

The Corporation of the Town of Ajax

GENERAL GOVERNMENT COMMITTEE

Thursday, December 4, 2014

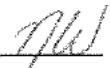
In-Camera at 8:30 a.m.

Open Meeting at 9:00 a.m.

River Plate Room, Town Hall

65 Harwood Avenue South



Confirmed by: 

AGENDA

Alternative formats available upon request by contacting:

sarah.moore@ajax.ca or 905-619-2529 ext. 3347

Anything in **blue** denotes an attachment/link. By clicking the links on the agenda page, you can jump directly to that section of the agenda. To manoeuvre back to the agenda page use the **Ctrl + Home** keys simultaneously. **OR** use the "Bookmark" icon to the left of your screen to navigate from one report to the next

P. Brown, Chair

J. Dies, Vice Chair

Open Meeting

1. **Call To Order**
2. **Disclosure of Pecuniary Interest**
3. **Adoption of In-Camera Minutes – September 18, 2014** (circulated separately)
 - *Any discussion will be held in the In-Camera Session*

In-Camera

4. **Authority to Hold a Closed Meeting and Related In-Camera Session**
 - *A matter of advice subject to solicitor-client privilege [Sec. 239 (2) (f) Municipal Act, 2001, as amended]*
 - *A matter pertaining to the proposed or pending acquisition or disposition of land by the municipality or local board [Sec. 239 (2)(c), Municipal Act, 2001, as amended]*
 - *A matter pertaining to labour relations or employee negotiations [Sec. 239 (2)(d), Municipal Act, 2001, as amended]*
- 4.1 **Confidential Duffin Creek Water Pollution Control Plant Outfall EA Status Update**
- 4.2 **Confidential Property Acquisition Matter**
- 4.3 **Confidential HR Matter**

5. Consent Agenda – *Considered to be routine, these items may be approved by one motion. Items may be separated and referred to the Discussion Agenda*

- 5.1 **2014 Operating Budget Forecast**, R. Ford, Director of Finance/Treasurer / S. Strain, Manager of Budgets & Accounting Services..... 3
- 5.2 **Funding - TO2015 Pan Am Games Operating Costs/Revenue Losses**, R. Ford, Director of Finance/Treasurer 7
- 5.3 **Ajax Pictorial History Book Status Update**, History Book Steering Committee..... 12

6. Presentations / Discussion

None

7. Departmental Updates

8. Adjournment

TOWN OF AJAX REPORT



REPORT TO: General Government Committee

SUBMITTED BY: Rob Ford, CPA, CMA, AMCT
Director of Finance/Treasurer

PREPARED BY: Sheila Strain, CPA, CGA
Manager of Budgets & Accounting Services

SUBJECT: 2014 Operating Budget Forecast

WARD(S): All

DATE OF MEETING: December 4, 2014

REFERENCE: January 23, 2014 GGC Report; Winter Ice Storm – December 22, 2013
Urban Forest Implications;
December 4, 2014 GGC Report; Funding of TO2015 Pan Am Games
Operating Costs/Revenue Losses

RECOMMENDATION:

That the report on the 2014 Operating Budget Forecast be received for information.

BACKGROUND:

The annual operating budget forecast prepared by departments, focuses on significant variances from their approved operating budget. It is based on the year to date actual revenues and expenditures, plus projections for the balance of the year.

Under the Financial Sustainability Plan, any operating budget surplus is first allocated to the Stabilization Reserve, to restore the reserve to its target balance. The remainder of the surplus, if any, is allocated to other discretionary reserves based on recommendations by the Director of Finance/Treasurer.

In the unlikely event that the Town was to incur an overall operating deficit, full funding would be transferred from the Stabilization Reserve.

The completion of the annual operating budget forecast provides funding estimates for the discretionary capital reserves, which are used in the Capital Budget/Long Range Capital Forecast. The forecast also identifies any trends or impacts in 2014 and beyond that need to be incorporated into future operating budgets.

DISCUSSION:

2014 Operating Budget Forecast Summary	
	(Surplus) / Deficit
Full and Part Time Wages and Benefits	\$(696,700)
Revenues	(186,700)
Expenditures	<u>146,300</u>
Operating Budget Forecast Surplus before Extraordinary Items	\$(737,100)
Extraordinary Items	<u>128,900</u>
Net Operating Budget Forecast Surplus	\$(608,200)

Full and Part Time Wages and Benefits

The surplus is driven primarily by a higher than normal number of vacancies in 2014, resulting from retirements, internal promotions, resignations and short/long term maternity/medical leaves. The total surplus amount is net of the \$275,000 budgeted for in-year vacancies, overtime, and the hiring of contract and part time staff to cover for full time vacancies.

Revenues

There are a few main drivers of the revenue surplus, as detailed below:

Fitness Revenues - \$118,000

- The revenue streams from fitness (e.g. gym memberships, personal training, etc.) are projected to be well under budget. This is a direct result of the growing competitive fitness market, particularly in the north end of Ajax

WSIB NEER/ Safety Training - \$(107,100)

- The Town's Workplace Safety Insurance Board (WSIB) experience rating (NEER) was favorably assessed based on good accident performance. In addition, the surplus was further increased through funding received from WSIB for a safety training program

Planning and Building Permit Fees - \$(90,800)

- These revenues are traditionally difficult to budget, as they are subject to development applications and timing outside of the Town's control

Tax Revenues, including Penalty and Interest - \$(104,800)

- Higher tax revenues are mostly due to new accounts being set up by MPAC \$(42,900)
- Penalty and interest, (\$61,900) is driven by a few larger accounts that are in arrears; overall collection percentages remain consistently high

Expenditures

Significant contributors to the expenditure surplus are as follows:

Winter control - \$472,200

- The major budget impact in 2014 was the extreme winter weather. Winter control costs, including roadways, sidewalks, Town facilities and senior snow removal, exceeded budget due to both the number and intensity of events
- The 2014 estimated costs of \$357,800 for the ice storm, eligible for provincial funding, are not included in this figure

Forestry - \$(118,800)

- The ice storm reduced the number of trees to be treated for Emerald Ash Bore. In addition, the staff time available for the annual replanting program, was instead focused on recovery and clean up from the storm

Utilities - \$112,300

- For 2014, the 35% increase in the natural gas rate was the main driver of the \$112,300 over budget. The high gas rates will continue into 2015 and will be a major influence on the 2015 utilities budget.

Extraordinary Items

These are one time or unusual revenues and expenditures that are not part of the annual budget. For 2014, extraordinary items totaling \$128,900 have been identified:

Item	(Surplus) / Deficit
Consulting, legal and research to support improved water quality and measures along Ajax Waterfront	\$515,000
Partial distribution of Durham Municipal Insurance Pool Surplus	(214,900)
One- time adjustment to Council severance; New calculation methodology applied	(89,000)
Federal grant approval for Audley railway crossing improvements received after capital project was completed and closed	<u>(82,200)</u>
Total Extraordinary Items	\$128,900

2013 Ice Storm

The 2013 ice storm continued to impact 2014, with estimated total eligible costs for provincial funding incurred in 2014 of \$357,800. The eligible costs do not appear in the extraordinary items, as full funding will be transferred from the Stabilization Reserve as previously approved by Council. Applications for funding are due to the Province by the end of 2014. Any provincial funding subsequently received will be transferred to the Stabilization Reserve.

FINANCIAL IMPLICATIONS:

For 2014, the Stabilization Reserve is already at its target balance (5% of the previous year's Net Revenues as defined by the Financial Information Return), and does not require any top up.

In a December 4, 2014 GGC report titled, Funding of TO2015 Pan Am Games Operating Costs/Revenue Losses, staff are recommending that \$420,100 of the 2014 surplus be utilized to offset the impact of the TO2015 Pan Am Games on the 2015 budget.

The allocation of the remaining surplus will be based on the recommendations of the Director of Finance/Treasurer. Once the actual surplus is determined for the 2014 financial statements, final recommendations will be brought to Council for approval.

CONCLUSION:

This report provides preliminary 2014 operating budget surplus information. Actual operating budget surplus and allocation of the 2014 surplus will be reported to Council in 2015.

Sheila Strain, CPA, CGA
Manager of Budgets & Accounting Services

Rob Ford, CPA, CMA, AMCT
Director of Finance/Treasurer

TOWN OF AJAX REPORT



REPORT TO: General Government Committee

SUBMITTED BY: Rob Ford, CPA, CMA, AMCT
Director of Finance/Treasurer

SUBJECT: **Funding - TO2015 Pan Am Games Operating Costs/Revenue Losses**

WARD(S): All

DATE OF MEETING: December 4, 2014

REFERENCE: 2014 Operating Budget
Dec. 4, 2014 GGC Report – 2014 Operating Budget Forecast
Dec. 5, 2014 Council Report – 2015-2018 General Levy Forecast

RECOMMENDATION:

1. **That the report on Funding - TO2015 Pan Am Games Operating Costs/Revenue Losses be received for information.**
2. **That Council allocate \$420,100 to the Strategic Initiatives Reserve, to fully fund the estimated operating costs related to the TO2015 Pan Am Games.**

BACKGROUND:

As identified for Council in previous reports and as approved in the 2014 Operating Budget, the Town's commitment to hosting the Pan Am Baseball and Softball events requires operating budget expenditures to support the delivery of this premier event.

When staff began work on the 2015-2018 General Levy Forecast earlier this year, it became apparent very quickly that managing the impact of the Games operating costs within the constraints of the 2015 operating budget, was going to be extremely difficult.

In addition, the planning for the Games has been a very complex and challenging task. The process has resulted in new information and/or direction (sometimes conflicting) coming from the Games Organizing Committee. As the details have evolved, the Town's obligations have been further refined. As a result of some of those changes, the Town has had to make decisions that will affect the 2015 budget, both through additional expenditures and the loss of net revenue during the Games period.

DISCUSSION:

Over the last number of months, staff worked on identifying a solution that would allow the Town to fulfill its financial commitment, while at the same time reducing or ideally eliminating the impact on the 2015 Operating Budget.

The following core assumptions drove the development of the recommended solution:

- i. a onetime additional 2015 tax rate increase of approximately 0.75%, was not an option that would be acceptable to Council nor taxpayers
- ii. freeing up the budget capacity to fund the games, could not negatively impact the delivery of existing services or service levels

Funding Sources

There are two funding sources available to fund the incremental costs required to host the baseball/softball events and related TO2015 Pan Am activities:

- a) Municipal Services Agreement (MSA)
- b) Town Operating Budget

Municipal Services Agreement (MSA)

The agreement is at a very preliminary stage, with final approval not expected until February 2015 at the earliest. Due to the fact that some key decisions have not been made (e.g. parking) and some conflicting information (e.g. responsibility for covering revenue losses), providing estimates of the Town's incremental costs and revenue losses has been extremely difficult. Based on staff's understanding of the agreement as it stands today, the following types of increased costs and revenue losses should be covered 100% by TO2015:

- a) Revenue losses from not being able to permit the Sportsplex ball diamonds, with the potential for other losses based on the parking location
- b) Signage, including games branded wayfinding and advisory/regulatory
- c) Spectator parking infrastructure, including all associated costs
- d) Cycle parking infrastructure
- e) Fire Prevention Overtime
- f) Park and ride shuttles
- g) Security/Enforcement; in particular on-street parking in the surrounding residential neighbourhood; includes traffic barriers, signage as well as contracted security, By-Law Services Overtime and a contracted towing company

At a very high level, the estimated costs/revenues losses to be covered by TO2015 are approximately \$150,000. However, it cannot be emphasized enough that both the estimates and eligibility requirements are subject to change beyond the Town's control.

Net Revenue Losses

1) ARC Closure

Where possible, NPAL programs (including swim lessons) will be moved to other facilities during the closure of ARC. Programs that need to be cancelled will not have a negative effect on the budget, as they run on a “break even” basis.

2) Soccer Field Permit Revenues

The replacement of the turf fields with the artificial fields, results in an increase in the 2015 revenue budget for soccer fields.

3) Sportsplex Ball Diamonds

Due to Pan Am’s requirements, the fields will not be available for permitting anytime in 2015, resulting in a revenue loss of approximately \$64,000. Staff’s current understanding is that this amount will be covered under the MSA (see page 2)

Town 2015 Budget for Games

The original cost estimates for 2015 were completed almost sixteen months ago for the 2014 budget. It was a very high level estimate, created based on the information available to staff at the time. As noted earlier, the Town’s obligations and requirements have undergone significant changes.

Notwithstanding the many changes that have occurred over the last eleven months, staff remained very cognizant and respectful of the \$355,400 estimate for 2015 that was originally submitted. The original goal was to keep the 2015 budget at or as close as possible to the original amount. However, that quickly became an impossible task, once the magnitude of the requirements and associated costs were identified through the detailed planning process.

The detailed 2015 budget of \$420,100 required for hosting the games is included as ATT-1. The major operational requirements that have increased the budget are summarized below:

a) Temporary Volunteer Coordinator - \$47,700

- Total cost of \$62,500 is partially offset by \$15,500 in Provincial funding
- As the scope for Ajax volunteers and their roles became more clearly defined through TO2015, it became increasingly evident that the role for the Town of Ajax as it pertains to volunteer management had increased significantly. This enhanced role is required to effectively manage the recruitment, selection, training, scheduling and supervision of a large number of volunteers (preliminary estimate of 500). This position is a key element that will ensure the overall success of the games and to provide a positive volunteer experience for residents

b) One Time Purchases

- Town will retain ownership of these items
- Need for the more specialized mower was identified after the turf was installed

c) Other Costs

- Three operational items that were identified through the planning process

The \$420,100 in estimated total operating costs is based on the most current information available at the time this report was written. Subsequent changes, in particular those resulting from decisions/requirements of the Games Organizing Committee (including what is and isn't covered under the MSA) may result in additional costs and/or revenue losses that the Town must fund.

Heritage Grant Applications

Staff have applied for two grants totaling \$60,000 to fund additional initiatives and events related to the games, that are not included in the draft budget. If approved, those funds will not reduce the current \$420,100 commitment.

Funding Recommendation

Staff's recommendation is that the full budget impact of the estimated \$420,100 be funded from the 2014 Operating Budget Surplus. The funds will be allocated to the Strategic Initiatives Reserve in 2014, and then transferred to the Operating Budget in 2015.

The opportunity to allocate a portion of the 2014 surplus has been made possible by a few factors:

- a) Partial distribution of \$214,950 in surplus by the Durham Municipal Insurance Pool
- b) Additional surplus generated by some non-recurring staff vacancies
- c) Immediate success of the Financial Sustainability Plan in growing the balances in the discretionary capital and stabilization reserves

FINANCIAL IMPLICATIONS:

Funding the full operating costs/revenue losses from the 2014 surplus, means that the games will have no impact on the 2015 tax rate.

In addition, the reduction in the amount of surplus available for allocation to discretionary capital reserves, will not negatively impact projects that will be identified in the 2015 Capital Budget/2016-2019 Long Range Capital Forecast.

The changes (and associated costs) that have occurred to date are expected to continue right up to and during the games themselves. In addition, the possibility exists that costs/revenue losses currently expected to be covered by TO2015 under the MSA, will revert to a Town responsibility. If required, any increase in costs would be funded from Stabilization Reserve in 2015.

CONCLUSION:

The recommended solution allows the Town to fulfill its commitment in hosting the baseball and softball events, without negatively affecting the 2015 operating budget or the 2015 target tax rate increase.

ATTACHMENT:

ATT - 1: Draft Budget - TO2015 Pan Am Games

Rob Ford, CPA, CMA, AMCT
Director of Finance/Treasurer

ATT-1: Draft Budget TO2015 Pan Am Games

Original Budget Amount

Expenditure Details	Budget	
Street Banners	\$91,000	
Part Time Recreation Staff	\$60,000	
Kettle Drums/Flower Pots at Pan Am Park	\$45,000	
Volunteer Program	\$36,600	
Marketing & Promotion	\$17,700	
Community Thank You	\$15,000	
Host Committee Expenses	\$12,000	
Promotional Materials	\$11,600	
Murals	\$10,000	
Souvenirs & Giveaways	\$10,000	
Torch Relay	\$10,000	
Pan Am Day In Ajax	\$8,000	
Community Engagement (e.g. Pride House)	\$5,500	
Opening Ceremony	\$5,000	
Arts & Cultural Program	\$5,000	
Parapan Torch Relay	\$5,000	
Public Consultations & Meetings	\$5,000	
Closing Ceremony	\$3,000	
Original Budget Amount		\$355,400

Additional Budget Items

a) Temporary Volunteer Coordinator		
Wages & Statutory Payroll Costs	\$62,500	
Less: Provincial Grant	<u>(\$15,500)</u>	\$47,000
b) One Time Purchases		
Equipment for dedicated Pan Am telephone lines	\$7,000	
Specialized Grass Mower	<u>\$7,500</u>	\$14,500
c) Other Operating Costs		
Accreditation - Transportation Purposes	\$800	
Licensing Fee	\$900	
Website Hosting Fee	<u>\$1,500</u>	\$3,200
Total Operating Budget		\$420,100
Less: Funding from Strategic Initiatives Reserve		<u>(\$420,100)</u>
Net Budget Impact		<u><u>\$0</u></u>

Note: Excludes expenditures and revenue losses that are expected to be covered by TO2015 under the Municipal Services Agreement (MSA)

TOWN OF AJAX REPORT



REPORT TO: General Government Committee

SUBMITTED BY: History Book Steering Committee

PREPARED BY: History Book Steering Committee

SUBJECT: **Ajax Pictorial History Book Status Update**

WARD(S): ALL

DATE OF MEETING: December 4, 2014

REFERENCE: Capital Account No. 942511 Ajax Pictorial History Book

RECOMMENDATION:

- 1) That staff cancel the current contract awards for Editing Services and Design & Printing for the Ajax Pictorial History Book;**
- 2) That staff be authorized to issue a new Request for Proposal for complete editing, design and printing services.**

BACKGROUND:

In September 2012, Council endorsed a staff recommendation to produce a new Ajax Pictorial History Book for launch late 2013 / early 2014.

An internal steering committee was formed to lead the production of the new book. Members included: Christy Chrus, Senior Planner, David Forget, Manager of Quality Service & Special Projects, Brenda Kriz, Records Manager, Christie McLardie, Manager of Communications, and Marilou Murray, Manager of Strategy, Communications & Policy. The members were selected for their expertise in various areas: knowledge of Ajax, research, design, editing, budgeting, etc.

A budget of \$35,000 for the design and printing of 4,000 books was established and approved through the 2013 Capital Budget.

A content subcommittee of 16 staff from various departments was established in September 2012. Each content provider was responsible for a section and writing an introduction and providing photos with captions. The content subcommittee was active until March 2013; however, the steering committee continued to work with individuals until sections were complete.

The Town retained an Editor in June 2013 to assist with the editing of the content. The first draft of content was provided to the Editor in July 2013. It is important to note that a detailed review of the content was not undertaken by the steering committee prior to providing to the Editor. The Editor provided initial feedback in early September 2013. Upon receipt of the first draft it became apparent that additional research and content development was required to finalize the content, specifically due to the limited photos and inconsistency of content from section to section. The steering committee agreed to stop working with the Editor until a comprehensive review of the content was undertaken.

The steering committee met approximately 30 times between September 2013 and February 2014 to review the draft content section by section. This detailed review did not take place prior to sending to the Editor and in retrospect should have.

During the content review, the Town sought a designer through a Request for Quotation process. The available budget for this phase was approximately \$30,000 (due to Editor retainer). The Town issued the RFQ to 18 prospective bidders with seven bids received. The bids ranged from \$37,000 to \$118,000. To remain within budget, staff issued a subsequent RFQ reducing the printing quantity from 4,000 to 2,500. The contract was then awarded by staff on January 17, 2014.

The updated content was provided to the designer in March 2014. Between March and May 2014, the committee met with the designer twice to review the proposed design. A first draft of the full book design was presented in May 2014 as well as three additional possible creative options for design.

The steering committee, while not satisfied with the design and layout of the book, decided to continue with the editing of the book and shared the draft book to the Heritage Advisory Committee and History Book Champions for review with the notation that the design continued to be reviewed. The following 10 individuals submitted feedback:

- Bill Parish (Champion)
- Don Terry (Champion)
- Val Marshal (Champion)
- Louise Johnson (Champion)
- Helen Hedge (Champion)
- Bob Martindale (Champion)
- Beverly Briggs (Heritage Advisory Committee)
- Brian Lampole (Heritage Advisory Committee)
- Denise Koh-McLeod (Heritage Advisory Committee)
- Antonella Inglesi-Grossi (Heritage Advisory Committee)

Upon receipt of the edits from the Heritage Advisory Committee and History Book Champions, the steering committee met an additional 25 times to review and incorporate the Champion feedback. The steering committee recently completed this process in November 2014.

DISCUSSION:

With the latest edit completed in November 2014, the steering committee refocused its attention to the design. The consensus amongst the committee was that they had lost confidence in the design process and felt that the current designer lacked the expertise to manage a 300-page book design with more than 280 photos. The design is critical for any book, and even more so, for a pictorial book. Every detail of the book, from typeface to layout to cover art can affect the overall design.

In the original quote for design, bidders were not required to separate design and printing costs or provide a creative brief. While this is common practice for a majority of our major corporate publications, in hindsight, staff believe that a Request for Proposal (RFP) should have been initiated in order to evaluate the design expertise and experience of the bidders and ensure a high quality design.

In addition, the proposed timeline identified was too aggressive for an internal team to meet considering competing demands, corporate priorities and individual day-to-day responsibilities. In addition, a full-time Editor should have been retained to lead and manage the production of the book.

The steering committee is at a critical point. The content is finalized and there have been limited expenses to date as a majority of the work has been done in-house. As a result, the steering committee is recommending canceling the current contract awards (editor + design) associated with this project and issuing a new Request for Proposal (RFP). The objective would be to retain a professional book printing service with experienced designers, editors and printing specialists to manage the conclusion of this project. The RFP would request costs to print 2,500 and 4,000 books.

Based on the previous quotes and through recent consultation with professionals it is fully expected that this project will be over budget through a new RFP process. Unfortunately, until the RFP process is complete, it would be premature for staff to identify final costs at this time. Staff also need to consider a final price for the book which will partially offset overall costs to the Town.

Finally, the steering committee is recommending that the Manager of Communications assume the responsibility of chair of the History Book Steering Committee. To-date, the steering committee has been operating with no formal chair and decision maker. The appointment of a chair is for administrative and leadership purposes and should not infer overall responsibility for the book. Each team member wants to be an active participant and equal contributor to the success of this important corporate initiative.

The proposed new project timeline is:

**Subject to change depending on advice from successful bidder.*

January	Request for Proposal
February – April	Design
May	Review / Approval
June	Printing

FINANCIAL IMPLICATIONS:

Capital Account No. 942511 Ajax Pictorial History Book

Approved Capital Budget	\$35,000.00
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Previous Awards/Expenditures

Editing Services	\$6,080.00	
Design Services	<u>\$5,800.00</u>	<u>\$11,880.00</u>

Remaining Budget	<u>\$23,120.00</u>
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Additional funding required will be allocated from the Strategic Initiatives Reserve, with no impact on other capital projects.

COMMUNICATION ISSUES:

NA

CONCLUSION:

Staff's recommendation to issue an RFP to professional book printing firms with experienced designers, editors and printing specialists, will ensure the successful conclusion of this project.

Christy Chrus, Senior Planner

David Forget, Manager of Quality Service & Special Projects

Brenda Kriz, Records Manager

Christie McLardie, Manager of Communications

Brian Skinner, Chief Administrative Officer