

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Monday, June 7, 2021
Subject	Budget Policy Update

Recommendation

That the General Operating and Capital Budget Policy be repealed and replaced with the Budget Policy as included in Attachment-1 of the Budget Policy Update report dated June 7, 2021.

Executive Summary

Purpose of Report

The purpose of this report is to seek Council approval of the Budget Policy as included in Attachment-1, which will allow the approval of a multi-year budget (MYB) for the City. The Budget Policy will replace the General Operating and Capital Budget Policy that has been in place since 2011.

Key Findings

Council had the opportunity to hear from both politicians and administration of other municipalities that have adopted multi-year budgeting policies through a [special workshop](#) on May 17. In response to the feedback at that meeting, staff have made amendments to the proposed Budget Policy as included in Attachment-1. This proposed policy will replace the current [General Operating and Capital Budget Policy](#). The updated Budget Policy will allow Council to approve a MYB and provides the process and flexibility to manage throughout up to four years based on a variety of changes such as legislation, economic drivers, or shifting strategic priorities. Thresholds are used to determine how these changes will be reported to Council annually for the budget confirmation. The annual confirmation process will increase accountability and transparency to Council, citizens, and businesses. The MYB is monitored on an ongoing basis through quarterly budget monitoring and annual budget confirmation.

Financial Implications

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

Report

On July 23, 2018 Council approved the following motions:

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.

Even though the implementation of MYB was paused to allow for the approval of Councils Strategic Plan and shifting priorities due to the COVID-19 Pandemic, staff continued to work through the process that would allow Guelph to have a successful MYB implementation. Finance staff held education sessions for senior management in early 2020 to review the draft policy, budget thresholds, and scenario examples to increase staff confidence in operating under a MYB. Staff was very supportive of the shift to MYB.

Staff held a workshop with Council on May 17, 2021 to review the proposed MYB process with Council and panelists from the City of Waterloo and City of London were available to answer questions and share their experience related to MYB.

The [General Operating and Capital Budget Policy](#) will be replaced by the proposed Budget Policy as included in Attachment-1. The updated Budget Policy will allow Council to approve a MYB and provides the process and flexibility to manage throughout an up to four-year period based on a variety of changes such as legislation, economic drivers, or shifting strategic priorities. Thresholds are used to determine how these changes will be reported to Council annually for the budget confirmation. The annual confirmation process will increase accountability and transparency. The MYB is monitored on an ongoing basis through quarterly budget monitoring and annual budget confirmation.

Financial Implications

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

Consultations

Staff met with Council in 2018 to discuss MYB and through this consultation developed the recommended MYB process. Staff also conducted workshops at the beginning of 2020 with key staff involved in the development of the budget to discuss the MYB and how it would impact them. Feedback through these sessions was very positive and, for the most part staff, was looking forward to the change. Finally, a public workshop was held on May 17, 2021 to support Council in working through their policy decision.

Strategic Plan Alignment

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

The Strategic Plan identifies “affordability” as a key performance metric as part of the Working Together for Our Future priority and the budget sets the taxation and user rates which are a driver of this metric. By approving a MYB Council is able to provide citizens and businesses with the approved levy, user fees, rates and charges for up to a four-year period providing stability to these key stakeholders. It also provides a long-term planning horizon which allows for enhanced financial planning for strategic initiatives. Various financial tools can be leveraged to phase in impacts and avoid one-time variability to budget resources. The current metric is defined as total property taxes and water/wastewater fees as a percentage of average income.

Attachments

Attachment-1 Budget Policy

Departmental Approval

None

Report Author

Karen Newland, Manager Finance Client Services

This report was approved by:

Tara Baker

General Manager, Finance/City Treasurer

Corporate Services

519-822-1260 extension 2084

tara.baker@guelph.ca

This report was recommended by:

Trevor Lee

Deputy Chief Administrative Officer

Corporate Services

519-822-1260 extension 2281

trevor.lee@guelph.ca