

# 2019 Business Plan & Budget Process

Governance and Priorities Committee  
March 19, 2018

# Multi-Year Budgeting

- Long-term perspective on financial planning
- Better alignment between Strategic Plan, Business Plans and Budget
  - Multi-year outlook
  - Focused on achieving City Council outcomes

# What's the Plan for 2019?

## Current Year:

- Internally, Administration is piloting a 2-year Business Plan & Budget
  - 2019 and 2020
- Public presentation will continue to be a 1-year presentation only (2019)

## Purpose:

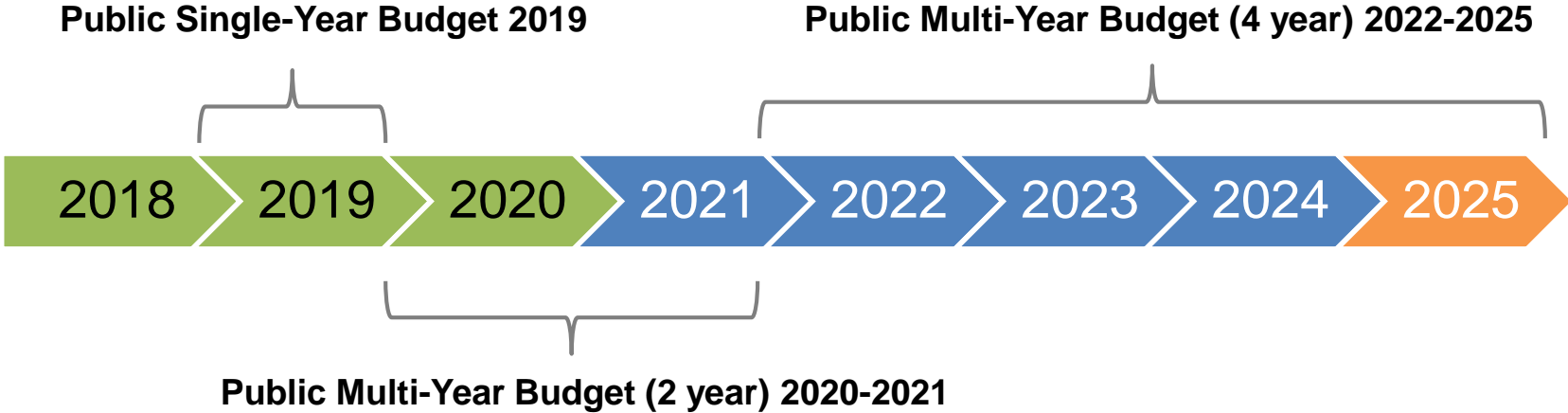
- Work out issues in the process

# What's the Plan for 2020?

2020:

- Publically present a 2-year Business Plan & Budget
  - 2020 and 2021

# Public Presentation Timeline




- 2016 – 2020 Council Term
- 2020 – 2024 Council Term
- 2024 – 2028 Council Term

# 2019 Business Plan & Budget Approach

## Step 1

Determine Cost to Maintain Service Levels



## Step 2

Determine Property Tax Target



## Step 3

Develop Corporate Business Plans



## Step 4

Incorporate Business Plans into the Business Plan & Budget

# **Step 1:**

# **Determine Cost to Maintain Service**

# Cost to Maintain Service

**Purpose:** Before adding initiatives, determine current requirements to maintain existing services:

- Expenditure Inflation
  - Staffing, utility rates, other contracts, etc.
- Expenditure Growth
  - Population, physical assets (parks, roadways, etc.)
- Revenue Assumptions
- Service Level Reports



# Inflation Example

(using 2018 budget figures)

# Expenditure Municipal Price Index Impacts

Estimated MPI = 1.62%

Higher than Average MPI

- Electricity
- Water & Sewer
- Contracted & General Services
- Maintenance Supplies & Materials

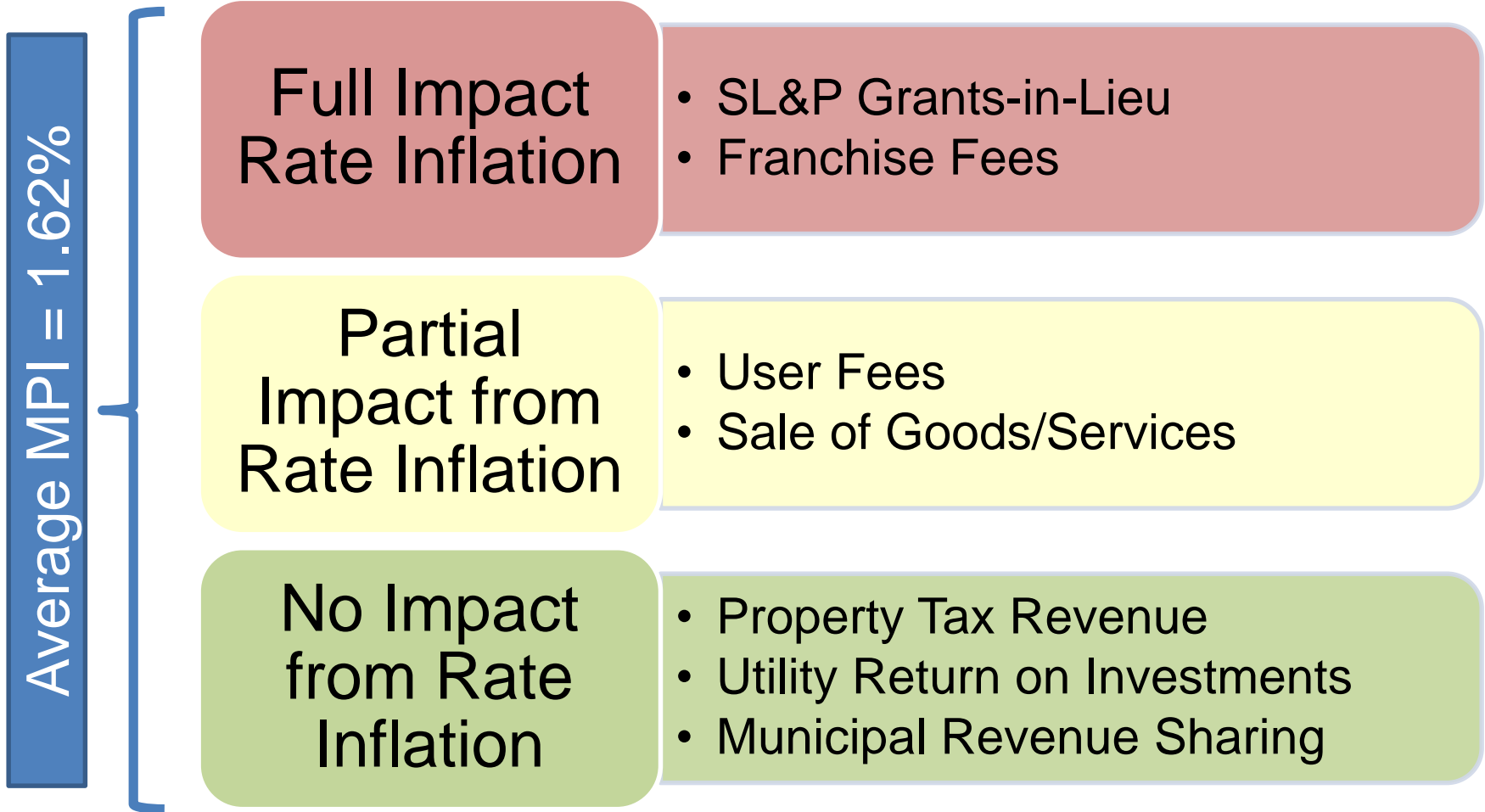
Average MPI

- Wages & Benefits
- Vehicle & Equipment Charges

Lower than Average MPI

- Debt Servicing Costs
- Natural Gas
- Maintenance & Rental Equipment
- Fuel

# Revenue Rate Impacts



# Inflation/Revenue Gap

Inflation Impact Expenses = \$5.9M

—

Rate Impact on Revenue = \$1.2M

=

Net Inflation Funding Gap = \$4.7M

# Growth Example

# Expenditure Increases from Growth (0.73% or \$3.5M)



Increasing Park/Green Space 2018  
= 51.14 HA added



Increasing Roadway Network 2016  
= 30 KM added (0.7%)

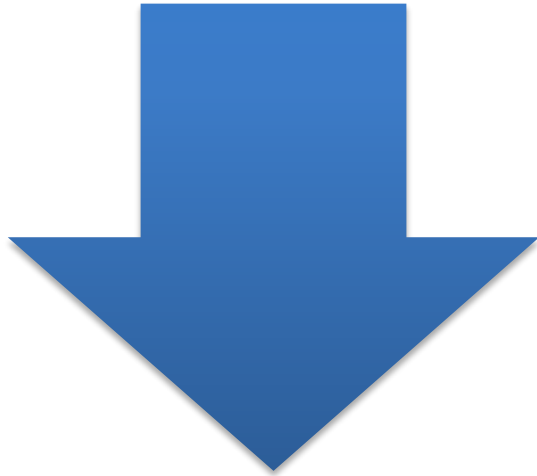


2018 Population Growth of 1.5%  
to 272,000



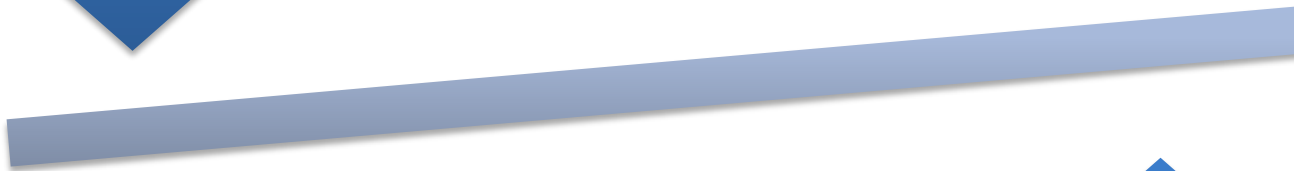
Full Year Remai Operations  
(Maintenance & Reserve Contributions)

# Impacts on Revenue from Growth



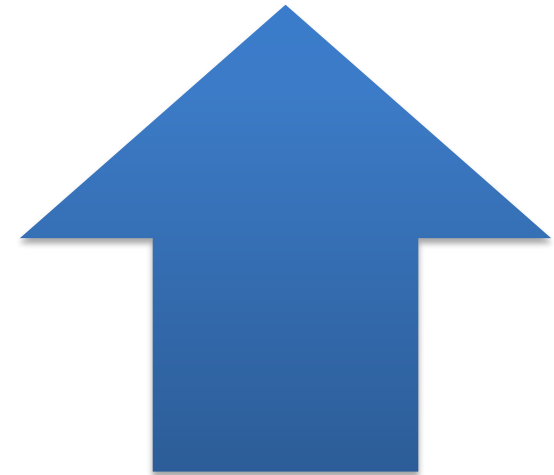
## Volume Decreases to Revenue

- Landfill Revenue (\$0.7M)
- Traffic Violations (\$0.5M)



## Growth Increases to Revenue

- Assessment Growth (\$3.2M)
- Water & Waste Water ROI (\$1.5M)



# Growth Impact

Expenditure Growth Estimate = \$3.5M



Revenue Growth Estimate = \$3.4M



Growth Funding Gap = \$0.1M



# Tax Impacts to Maintain Current Service Delivery (EXAMPLE)

Item	Expenditure Impact*	Revenue Impact*	Net Impact*	Impact on Property Taxes
MPI/Inflation	\$5.9	\$1.2	\$4.7	2.14%
Growth	\$3.5	\$3.4	\$0.1	0.05%
<b>TOTAL</b>	<b>\$9.4</b>	<b>\$4.6</b>	<b>\$4.8</b>	<b>2.19%</b>

\* in millions

# **Step 2:**

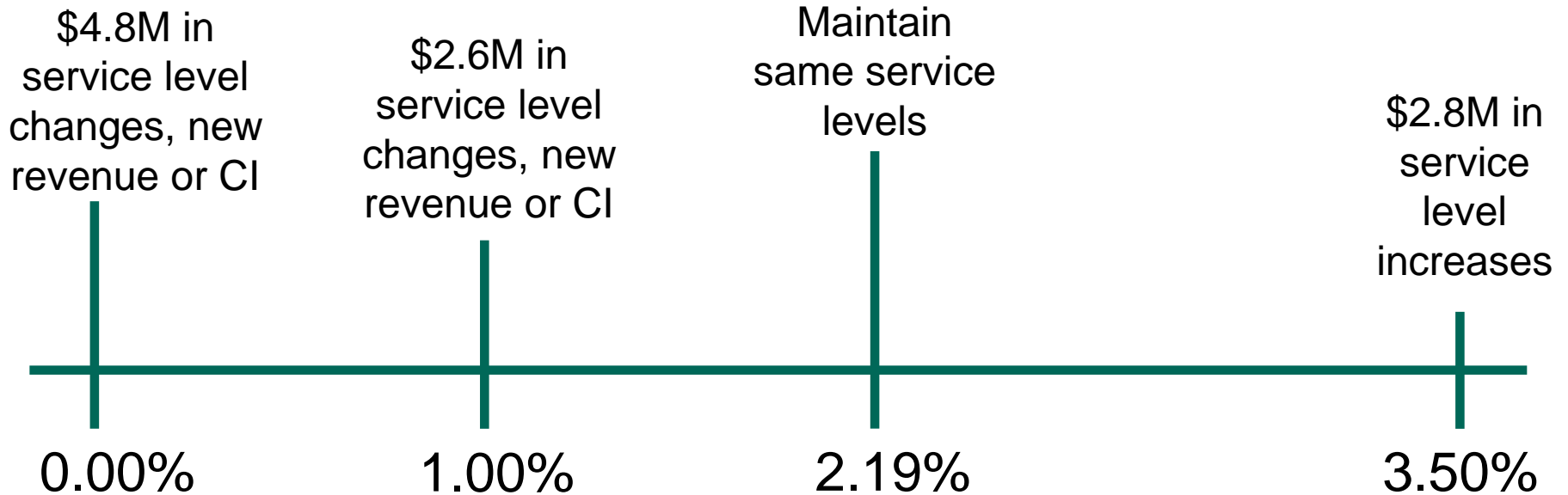
# **Property Tax Target**

# Property Tax Target

**Approach:** Utilize Step 1 information to provide context on financial pressures facing existing services

***City Council Indicative Rate Decision:  
Administration requires City Council to provide  
an indication on their property tax tolerance***

# Indicative Rate Decision



# EXAMPLE Recommendation to GPC/Council

*“That City Council direct Administration to target a 3.50% property tax increase for 2019.”*

# **Step 3:**

# **Business Plans**

- Outlines Council priorities, short and long term goals

## Strategic Plan

- Outlines Administration's plan to achieve City Council's priorities.

## Business Plan

- Provides the necessary resource allocations in order to operationalize the business plan

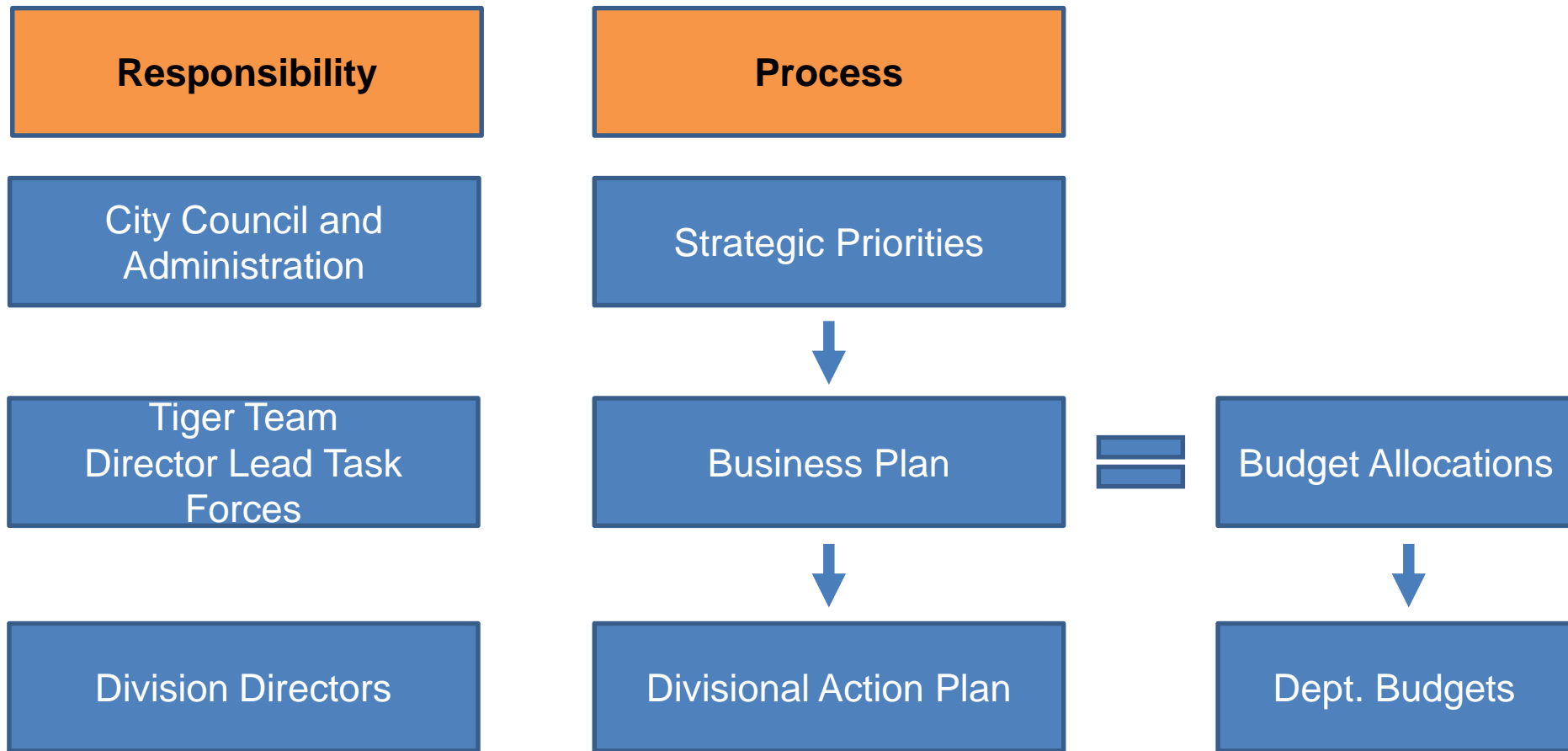
## Budget

# Business Plan & Budget Model

- Business Plans
  - Corporate Business Plans to achieve City Council Strategic Priorities
  - Developed collaboratively by “Tiger Teams” from various divisions
- Division Action Plans
  - Divisional Action Plans to implement the Corporate Business Plan
  - Will know what is included in the budget prior to developing Divisional Action Plan



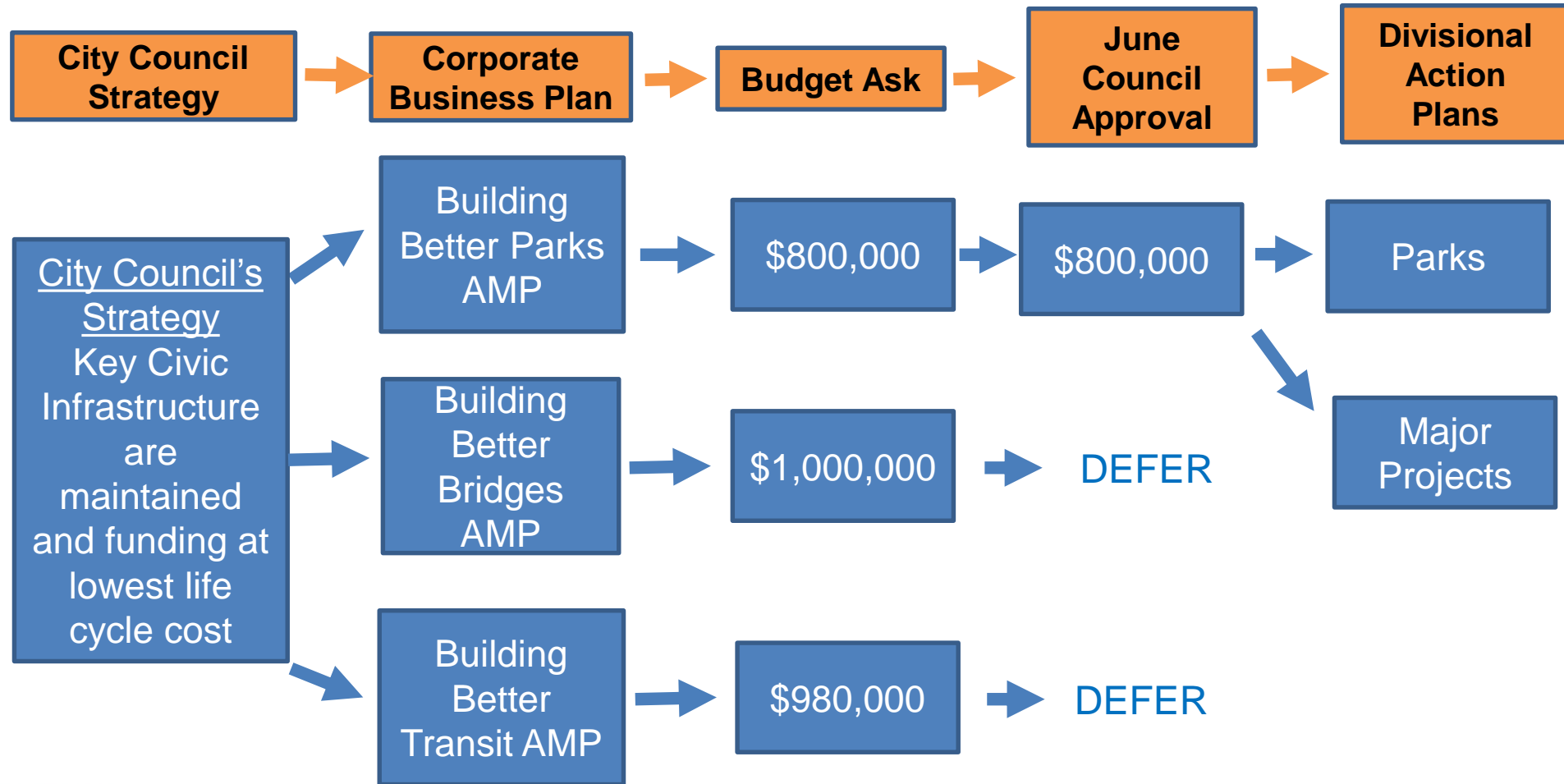
# Proposed Business Plan & Budget Model



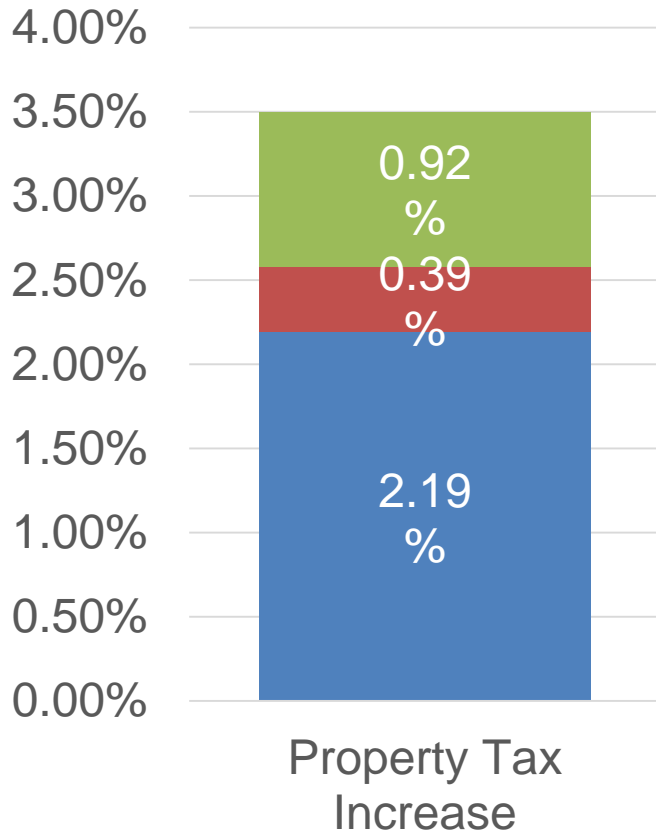
# Example

Strategy/Goal Statement	Alignment with Council Priority Areas	Action Items	Measures and Indicators
Reliance on property taxes is reduced.	Economic Development	New revenue streams are established.	<ul style="list-style-type: none"> <li>- The proportion of property tax contribution to support civic operations.</li> <li>- Successful establishment of new revenue streams.</li> </ul>
Key civic infrastructure assets are maintained and funded to minimize the total life cycle costs.	Core Services	<ul style="list-style-type: none"> <li>- Asset management plans are created and maintained for key civic infrastructure.</li> <li>- Funding plans are established to meet the approved asset management plans.</li> <li>- Lead water pipe replacement initiative continues.</li> </ul>	<ul style="list-style-type: none"> <li>- Asset management plans are created and approved for all key civic infrastructure categories.</li> <li>- The funding gap required to operate, maintain, rehabilitate/replace key civic infrastructure is reduced.</li> <li>- The operations, maintenance and rehabilitation/replacement of key civic infrastructure is executed in accordance with the approved asset management plans.</li> </ul>
Public funds are utilized in the most efficient and effective manner feasible and aligned with citizen expectations.	Core Services Economic Development	<ul style="list-style-type: none"> <li>- Adopt a Multi-Year Business Plan and Budget.</li> <li>- Maintain a AAA Credit Rating.</li> </ul>	<ul style="list-style-type: none"> <li>- Institution of a 2-Year Business Plan and Budget</li> <li>- City's Credit Rating</li> </ul>
Procurement practices are transparent and focused on achieving best value.	Core services	Review and adjust procurement practices.	Successfully implement the new procurement policy (pass/fail)

# Example



# Example



- Available Room
- Building Better Parks
- Maintain Services

- 2.19% or \$4.5M to maintain services
- 0.39% or \$800,000 for Building Better Parks
- 0.92% or \$1.9M for other Business Plans

# Step 4: Incorporate Business Plans

# Incorporate Business Plan into Budget

- Administration to prepare budget based on Committee direction provided in June
- Administration completes the 2019 Business Plan & Budget (July – October)

# **2019 Business Plan & Budget Process Timing**

# 2019 Budget Timing

- MAY – Indicative Rate Report – GPC
- JUNE – Report presented to GPC to allocate additional funds if required for Business Plans
- JULY-OCTOBER – Prepare Business Plans and Budgets
- OCTOBER – Release of Preliminary Budget – GPC
- NOVEMBER 26-28 – Budget Review Meetings



# Questions?