

# Council Memo



To **City Council**  
Service Area Corporate Services  
Date Monday, May 17, 2021  
Subject **Multi-year Budget Council Workshop**

This memo provides Council with a summary of the work undertaken to date and to provide information about the forthcoming Council Workshop titled Multi-year Budget (MYB) on May 17, 2021.

## Background

Staff initially began to socialize the concept of MYB with Council in early 2018. Staff received direction through Council report CS-2018-12 titled 2019 Budget Schedule and Process Changes to investigate MYB. Following this meeting, staff engaged with Council and met with 11 members of Council in May and June 2018 to discuss MYB and develop a framework that would work. Based on Council feedback for the City's MYB cycle, staff recommended a four-year budget approval as outlined in the chart below.

2019	2020	2021	2022 *	2023
Approve 1-year budget (Jan - Mar 2019)	Approve 4-year budget (Jan - Mar 2020)	Confirm annual budget (Dec 2020)	Confirm annual budget (Dec 2021)	Confirm annual budget (Jan 2023)

\*Election year

2024	2025	2026 *	2027
Approve 4-year budget (Dec 2023)	Confirm annual budget (Dec 2024)	Confirm annual budget (Dec 2025)	Confirm annual budget (Jan 2027)

\*Election year

Council approved the main motion as amended on July 23, 2018:

1. That the City adopts in principle a multi-year budgeting process for both the operating and capital budgets commencing with the 2020 budget.
2. That staff develop the required multi-year budgeting policies for Council approval in early 2019.

Subsequent to the above staff recommendation and Council approval, Council was developing the Strategic Plan and staff was developing Action Plans and a Performance Measurement Framework that would provide critical inputs to the budget. As a result, staff recommended the MYB implementation strategy be modified to ensure these key strategic documents were approved prior to seeking a MYB approval. Therefore, staff presented Council with a single year 2020 budget for approval.

Staff continued to develop the revised Budget Policy and a Council Workshop on MYB was planned for March 23, 2020. Unfortunately, this workshop was canceled due to the COVID-19 Pandemic. The pandemic shifted priorities and staff recommended that the implementation of MYB be paused and Council approve a one-year budget in December 2020 for the 2021 fiscal year. The 2021 budget provided Council for the first time with a detailed three-year operating forecast.

### **Related Council Reports:**

April 3, 2018 Council report [CS-2018-12 2019 Budget Schedule and Process Changes](#)

July 3, 2018 Council report [CS-2018-34 Multi-year Budget Process](#)

April 1, 2019 Council report [CS-2019-40 2020 Budget Plan and Multi-year Budget Update](#)

June 26, 2020 Council Info report [CS-2020-70 2021 Multi-year Budget and Strategic Plan Update](#)

July 27, 2020 Council workshop [CS-2020-106 Multi-year Budget and Strategic Plan](#)

April 6, 2021 Council report [CS-2021-96 2022 Budget Planning](#)

### **MYB Workshop Overview**

Staff is committed to the originally recommended four-year budget approval as recommended in 2018. As a phase-in approach to the ultimate goal, staff are recommending Council approve a two-year budget this December. Council would approve 2022 and 2023 budget and receive a two-year operating forecast and 8-year capital forecast. MYB is not a "set it and forget it" exercise. This process will enhance the budgeting process by being more transparent and accountable between years. The budget is continually reviewed through quarterly budget monitoring reports to Council and even in a multi-year budget model, Council will confirm the budget annually. The Budget Policy provides the process and flexibility to allow Council to make changes to the budget as needed for material budget changes such as legislation or economic conditions. Credit rating agencies look at the level of long-term financial planning within an organization when reviewing credit status. Implementing the MYB should have positive impacts on the City credit rating.

**Workshop Purpose:** Feedback received through the 2021 Budget Debrief indicated that Council was unsure if they were ready to move to a MYB approval especially considering the ongoing Pandemic. The purpose of the workshop is to address Council's concerns around flexibility and process while referencing the draft Budget Policy that Council will be asked to approve in June. By presenting Council

with the draft Policy at the workshop and having a discussion with panelists from municipalities who are currently operating under a MYB environment, staff is hopeful Council's concerns can be addressed prior to the final policy approval.

**Outcomes of the Workshop:** The outcomes of the workshop are to educate and support Council in approving a Budget Policy that supports MYB and addressing Council's process and flexibility concerns. Staff and Political representation will participate in the Council workshop from the City of Waterloo and City of London. These municipalities are leaders in MYB and have excellent experiences to share with Council. The goal is to have Council approve the policy in June and approve a two-year budget in December 2021 along with receipt of a two-year operating and eight-year capital forecast.

**Workshop Agenda:** The workshop agenda will include the following segments and speakers. The workshop will be facilitated by Aidan Grove-White, Manager Municipal Services, Strategy Corp.

Introduction and MYB Highlights – Aidan Grove-White, Manager Municipal Services, Strategy Corp. and Dave Jaworsky, Mayor City of Waterloo

Review of Budget Policy methodology - Tara Baker

Budget Process Panel Discussion – Josh Morgan, Councillor City of London, Filipa Reynolds, CFO and Senior Director Financial Planning and Asset Management, City of Waterloo, Tony Haddad, Senior Advisor, Strategy Corp.

## **Attachments**

Attachment-1 Draft Budget Policy

### **This memo was approved by:**

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