

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

To: Mayor and Members of Council
From: Matt Torrance, MBA, CPA, CGA
Director, Financial Services
Date: July 28, 2020
Subject: 2019 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 2019. For comparison, a summary of 2018 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 2019, the net cost to the Municipality of Chatham-Kent for these various professional services was \$8,507,604 (compared to \$7,132,950 in 2018).

The \$1,374,654 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 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 2019 Use of Contracted Professional Services

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2019 Contracted Professional Services

	2019 Actuals			2019 Net Budget				Gross Base Budget	Supplementary Budget	Estimated % Non Tax Funded	Estimated Non Tax Funding	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					
Summary of 2019 Report:												
1) Services that must be delivered by a third party	101,900	(12,450)	89,450	104,750	104,750	-	-	115,550	-		12,450	
2) Services not delivered by existing staff (due to expertise, volume, Council direction, etc.)												
a) Core Services in base budget contracted out	9,228,700	(1,559,600)	7,669,100	8,790,400	436,100	8,138,900	233,500	663,700	233,500		1,559,600	
b) Specialty projects (supplemental budget for the most part)	756,300	(7,246)	749,054	692,200	16,300	675,900	-	16,300	-		7,246	
	<u>9,985,000</u>	<u>(1,566,846)</u>	<u>8,418,154</u>	<u>9,482,600</u>	<u>452,400</u>	<u>8,814,800</u>	<u>233,500</u>	<u>680,000</u>	<u>233,500</u>		<u>1,566,846</u>	
	<u>10,086,900</u>	<u>(1,579,296)</u>	<u>8,507,604</u>	<u>9,587,350</u>	<u>557,150</u>	<u>8,814,800</u>	<u>233,500</u>	<u>795,550</u>	<u>233,500</u>		<u>1,579,296</u>	

	2018 Actuals			2018 Net Budget				Gross Base Budget	Supplementary Budget	Estimated % Non Tax Funded	Estimated Non Tax Funding	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					
Summary of 2018 Report:												
1) Services that must be delivered by a third party	91,200	(12,050)	79,150	110,750	110,700	-	-	121,500	-		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>576,600</u>	<u>7,329,100</u>	<u>709,200</u>	<u>809,000</u>	<u>694,600</u>		<u>1,694,350</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%		
Economic Development										100%		Provincial grant
Employment & Social Services	1,600		1,600	1,600	1,600			1,600		0%		
FBIS	63,000	(5,500)	57,500	67,850	67,850			67,850		0%	5,500	BIA Funding
Health Services 100% funded	5,900	(5,900)						8,000		100%	5,900	Provincial grant
Housing Services	15,900		15,900							0%		
Reserve Funds	8,600		8,600	20,000	20,000			20,000		0%		
Property appraisals												
FBIS	2,200		2,200	9,900	9,900			9,900		0%		
Other										0%		
Part 1) Total	101,900	(12,450)	89,450	104,750	104,750			115,550			12,450	
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												
	24,400		24,400	31,300	31,300			31,300		0%		
Consulting fees												
Childcare Service 100%										100%		Provincial grant
Childcare Service 50% funded	32,100	(16,100)	16,000							50%	16,100	Provincial grant
Community Development Services	4,600		4,600							0%		
Economic Development	158,000		158,000	170,000			170,000		170,000	0%		
Employment & Social Services										0%		
Health Unit 75% funded (medical & dental professionals)	20,700	(15,500)	5,200	10,500	10,500			42,100		75%	15,500	Provincial grant
Housing Services	73,200		73,200	57,800					57,800	0%		
Senior Services	81,400	(28,500)	52,900	71,100	71,100			109,400		35%	28,500	Provincial grant
Traffic studies				5,300	5,300			5,300		0%		
Transit studies	12,800		12,800							0%		
	<u>382,800</u>	<u>(60,100)</u>	<u>322,700</u>	<u>314,700</u>	<u>86,900</u>		<u>227,800</u>	<u>156,800</u>	<u>227,800</u>		<u>60,100</u>	

2019 Contracted Professional Services

	2019 Actuals			2019 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	608,600	(517,300)	91,300	608,600		608,600				85%	517,300	Landowner assessments and	
Lifecycle/Capital bridges, roads	2,382,500	(321,600)	2,060,900	2,382,500		2,382,500				0%	321,600	Federal Gas Tax and other	
Other Lifecycle/Capital - buildings, recreation, etc.	55,700	(300)	55,400	54,500		54,500				0%	300	Trail donation	
	<u>3,046,800</u>	<u>(839,200)</u>	<u>2,207,600</u>	<u>3,045,600</u>		<u>3,045,600</u>					<u>839,200</u>		
Environmental assessments	119,900		119,900	17,000	17,000			17,000		0%			
Other Lifecycle/Capital - buildings, recreation, etc.	239,500		239,500	239,500		239,500				0%			
	<u>359,400</u>		<u>359,400</u>	<u>256,500</u>	<u>17,000</u>	<u>239,500</u>		<u>17,000</u>					
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	300		300							0%			
Labour negotiations/arbitrations/investigations	65,700		65,700	51,400	51,400			51,400		0%			
Landfill				4,500	4,500			4,500		0%			
Legal Services	6,100		6,100	900	900			900		0%			
Other Lifecycle/Capital - buildings, recreation, etc.										0%			
Planning	300		300	11,800	11,800			11,800		0%			
Police Services	30,600		30,600	59,900	59,900			59,900		0%			
Property & building services				6,100	6,100			6,100		0%			
Senior Services				9,700	9,700			15,000		35%		Provincial grant	
Other legal - corporate	200		200							0%			
	<u>103,200</u>		<u>103,200</u>	<u>148,000</u>	<u>148,000</u>			<u>164,000</u>					
Other Professional fees													
CAO initiatives	72,900		72,900	12,000	12,000			12,000		0%			
FBIS	400		400							0%			
Health Unit 75% funded	12,100	(9,100)	3,000							75%	9,100	Ministry Cost Shared	
Human Resources	107,000		107,000	16,700	11,000		5,700	11,000	5,700	0%			
Landfill	43,200	(43,200)						60,000		100%	43,200	Host fee	
Legal Services	32,100	(32,100)						16,500		100%	32,100	POC Funding	
Lifecycle/Capital bridges, roads	419,700		419,700	419,700		419,700				0%			
Other Lifecycle/Capital - buildings, recreation, etc.	4,434,100	(495,000)	3,939,100	4,434,100		4,434,100				0%	495,000	Donations and Grants	
Planning Services				17,900	17,900			17,900		0%			
Police Services	18,500		18,500	5,700	5,700			5,700		0%			
Senior Services	93,500	(32,700)	60,800	61,400	61,400			94,400		35%	32,700	Provincial subsidy	
Others	44,900	(44,900)						32,200		100%	44,900	Provincial grant	
	<u>5,278,400</u>	<u>(657,000)</u>	<u>4,621,400</u>	<u>4,967,500</u>	<u>108,000</u>	<u>4,853,800</u>	<u>5,700</u>	<u>249,700</u>	<u>5,700</u>		<u>657,000</u>		
Planning													
Applicant funded										100%		Recovered costs	
Tax funded	1,000		1,000		18,100			18,100		0%			
	<u>1,000</u>		<u>1,000</u>		<u>18,100</u>			<u>18,100</u>					
Survey/Search fees/Transfer Tax	30,700	(3,300)	27,400	22,200	22,200			22,200	-	0%	3,300	POC Funding	
Subtotal	<u>2 a)</u>	<u>9,228,700</u>	<u>-</u>	<u>1,559,600</u>	<u>7,669,100</u>	<u>8,790,400</u>	<u>436,100</u>	<u>8,138,900</u>	<u>233,500</u>		<u>663,700</u>	<u>233,500</u>	<u>1,559,600</u>
b) Specialty projects (supplemental budget for the most part)													
Project Delta Computer Upgrade													
Computer Consultants	80,400		80,400	16,300	16,300			16,300		0%			
Other Professional fees										0%		From ITS Lifecycle reserves	
	<u>80,400</u>		<u>80,400</u>	<u>16,300</u>	<u>16,300</u>			<u>16,300</u>					

2019 Contracted Professional Services

	2019 Actuals			2019 Net Budget						<u>Notes on Non Tax Funding</u> (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
Public Housing Condition Assessment											
Consulting fees										0%	From Lifecycle reserves
One time Stimulus projects											
Other one time projects sorted by type											
Consulting/Engineering fees											
- Lifecycle/Capital bridges, roads	248,500		248,500	248,500		248,500				0%	From Lifecycle/Capital Budget reserves
Other Professional fees											
- Parks, Recreation - Park, Facility upgrades (various)	322,000		322,000	322,000		322,000				0%	From Parks Lifecycle reserves
- Parks, Recreation - Trail upgrades	105,400	(7,246)	98,154	105,400		105,400				0%	7,246 From Parks Trail reserves
	427,400	(7,246)	420,154	427,400		427,400					7,246
Subtotal	2 b)	756,300 -	7,246	749,054	692,200	16,300	675,900	16,300			7,246
Subtotal	Section 2	9,985,000	(1,566,846)	8,418,154	9,482,600	452,400	8,814,800	233,500	680,000	233,500	1,566,846
Total		10,086,900 -	1,579,296	8,507,604	9,587,350	557,150	8,814,800	233,500	795,550	233,500	1,579,296

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.