

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, April 6, 2021
Subject	2022 Budget Planning

Recommendation

1. That the 2022 budget plan be approved as outlined in the 2022 Budget Planning report dated April 6, 2021.
 2. That the 2022 budget meeting dates and start times be approved as outlined in the 2022 Budget Planning report dated April 6, 2021.
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Executive Summary

Purpose of Report

To describe actions planned based on the Council, staff, and community survey responses received from engagement related to the 2021 budget. To provide information related to the 2022 budget timelines and process as well as an update on the transition to a multi-year budget (MYB) process. To seek Council approval of the 2022 budget process as described.

Key Findings

The budget is an ongoing focus throughout the year and is built upon a continuous improvement methodology as communicated to Council on February 5, 2021 through the [2021 Budget Debrief Information Report](#). The 2022 Budget Plan has been developed to address key themes that emerged through this feedback and include enhancing strategic communications, enhancing technology and web navigation, enhancing integration of Local Boards and Shared Services (LBSS) into the budget process, and addressing COVID-related service impacts through budget.

Staff will develop next year's budget using the forecast presented to Council from the previous year to build upon the financial planning and accountability that a MYB approval brings to staff and Council. Staff plan to present Council with a two-year 2022-2023 operating and capital budget along with accompanying forecasts to 2025 and 2031 respectively. Staff plan to seek Council approval of the two-year budget in December 2021, subject to updated Budget Policy approval in June 2021. A Council workshop is planned for May 17, 2021. The goal of this workshop is to address Council's concerns around flexibility and process.

The approval process for the 2021 budget was streamlined into three Council meetings – one each for the presentation of the budget, to hear delegates related to the budget and to debate and approve the budget. This streamlined process was well received by Council and the community. Staff recommend continuing with a streamlined schedule but have allowed for more time between Council delegations

and approval of the budget. Staff plans to hold time for a potential budget workshop in October for complex budget issues prior to budget presentation, deliberation and approval.

Financial Implications

There are no direct financial implications resulting from this report. Overall, a strategic and efficient budget process results in effective use of staff and Council resources.

Report

2022 Budget Process

Stakeholder feedback is extremely important when planning for the next budget cycle. Stakeholder feedback was communicated to Council on February 5, 2021 through the [2021 Budget Debrief Information Report](#). Community, staff and Council were invited to complete an online survey. Local Boards and Shared Services (LBSS) were also asked for feedback throughout January 2021. Key themes that emerged through this feedback include enhanced strategic budget communication throughout the year, enhanced staff education, improved navigability of the budget website and improved overall web experience, and enhanced citizen engagement.

Budget is an ongoing process and is not just a focus for a few months out of the year. Staff began budget discussions in January with a focus on budget planning, digital navigation improvements, and enhanced communication. A continued focus on the maturity of long-term financial strategies and service level performance metrics will serve to demonstrate to our community (and credit rating agencies) that we deliver excellence in financial management.

Staff will develop next year's budget using the forecast presented to Council from the previous year to build upon the financial planning and accountability that a MYB approval brings to staff and Council. Staff plan to present Council with a two-year 2022-2023 operating and capital budget along with accompanying forecasts to 2025 and 2031 respectively. Staff plan to seek Council approval of the two-year budget in December 2021, subject to updated Budget Policy approval in June 2021.

Based on feedback received and communicated in the [2021 Budget Debrief Information Report](#) staff will work with Council at a planned MYB workshop in May to address Council's concerns around flexibility and process. Desired outcomes are a two-year approval with flexibility for material changes in year two, and enhanced accountability and financial predictability for the community. The updated Budget Policy will also be flexible, allowing for singular year approval through to a four-year budget approval so that the City can become comfortable with adopting MYBs over time.

A cross-functional leadership team has formed as the Budget Steering Committee reporting to the Executive Team and have met to begin working on strategic budget directives and budget development. The following priorities are being actioned as part of the 2022 budget process:

Enhancing strategic communications

Staff gained valuable insights as we planned and implemented a new format for the 2021 budget. We also gained useful insights from the new ways we communicated the budget with stakeholders.

We evaluated our efforts at the close of the 2021 budget process, which gives us actionable improvements we will implement for the coming budget cycle.

Emphasizing budget impacts of Council decisions

We will address the perception that public input into budget decisions only happens once a year when the budget is presented to Council. In reality, citizens and other stakeholders influence the City budget throughout the year through their participation in municipal processes, e.g. their involvement and input into master plans, policy decisions, etc.

Staff will put more emphasis on the relationship between public engagement throughout the year and the influence that involvement has on budget decision-making. As part of continuous efforts to highlight the ongoing nature of budget decisions, staff will be even more deliberate about highlighting budget impacts of Council decisions though:

- Quarterly Council Agenda Forecast planning updates clearly identifying reports that link to budget strategy.
- Better language in the 'financial implications' section of Council reports to clearly state the impacts of decisions on taxation or rates.
- Better communicating financial impacts of policy decisions, Master Plans, design standards, and other decisions.
- Clear connections to the budget when we issue news releases about strategic priorities

Budget delegations

Staff recommend adjusting the timing of budget delegations to allow more time for Council to respond to delegations and follow up with staff prior to budget approval.

In part, staff will work toward a process whereby funding requests from community organizations can be addressed through City programs already in place like the Community Investment Strategy or other COVID relief grant programs.

Making the budget even more accessible

Staff will build on the improved format and educational strategies it deployed in 2021, such as:

- Expanded use of tools such as podcasts, videos and social media
- Staff-led townhalls that are not ward specific
- Clear links between engagement opportunities and citizens' ability to influence the budget, possibly achieved through a 'budget watch' reference on the City's digital engagement platform that shows the budget impacts of the initiative
- Enhanced executive summary type products to highlight key elements of the proposed budget and their intended outcomes

Supporting Council in its deliberation of the budget

Building on the success of the budget board—a digital platform that allows Councillors to ask staff for clarification about proposed budget items, and which is featured as part of the City’s budget website—staff will use this tool again for the coming budget.

Staff will also engage with Council and the public through workshops to inform a collective understanding of complex City projects and initiatives prior to the budget presentation.

Enhancing technology and web navigation

Building on the success of the digital experience delivered in 2021, staff will be incorporating applicable enhancements based on feedback from staff, council and public including improved navigation and note taking capabilities for council. For best outcome, prototype revisions to dashboards will be prepared for review by key stakeholders as part of development process.

Implementation of final dashboard and website enhancements will follow in time for use during budget review process. A focus on educating end users on these changes will be part of the implementation strategy.

Enhancing integration of LBSS into budget process

- Continue to include LBSS budget requirements in the City’s budget presentation and documentation, aligned to the Strategic Plan priorities; however, presentations from each individual agency will be limited only to those with requirements that exceed a growth-adjusted inflationary factor.
- Adjust annual budget guideline correspondence to reflect that Council is planning to approve a two-year budget, and also provide clarity in language given feedback heard through surveys.
- Continue to request LBSS attendance at budget presentation meeting to be available for any Council questions; emphasize questions be posted to the Budget Board.
- Explore opportunity for these organizations to provide annual performance reporting outside of the budget presentation to enable more direct, meaningful dialogue with Council.
- Increased opportunity for dialogue throughout the year with two-way information sharing at the staff level with the goal of preventing surprises budget requirements.
- Inclusion of LBSS agencies into early budget planning and planned MYB workshop.

Addressing COVID-related service impacts through budget

- Impacts of COVID on city services will be a long-term evolving identification process by our leaders both internally and within the broader municipal sector.
- For 2022 budget development, a focus for leaders will be to identify known permanent on-going revenue losses. Temporary revenue losses will continue to be managed through a reserve strategy with the support of Safe Restart Grant funding.

- Process changes may also give rise to additional permanent costs related to keeping our employees and community safe, however long-term cost avoidance driving from digital innovation and changing physical space requirements will need to be assessed.
- A balanced approach to ensuring new budget pressures are balanced with the benefits of efficiency and longer-term cost avoidance will be actioned.

2022 Budget Meeting Dates and Proposed Meeting Times

The proposed timeline for the 2022 City budget is outlined in Table 1 below.

Table 1 2022 Meeting Dates and Proposed Meeting Times

Meeting Date	Meeting Topic	Proposed Start Time
May 17, 2021	MYB Council Workshop	6:00pm
June 7, 2021	Committee of the Whole – Budget Policy Approval	2:00pm
September 7, 2021	Committee of the Whole – Long-term Financial Strategy Updates	2:00pm
October 18, 2021	Budget Placeholder	6:00pm
November 16, 2021	Council Budget Presentation	9:00am
November 18, 2021	Council Budget Public Delegations	5:00pm
December 2, 2021	Council Budget Approval	9:00am

The approval process for the 2021 budget was streamlined into three Council meetings—one each for the presentation of the budget, to hear delegates related to the budget and to debate and approve the budget. This streamlined process was well received by Council and the community.

To reduce the possibility of budget meetings extending into the late evening, staff are recommending changing the start times of the delegation and approval meetings to 5 p.m. and 9 a.m. respectively.

A 5 p.m. start time for the delegation night (instead of the regular 6 p.m. start time) will ensure that all delegates can address Council while leaving additional time for follow-up questions and answers. Additionally, the ability for delegates to participate over the phone will continue to provide flexibility for residents who want to participate in local decision-making while balancing their personal and professional lives.

A 9 a.m. start time for the approval meeting reflects the success of the daytime meeting held for the presentation of the budget last year. As delegations are not permitted at the budget decision meeting, this start time does not reduce the ability of residents to participate in the budget process.

As part of this proposed schedule, the budget placeholders currently held for November 24 and 30, 2021 are not required and will be removed.

Financial Implications

There are no direct financial implications resulting from this report. Overall, a strategic and efficient budget process results in effective use of staff and Council resources.

Consultations

Feedback received through the 2021 budget debrief and communicated on February 5, 2021 in the [2021 Budget Debrief Information Report](#) has influenced the 2022 Budget Plan and Budget Timeline. Staff has also received feedback from LBSS and has considered that feedback in developing the 2022 Budget Process. Finance has been working with the Budget Steering Committee to develop an efficient budget process that results in efficient use of staff and Council resources.

Strategic Plan Alignment

The budget is the financing tool for the entire Strategic Plan and therefore is a key part of the strategic planning cycle.

The Strategic Plan identifies “affordability” as a key performance metrics and the budget sets the taxation and user rates which are a driver of this objective. The current metric is defined as total property taxes and water/wastewater fees as a percentage of average income.

For 2020, Guelph is slightly higher than the average at 5.1 per cent compared to an average of 4.8 per cent as sourced from the [BMA Consulting Municipal Study](#) (page 469 to 482).

Attachments

None noted.

Departmental Approval

Not applicable.

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