \$0 | \$0 | (\$7,500) | (\$7,500) | \$2,490,939 | |
| Total City of Cambridge Water Utility | \$0 | \$0 | (\$15,000) | (\$15,000) | \$10,022,528 | |

For the April 2022 reporting period, the City is projecting a \$15,000 surplus for the water utility operations due to increased water and sewer billings for penalties and interest.

EXISTING POLICY / BY-LAW(S):

The Budget Control By-Law 152-14 identifies roles, responsibilities and spending authorities for accountability around the City’s financial management. It also identifies reporting requirements to ensure both accountability and transparency around the City’s finances. Under the by-law, Council approval is required for the following operating spending deviations:

- Transfers between divisions exceeding the lesser of 10% or \$100,000;
- Any net overall deficit within a department.

The Reserve Fund By-Law 2-17, as amended by By-law 19-144, and corporate policy COR-260.010 identify how tax-supported operating surpluses are to be treated.

FINANCIAL IMPACT:

This report provides a comprehensive financial update on the City’s operations as at April 30th 2022, for both tax-supported and water utility operations.

The ongoing impacts from the pandemic has resulted in a forecasted increase in funding from the Safe Restart Agreement of \$321,315. The 2022 budget was prepared based on the best information available at the time prior to the Omicron variant and did not factor in facility closures in January 2022. The additional draw is a result of the net impacts from losses in revenues, savings in direct COVID-19 costs and cost containment strategies.

The tax-supported operations are forecasting a surplus of \$173,982 driven by additional planning revenues partially offset by increased equipment, repair and maintenance and legal costs.

The water utility operations are also projecting a surplus of \$15,000 from additional water and sewer billing revenues.

Should the projected surpluses materialize at year-end it will be transferred according to the reserve fund by-law.

Certain forecast changes result in impacts to reserve and reserve funds; these are reported in Appendix A.

CUPE 32 Job Evaluation

The City of Cambridge and CUPE Local 32 (commonly referred to as “outside workers”) agreed to conduct a joint job evaluation and compensation review to analyze existing internal pay rates with external market comparators. The data collected was used to ensure that compensation rates and structure is competitive at the market 50th percentile.

The financial impact for the market assessment factoring all regular cost-of-living-adjustments (COLA), increases, shift premiums and overtime from 2017-2022 is \$3,090,165. This is approximately 5.2% of the total CUPE 32 gross payroll (\$60M) for the 5-year period.

Funding for the retroactive payments will be accounted for by the reserve funds noted below.

| Funding | | | |
|----------------|-------|--------------------|--|
| Operating | 46.9% | \$1,448,536 | Rate Stabilization Reserve |
| Water | 21.2% | \$654,909 | Water Rate Stabilization Reserve Fund |
| Wastewater | 20.3% | \$627,721 | Wastewater Rate Stabilization Reserve Fund |
| Fleet | 9.5% | \$293,743 | Equipment Reserve Fund |
| Regional Roads | 2.1% | \$65,256 | External Recoveries |
| Total | | \$3,090,165 | |

These impacts to reserves have also been included in Appendix A.

Restatements

Changes in operations have resulted in restatements of the 2022 approved budget for comparative purposes. The changes reallocate certain costs and revenues between accounts and/or divisions and have no net effect on the total approved budget for 2022.

The restatements for 2022 include the restructure of one staff complement from Corporate Enterprise to Corporate Services for \$92,000, as well as the transfer of \$55,000 for condition inspections from Infrastructure Services to Corporate Enterprise.

| | Original Budget | In Year Changes | Total Restated Budget |
|----------------------------|-----------------|-----------------|-----------------------|
| Mayor and Council | \$1,246,700 | \$0 | \$1,246,700 |
| Office of the City Manager | \$2,398,000 | \$0 | \$2,398,000 |
| Corporate Services | \$45,224,500 | \$92,000 | \$45,316,500 |
| Corporate Enterprise | \$6,915,200 | (\$37,000) | \$6,878,200 |
| Community Development | \$9,177,000 | \$0 | \$9,177,000 |
| Infrastructure Services | \$19,257,700 | (\$55,000) | \$19,202,700 |
| Corporate Expenditures | (\$92,006,400) | \$0 | (\$92,006,400) |
| Idea Exchange | \$7,787,300 | \$0 | \$7,787,300 |
| Total Tax Supported | \$0 | \$0 | \$0 |

PUBLIC VALUE:

Sustainability and Transparency:

This work supports the financial sustainability of the City by ensuring appropriate oversight and governance towards the City’s financial resources. It also provides transparency as to where public dollars are spent.

ADVISORY COMMITTEE INPUT:

Not applicable.

PUBLIC INPUT:

Posted publicly as part of the report process.

INTERNAL / EXTERNAL CONSULTATION:

Staff delegated with budget responsibility have been consulted with respect to their budget variances in the writing of this report.

CONCLUSION:

The report provides a comprehensive financial update on the City’s operations as at April 30th 2022, for both the tax-supported and water utility operations. Tax-supported

operations are forecast a net year end surplus of \$173,982 for 2022 and the water utility operations is projecting a net year end surplus of \$15,000.

REPORT IMPACTS:

Agreement: **No**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

APPROVALS:

This report has been reviewed by the Chief Financial Officer and City Solicitor.

It has been reviewed and approved by the Director, Deputy City Manager and City Manager.

ATTACHMENTS:

1. 22-031-CRS Appendix A – Impacts to Reserve and Reserve Funds