

2020 – 2024 Financial Plan Development



June 19, 2019



Purpose of Workshop

- Overview of Financial Planning Process
- Timeline
- Review Starting Point
- Council Direction for 2020 – 2024 Financial Plan

Financial Planning Process

Planning Framework

The City's integrated planning framework is comprised of separate but complementary planning processes.

These processes support alignment and integration of resources and activities to achieve the strategic goals and priorities set by Council.



Three Main Components

Operating Budgets	Projects	Business Cases
<ul style="list-style-type: none">• Sometimes referred to as 'base' budgets• Five year plans• Modified 'zero based' budgeting• Identify the annual budgets required to carry out the day to day delivery of City services/functions	<ul style="list-style-type: none">• Projects are classified as either operating or capital per City's Capital Expenditure Policy• Ten year plans• Informed by the City's asset management and 20 Year Infrastructure Plans• Identify budgets required to complete infrastructure renewal, increase infrastructure capacity required due to growth and implement Council's strategic priorities	<ul style="list-style-type: none">• Prepared by departments with support from Financial Planning• Support requests for new resources, new services or changes in current service delivery models• Must clearly articulate business issue, specific options and related impact on services and include both capital investment and annual operating costs• Must be endorsed by department's Director

Operating Budgets

- Focus planning and decisions on maintaining current service levels
 - Modified zero-based budgeting
 - Support department's business plan
 - Managers work with Financial Planning staff to develop their budgets based on work plans
 - Service delivery changes require a business case
 - i.e. Automation, In-House Parking

Projects

- Next planning cycle has started
 - 10+ year planning horizon
 - Condition assessment programs
 - Current maintenance information
 - Current asset age/other information
 - Updating scope of work, timing and cost estimates
 - Identifying new projects
 - Business case and cost/benefit analysis where appropriate

Business Cases

Process, Purpose and Value

- Financial Planning
 - Works with managers/consultants
 - Format and financial analysis
- Internal Management
 - Articulate business issue(s), impact on service level, risks, options, benefits, costs
 - Complete, accurate, fact based
 - Support informed recommendations/decision making
- Council
 - Support informed decision making

Key Points

- Develop budget principles
 - Business plans must align with Strategic Plan
 - Base budgets are prepared to maintain existing service levels
 - New, enhanced or changes in service levels require a business case
- Project planning framework
 - Within existing funding strategies
 - Strategic projects/initiatives
 - Renewal, new/upgrades required for growth
- Financial Planning support
 - Department works with managers, prepare/review supporting information (i.e. schedules, work plans) and data input
 - Business cases

Timeline

Proposed Timeline and Process

- February – May

- Updating of 10 year project plans for upcoming budget cycle

- June

- Financial Planning prepares budget software and tools for departments for operating budgets
- Council provides direction on their priorities and expectations for Financial Plan
- Draft 10 Year Project Plans completed

- July

- Operating Budget Development
 - Prepare operating plans – i.e. work plans, schedules
 - Financial Planning staff work with managers and review with Directors

Proposed Timeline and Process

● August

- Draft Operating Budgets Completed
- Departmental Business Plans
- Business Cases Completed

● September - October

- Financial Planning
 - Updates/reviews budgets for completeness and accuracy
 - Prepare summary reports and analysis
 - Prepare Budget in Brief
 - Business cases reviewed by Senior Management

● October

- Senior Management review

Proposed Timeline and Process

- November/Early December
 - Review Draft Financial Plan with Council
 - 2020 Departmental Business Plans presentations
 - 2020 – 2024 Project Highlights presentation
 - Seek further direction from Council
- December
 - Public Consultation - E Town Hall
 - Council adopts 2020 User Rates Bylaws – Garage, Water and Sewer
 - First three (3) readings of Provisional 2020 – 2024 Financial Plan Bylaw
- January 2020
 - Council adopts Provisional 2020 – 2024 Financial Plan Bylaw

Proposed Timeline and Process

- March/April 2020
 - Presentation to Finance and Audit Committee on Changes from Provisional to Final 2020 – 2024 Financial Plan Bylaw includes:
 - Direction from Council
 - Updates to estimates
 - Other changes
 - Council adopts Property Tax Bylaw and Amended 2020 – 2024 Financial Plan Bylaw

Budget Starting Point

Projected Property Tax Increase

	2019	2020	2021	2022	2023
General Asset Management Reserve	1.0%	1.0%	1.0%	1.0%	0.0%
General Property Tax Increase	4.0%	2.6%	1.9%	1.8%	1.4%
2019 - 2023 Financial Plan	5.0%	3.6%	2.9%	2.8%	1.4%

The approved annual 1% property tax increase for contribution to the General Asset Management Reserve currently ends in 2022

Does not include debt servicing for Port Theatre Expansion if grant application is successful

Projected User Fees

	2019	2020	2021	2022	2023
Sanitary Sewer User Fee Increase	4.0%	4.0%	4.0%	4.0%	0.0%
Water User Fee Increase	7.5%	7.5%	5.0%	5.0%	5.0%
	2019	2020	2021	2022	2023
Sanitation User Fees	\$ 170	\$ 171	\$ 171	\$ 176	\$ 180

2020 Key Budget Drivers

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Asset Management	\$ 995,000
Project Expenditures	
Annual general revenue funding	409,000
RCMP Contract (budgeted at 93%)	1,571,000
Strategic Infrastructure Reserve	400,000
Wages and Benefits, Other Changes	1,622,000
Net Expenditure Increases	\$ 4,997,000
Less Increased Property Tax Revenues Due to Growth	1,200,000
Net Impact	\$ 3,797,000

Not Currently Included in 2020 Budget

- Port Theatre – \$4.6 Million
 - If grant application is successful
 - Short-term borrowing of \$4.5M and \$100k from Strategic Infrastructure Reserve
 - Approx. 1% impact on taxes – spread over multiple years

Council Direction

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- Seeking Direction from Council on
 - Council's expected outcomes
 - Short-term goals and priorities
 - Approach for funding expanded programs i.e. road rehabilitation as discussed at Governance and Priorities Committee
 - Additional increases to project funding from general revenue
 - Reprioritize within existing project plan