

# Memorandum

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**TO:** Members of Council  
**FROM:** City Clerk Krista Power  
**DATE:** Thursday, April 21, 2022  
**SUBJECT:** **Additional Information/New Business**  
**Committee of the Whole – April 25, 2022**

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## **COMMITTEE OF THE WHOLE**

### **Additional Information**

#### **1. 2022 Budget Variance Report #1**

Report R 72/2022 (Corporate Services & Long Term Care - Financial Services) provides projections to City Council of the City's financial position to year-end, for information.

### **New Business**

1. The following resolution will be presented to Committee of the Whole in order to establish a Committee of the Whole – Closed Session meeting on May 2, 2022:

THAT a Committee of the Whole – Closed Session meeting be scheduled for Monday, May 2, 2022 at 5:00 p.m. in order to receive information pursuant to the Municipal Act (Section 239 (2)) relative to:

- (b) personal matters about an identifiable individual, including municipal or local board employees;
- (d) labour relations or employee negotiations.

<b>DEPARTMENT/ DIVISION</b>	Corporate Services & Long Term Care - Financial Services	<b>REPORT NO.</b>	R 72/2022
<b>DATE PREPARED</b>	04/05/2022	<b>FILE NO.</b>	
<b>MEETING DATE</b>	04/25/2022 (mm/dd/yyyy)		
<b>SUBJECT</b>	2022 Budget Variance Report #1		

## **RECOMMENDATION**

For information only.

## **EXECUTIVE SUMMARY**

On a quarterly basis, Administration reviews year-to-date revenues and expenditures and completes a forecast of the City's financial position to year-end (December 31, 2022). The forecast is compared to the 2022 approved budget and presented to City Council.

This report provides projected variances for the COVID-19 pandemic separate from non-COVID-19 related items. Based on the Provincial COVID-19 response framework, COVID-19 projections are based on the removal of all remaining restrictions effective April 27, 2022.

Based on projections and assumptions through to the end of December 31, 2022, Administration is projecting an unfavourable tax supported variance of \$2.4 million for non-COVID-19 operations and a favourable variance of \$1.5 million related to COVID-19. This overall projected \$0.9 million unfavourable tax supported variance represents 0.3% of the total net budget of \$284.8 million.

The non-COVID-19 unfavourable variance includes a \$1.4 million unfavourable variance in winter control, which can be funded by the Winter Control Reserve Fund, leaving a remaining non-COVID-19 unfavourable variance of \$1.0 million.

Within rate supported operations, administration is projecting favourable variances of \$0.2 million in Wastewater and \$0.1 million in Waterworks. No significant variance is projected for Solid Waste or Boater Services.

## **DISCUSSION**

Variance reporting within each Department includes reviewing year-to-date actual results and projecting those results to year-end (December 31) focusing on the impact of the cyclical nature of some business areas within the Corporation. The projected year-end revenues and expenses

are compared to the approved 2022 Operating Budget and action plans are developed to deal with any significant negative budget variances identified.

Consistent with the 2021 variance reports this report provides the projected variances due to COVID-19 separately from non-COVID-19 related projected variances.

### **FINANCIAL IMPLICATION**

#### **Tax Supported Operations (COVID-19)**

As of March 31, 2022, Administration is projecting a \$1.5 million favourable year-end COVID-19 variance primarily due to the following:

- Transit – favourable, approval to use carry forward Transit Safe-Restart funds for 2022 (\$1.9 million)
- Childcare – unfavourable, due to impact of January closures (\$0.2 million)
- Parking – unfavourable, lower revenues (\$0.1 million)

Although the 2021 year-end audit is in progress and 2021 results are still subject to change, Administration estimates \$3.0 million in prior year Operating Safe Restart and COVID-19 Recovery Funding will be available to carry forward to support the 2022 COVID-19 impact.

The following chart summarizes the updated projected COVID-19 2022 impact and estimated transfer from the Stabilization Reserve Fund.

<b>Projected COVID-19 2022 Impact</b>	<b>\$ (in millions)</b>
<b>2022 COVID-19 impact (Per Approved Budget)</b>	<b>\$ 7.1</b>
Less: 2022 Projected COVID-19 favourable variance at Q1	(\$1.5)
<b>2022 COVID-19 Impact (Updated)</b>	<b>\$5.6</b>
Less: Estimated Prior Year Operating Safe Restart & COVID-19 Recovery funding to carry forward to 2022	(\$3.0)
<b>Estimated Stabilization RF funding required to cover 2022 COVID-19 impact</b>	<b>\$2.6</b>

#### **Tax Supported Operations (Non-COVID-19)**

As of March 31, 2022, Administration is projecting a \$2.4 million unfavourable year-end non-COVID-19 variance primarily due to the following:

- Roads – unfavourable, due to winter control measures (\$1.4 million)
- Thunder Bay Police Services – unfavourable, investigation costs mandated by the Police Services Act & higher than anticipated fuel and vehicle maintenance, offset slightly by greater than budgeted grant revenue (\$0.5 million)

- Fuel – unfavourable; costs are volatile and trending higher than budget (\$0.4 million)
- Thunder Bay Police Services Board – unfavourable; legal expenses (\$0.2 million)
- Early Leave – unfavourable (\$0.2 million)
- Insurance – favourable, claims currently trending below budget (\$0.4 million)

If the projected \$1.4 million unfavourable variance in winter control comes to fruition it can be funded by the Winter Control Reserve Fund, leaving a remaining non-COVID-19 unfavourable variance of \$1.0 million.

### **Rate Supported Operations**

Administration is projecting favourable variances of \$0.2 million in Wastewater and \$0.1 million in Waterworks due to vacancy savings which have been offset by increased costs for vector services and snow removal around hydrants. No significant variance is projected for Solid Waste or Boater Services.

### **CONCLUSION**

It is concluded that this Report should be received for information purposes and that Administration continue to closely monitor operating results and develop action plans as required to achieve the Corporation's overall 2022 Budget targets.

### **BACKGROUND**

The Operating Budget for the fiscal year January 1, 2022 to December 31, 2022 was approved by City Council on February 7, 2022.

The City of Thunder Bay experienced closures & capacity limits for the first 6 weeks of 2022, with gradual reopening since that time.

Effective April 27, 2022 all remaining restrictions are due to be lifted.

### **REFERENCE MATERIAL ATTACHED**

NONE.

### **PREPARED BY: EMMA WESTOVER, DIRECTOR – FINANCIAL SERVICES**

THIS REPORT SIGNED AND VERIFIED BY:	DATE:
Linda Evans, GM Corporate Services & Long Term Care and City Treasurer	April 20, 2022