

Municipality of Chatham-Kent
Finance, Budget & Information Technology Services
Financial Services
Information Report

To: Mayor and Members of Council
From: Steve Brown, CPA, CMA
Director, Financial Services
Date: July 29, 2019
Subject: 2018 Use of Contracted Professional Services

This report is for the information of Council.

Background

Chatham-Kent requires the utilization of professional services when their expertise is necessary or when there is workload that municipal staff cannot accommodate. Many municipal services have been contracted out by Council to private enterprise to reduce municipal staffing levels. The use of various professional services is a normal business practise.

Comments

The attached table is a summary of contracted professional services used by the Municipality during 2018. For comparison, a summary of 2017 figures has also been included. This summary does not include PUC, Entegrus or any of its subsidiaries.

Figures used are those charged to professional service expense lines in the financial records. During 2018, the net cost to the Municipality of Chatham-Kent for these various professional services was \$7,132,950 (compared to \$5,052,600 in 2017).

The \$2,080,350 net increase in services is due primarily to increased expenditures related to engineering and consulting fees associated with the lifecycle/capital bridges and roads.

Consultation

Departments are responsible for coding their expenses to appropriate ledger accounts and to routinely review account balances to promote accuracy.

Lifecycle and capital projects are tracked on a project-by-project basis, which allows for a more efficient review of non-tax revenue funding associated with these types of

projects. Also, internal engineering costs allocated to projects have been excluded from this report.

Financial Implications

Drainage related professional services are funded through related grant programs or recovered from drainage assessments. Some capital projects are to be financed through future years' savings and/or rate recoveries. As well, a number of other projects are funded at least in part through grants at either the provincial or federal level. The remainder of the funding for these contracted professional services is included in the Municipal budget.

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Attachment(s): Summary of 2018 Use of Contracted Professional Services

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2018 Contracted Professional Services

	2018 Actuals			2018 Net Budget				Notes on Non Tax Funding (Estimated and includes grants, drainage act assessments, subsidies, recoveries, user fees, etc.)			
	Gross	Revenues	Net	Total Net Budget	Base Budget	Lifecycle & Capital Budget	Supplementary Budget	Gross Base Budget	Supplementary Budget	Estimated % Non Tax Funded	Estimated Non Tax Funding
Summary of 2018 Report:											
1) Services that must be delivered by a third party	91,200	(12,050)	79,150	110,750	110,750	-	-	121,550	-		12,050
2) Services not delivered by existing staff (due to expertise, volume, Council direction, etc.)											
a) Core Services in base budget contracted out	7,921,600	(1,667,100)	6,217,500	7,713,600	449,600	6,689,900	609,200	671,200	594,600		1,667,100
b) Specialty projects (supplemental budget for the most part)	851,500	(15,200)	836,300	755,500	16,300	639,200	100,000	16,300	100,000		15,200
	<u>8,773,100</u>	<u>(1,682,300)</u>	<u>7,053,800</u>	<u>8,469,100</u>	<u>465,900</u>	<u>7,329,100</u>	<u>709,200</u>	<u>687,500</u>	<u>694,600</u>		<u>1,682,300</u>
	<u>8,864,300</u>	<u>(1,694,350)</u>	<u>7,132,950</u>	<u>8,579,850</u>	<u>576,650</u>	<u>7,329,100</u>	<u>709,200</u>	<u>809,050</u>	<u>694,600</u>		<u>1,694,350</u>

	2017 Actuals			2017 Net Budget							
	Gross	Revenues	Net	Total Net Budget	Base Budget	Lifecycle & Capital Budget	Supplementary Budget	Gross Base Budget	Supplementary Budget	Estimated % Non Tax Funded	Estimated Non Tax Funding
Summary of 2017 Report:											
1) Services that must be delivered by a third party	127,700	(15,300)	112,400	113,700	110,700	-	3,000	121,500	3,000		15,300
2) Services not delivered by existing staff (due to expertise, volume, Council direction, etc.)											
a) Core Services in base budget contracted out	4,844,000	(1,598,900)	3,245,100	2,701,800	506,000	1,984,500	229,400	792,600	234,400		1,598,900
b) Specialty projects (supplemental budget for the most part)	1,991,200	(296,100)	1,695,100	1,848,000	-	1,848,000	-	-	-		283,800
	<u>6,835,200</u>	<u>(1,895,000)</u>	<u>4,940,200</u>	<u>4,549,800</u>	<u>506,000</u>	<u>3,832,500</u>	<u>229,400</u>	<u>792,600</u>	<u>234,400</u>		<u>1,882,700</u>
	<u>6,962,900</u>	<u>(1,910,300)</u>	<u>5,052,600</u>	<u>4,663,500</u>	<u>616,700</u>	<u>3,832,500</u>	<u>232,400</u>	<u>914,100</u>	<u>237,400</u>		<u>1,898,000</u>

Detail of report reclassified to illustrate contracted out services vs use of consultants

1) Services that must be delivered by a third party											
External Audit and Financial Specialists											
Childcare Service 50% funded	2,100	(1,050)	1,050	2,800	2,800			5,600	50%	1,050	Provincial grant
Community Development Services	2,600		2,600	2,600	2,600			2,600	0%		
Employment & Social Services	1,600		1,600	1,600	1,600			1,600	0%		
FBIS	63,000	(5,500)	57,500	70,850	70,850			70,850	0%	5,500	BIA Funding
Health Services 100% funded	5,500	(5,500)						8,000	100%	5,500	Provincial grant
Housing Services	9,700		9,700	8,000	8,000			8,000	0%		
Reserve Funds	4,900		4,900	15,000	15,000			15,000	0%		
Property appraisals											
FBIS	1,800		1,800	9,900	9,900			9,900	0%		
Part 1) Total	91,200	(12,050)	79,150	110,750	110,750			121,550			12,050
2) Services not delivered by existing staff (due to expertise, volume, Council direction, etc.)											
a) Core Services in base budget contracted out											
Compensation specialists											
	2,000		2,000	4,600	4,600			4,600	0%		
Computer Consultants - Network, GIS, Info Tech											
	86,800		86,800	181,300	31,300		150,000	31,300	150,000	0%	
Consulting fees											
Childcare Service 100%	10,300	(10,300)		6,900	6,900			6,900	100%	10,300	Provincial grant
Childcare Service 50% funded	13,800	(6,900)	6,900						50%	6,900	Provincial grant
Community Development Services	2,000		2,000						0%		
Economic Development	65,600		65,600	150,000			150,000	150,000	0%		
Employment & Social Services	44,600		44,600				17,000	17,000	0%		
Health Unit 75% funded (medical & dental professionals)	30,600	(23,000)	7,600	11,800	11,800			47,100	75%	23,000	Provincial grant
Housing Services	8,600		8,600						0%		
Landfill				100,000			100,000	100,000	0%		
Reserve Funds	37,000								0%		
Senior Services	94,800	(33,200)	61,600	68,200	68,200			104,900	35%	33,200	Provincial grant
Transit studies				5,300	5,300			5,300	0%		
	<u>307,300</u>	<u>(73,400)</u>	<u>196,900</u>	<u>342,200</u>	<u>92,200</u>		<u>267,000</u>	<u>164,200</u>	<u>267,000</u>		<u>73,400</u>

	2018 Actuals			2018 Net Budget				Notes on Non Tax Funding (Estimated and includes grants, drainage act assessments, subsidies, recoveries, user fees, etc.)				
	Gross	Revenues	Net	Total Net Budget	Base Budget	Lifecycle & Capital Budget	Supplementary Budget	Gross Base Budget	Supplementary Budget	Estimated % Non Tax Funded	Estimated Non Tax Funding	
Engineering												
Drainage	461,400	(392,200)	69,200	461,400		461,400				85%	392,200	Landowner assessments and Prov. grants
Lifecycle/Capital bridges, roads	2,845,200	(467,300)	2,377,900	2,845,200		2,845,200				0%	467,300	Federal Gas Tax and other grants
Other Lifecycle/Capital - buildings, recreation, etc.	388,900	(3,500)	385,400	73,800		73,800				0%	3,500	Trail donation
	3,695,500	(863,000)	2,832,500	3,380,400		3,380,400					863,000	
Environmental assessments				17,000	17,000			17,000		0%		
Other Lifecycle/Capital - buildings, recreation, etc.	600		600	600		600				0%		
	600	0	600	17,600	17,000	600	0	17,000	0	0	0	
Outside Legal Counsel												
Health Unit 100% funded								10,700		100%		Provincial grant
Employment & Social Services				1,000	1,000			1,000		0%		
FBIS				2,700	2,700			2,700		0%		
Fire Services	2,500		2,500							0%		
Labour negotiations/arbitrations/investigations	135,300		135,300	101,500	51,400		50,100	51,400	50,100	0%		
Landfill				4,500	4,500			4,500		0%		
Legal Services	12,500		12,500	23,700	23,700			23,700		0%		
Other Lifecycle/Capital - buildings, recreation, etc.	100		100	100		100				0%		
Planning				6,100	11,400		5,300	11,400	5,300	0%		
Police Services	11,300		11,300	59,900	59,900			59,900		0%		
Property & building services				6,100	6,100			6,100		0%		
Senior Services	14,500	(5,100)	9,400	9,700	9,700			15,000		35%	5,100	Provincial grant
Other legal - corporate				3,700	3,700			3,700		0%		
	176,200	(5,100)	171,100	219,000	174,100	100	44,800	190,100	44,800		5,100	
Other Professional fees												
CAO initiatives	62,300		62,300	12,000	12,000			12,000		0%		
FBIS	4,300		4,300							0%		
Health Unit 75% funded	12,100	(9,100)	3,000							75%	9,100	Ministry Cost Shared
Health Unit 100% funded	19,200	(19,200)								100%	19,200	Provincial grant
Human Resources				158,400	11,000		147,400	11,000	147,400	0%		
Landfill	46,600	(46,600)						60,000		100%	46,600	Host fee
Legal Services	26,700	(26,700)						40,600	14,600	100%	26,700	POC Funding
Lifecycle/Capital bridges, roads	78,200		78,200	78,200		78,200				0%		
Other Lifecycle/Capital - buildings, recreation, etc.	3,230,600	(588,200)	2,642,400	3,230,600		3,230,600				0%	588,200	Donations and Grants
Planning Services	35,200		35,200							0%		
Police Services	18,400		18,400	5,700	5,700			5,700		0%		
Senior Services	93,200	(32,600)	60,600	61,400	61,400			94,400		35%	32,600	Provincial subsidy
Others										100%		Provincial grant
	3,626,800	(722,400)	2,904,400	3,546,300	90,100	3,308,800	147,400	223,700	132,800		722,400	
Planning												
Applicant funded										100%		Recovered costs
Tax funded					18,100			18,100		0%		
					18,100			18,100				
Survey/Search fees/Transfer Tax	26,400	(3,200)	23,200	22,200	22,200			22,200		0%	3,200	POC Funding
Subtotal	2 a)	7,921,600 -	1,667,100	6,217,500	7,713,600	449,600	6,689,900	609,200	671,200	594,600	1,667,100	
b) Specialty projects (supplemental budget for the most part)												
Project Delta Computer Upgrade												
Computer Consultants	110,300		110,300	116,300	16,300		100,000	16,300	100,000	0%		
Other Professional fees	18,000		18,000	18,000		18,000				0%		From ITS Lifecycle reserves
	128,300		128,300	134,300	16,300	18,000	100,000	16,300	100,000			
Public Housing Condition Assessment												
Consulting fees	102,000		102,000							0%		From Lifecycle reserves

	<u>2018 Actuals</u>			<u>2018 Net Budget</u>								<u>Notes on Non Tax Funding</u>
	<u>Gross</u>	<u>Revenues</u>	<u>Net</u>	<u>Total Net Budget</u>	<u>Base Budget</u>	<u>Lifecycle & Capital Budget</u>	<u>Supplementary Budget</u>	<u>Gross Base Budget</u>	<u>Supplementary Budget</u>	<u>Estimated % Non Tax Funded</u>	<u>Estimated Non Tax Funding</u>	<u>(Estimated and includes grants, drainage act assessments, subsidies, recoveries, user fees, etc.)</u>
Other one time projects sorted by type												
Other Professional fees												
- Parks, Recreation - Park, Facility upgrades (various)	499,581		499,581	499,581		499,581				0%		From Parks Lifecycle reserves
- Parks, Recreation - Trail upgrades	121,619	(15,200)	106,419	121,619		121,619				0%	15,200	From Parks Trail reserves
	621,200	(15,200)	606,000	621,200		621,200					15,200	
Subtotal	2 b)	851,500 -	15,200	836,300	755,500	16,300	639,200	100,000	16,300	100,000	15,200	
Subtotal	Section 2	8,773,100	(1,682,300)	7,053,800	8,469,100	465,900	7,329,100	709,200	687,500	694,600	1,682,300	
Total		8,864,300 -	1,694,350	7,132,950	8,579,850	576,650	7,329,100	709,200	809,050	694,600	1,694,350	
Notes:	Non Tax Funding is estimated Non Tax Funding could include grants, drainage act assessments, subsidies from other levels of government, recovered costs, user fees, etc.											