



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Moya Leighton, Town Treasurer and Director of Finance

DATE: June 5, 2023

REPORT NO.: CS-2023-024

SUBJECT: Changes and Process Improvements – 2024 Operating & Capital Budgets

RECOMMENDATION:

THAT Report No. CS-2023-024, dated June 5, 2023, regarding changes and process improvements for the 2024 operating and capital budgets be received as information.

AND FURTHER THAT Council has the opportunity to request additional changes that may be integrated in to the 2024 Budget Process.

KEY POINTS:

The following are key points for consideration with respect to this report:

- The 2024 draft budget document will be published on the Town's website on November 7, 2023, to provide additional opportunity for public engagement
- The three separate ward meetings will be replaced with one budget workshop meeting on November 13, 2023
- The capital budget prioritization methodology will remain unchanged
- Changes will be made to the layout and content of the Capital Project Information sheet, which is a key component of the budget book
- Updates will be made to the Budget Inclusion sheets which support the year-over-year changes to the operating budget.
- Staff will be bringing forward an update to the Town's current reserve and reserve fund policy
- The order and sequence of the sections of the budget book will be revised
- Staff will identify and repurpose existing special levies into the base budget in 2024, where appropriate.

BACKGROUND AND DISCUSSION:

At the conclusion of each annual budget cycle, staff conduct a review to determine which aspects of the budget process worked well and which areas could benefit from changes or process improvements.

Following the 2023 budget cycle, discussions were held with the senior management team to determine areas of focused improvements for the 2024 budget cycle. Consultations were held with staff from those areas identified to determine the best course of action to operationalize potential changes.

Each proposed change was carefully reviewed to determine the feasibility of introduction with the upcoming 2024 budget cycle, or whether it would need to be deferred to a future year. The following changes are planned to be introduced in 2024:

Timing of Release of Budget Information and Pre-Budget Committee Discussions

The 2024 Budget Directions report will be on the Council agenda on September 18, 2023. Staff will preface this report and provide an update on the Town's Long Range Financial Plan.

To permit additional time for public consultation. The draft budget will be published on the Town's website on November 7, 2023, and be available in print for each member of Council.

The three separate ward meetings will be replaced with a single Council Budget Workshop, which will be held on November 13, 2023.

Members of Council will have the opportunity to ask questions of staff during the budget workshop and in the intervening period leading up to the Budget Committee meeting. Similar to the 2023 budget process, questions from members of Council leading up to the budget workshop will be managed through a single contact. More details will be provided to Council when the draft budget is released.

Budget Committee will meet on December 4, 2023, with consideration of the budget by Council on December 11, 2023.

Format and Content of Budget Documentation (Capital)

Staff have created a document that outlines the capital project prioritization matrix methodology. The matrix itself was reviewed in detail and will remain unchanged at this time. Once the asset management information system is operationalized, the prioritization matrix will be subject to further review.

A review of the capital data collection process, which staff follow as a key part of the capital budget preparation, was undertaken. Staff input capital project details into a Needs Identification and Assessment Form (NIA), which is then used to create the summarized public-facing Capital Project Information sheet that is published with the

budget. It was determined that changes could be made to both the NIA form and the Capital Project Information sheet to capture greater detail on the projects. The changes will allow additional project specifics to be populated on the Capital Project Information sheet, along with operating budget impacts, requirements for resources from support services i.e: Information Technology, and greater detail around how the project will be funded. An example of the revised form will be presented to Council with the Budget Directions report on September 18, 2023.

Format and Content of Budget Documentation (Operating)

The operating budget compilation process follows a different methodology to that of the capital budget.

Improvements will be made to the public-facing operating budget document 'Budget Inclusion' form that is published in the binder. Further details will be provided around funding sources and the connections to the full-time equivalent positions (FTE) required to carry out the work.

Staff will be updating the current reserve and reserve fund policy PLCY-2018-0004 to clarify wording around the use of reserves, including that of the Tax Rate stabilization reserve, the Public Art reserve, the Library Capital reserve and the Green Revolving Fund reserve.

There will be additional work completed by staff around FTE requests. Staff are currently reviewing their departmental salary costs and requirements for 2024 and the needs for 2025 and 2026. This key piece of the operating budget will be addressed in the Budget Direction report, and Council will be provided with a list of the positions that don't have a current or permanent funding source, all the current long-term contracts and additional staffing requests for 2024.

The Budget Book

Staff are currently reviewing the order and sequence of all components of the budget book, based on feedback from Council, and consideration of the budget committee agenda and order of business at that meeting. Further details on this will be provided with the Budget Directions report.

Other Changes

Staff will bring forward a recommendation with the Budget Directions report on September 18, 2023, to address the existing special levies, rescind any associated by-laws and repurpose the special levies into the base operating budget where appropriate. This will not result in any changes to the levy requirements.

At the time of the Budget Directions report, staff will also outline the relevance of assessment growth for the Town, the impact of assessment appeals on this revenue

stream, and the relationship between the FTE positions being funded from the growth stabilization fund and the timing of assessment growth.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town’s Strategic plan recognizing the value to provide responsive, effective municipal government and strong leadership in the effective and efficient delivery of municipal services.

This report also identifies fiscal and corporate management as one of the Town’s Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

The extended Senior Management team, Climate Change and Asset Management staff, Finance staff, members of the Cross Functional Budget Review Committee and the CAO were consulted on the budget process changes outlined in this report.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

Reviewed and approved by,

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer