

Information Report



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| Service Area | Corporate Services |
| Date | Friday, June 26, 2020 |
| Subject | 2021 Multi-year Budget and Strategic Plan Update |

Executive Summary

Purpose of Report

To provide Council with an update on the multi-year budget (MYB) and Strategic Plan, Future Ready Action Plan timeline.

Key Findings

Over the past 12 months, the City has been moving towards better integrating its strategic and financial planning frameworks. This approach will enable more responsive decision-making and resource allocation and provide the required reporting analytics to enhance Council oversight, and better manage service performance and public reporting over the short-, medium- and longer-term. The MYB is an extension of the Strategic Plan, it is a tool that Council will use for deciding the pace of implementing the Strategic Plan Action Plan; affordability will likely be the most significant factor in how quickly the City can move.

This work has been progressing steadily, however due to the COVID-19 Pandemic, this report outlines an adjusted timeline and approach that reflects the significant and rapidly changing impacts of this global crisis on the organization and community. Notably, the planned MYB seeking approval of the three-year period of 2021 through 2023, will be modified to presenting a four-year operating budget but only seeking approval for 2021 budget. Additionally the timeline for the presentation and approval of the Strategic Plan Action Plan has been delayed because of the actions that took priority through the emergency period.

This adjusted approach will position the City to continue delivering critical services in the short-term during a period of uncertainty while keeping a strategic longer-term lens on the future so that it can respond through work plans to address the changing needs of the community.

Financial Implications

There are no direct or indirect financial implications resulting from this report.

Report

Path to Fully Integrated MYB and Strategic Plan

The current COVID-19 Pandemic has prompted staff to bring forward an adjusted approach and timeline for the approval of the Strategic Plan: Future Ready Action Plan and the introduction of a MYB. Key features of the approach, which will take place over the summer and early fall, include presenting Council with a full three-year Action Plan with defined performance measures that will act as a guide for strategic decision-making, accompanied by a fully forecasted multi-year budget required to make progress on the plan. This approach will position the organization to continue delivering critical services in the short-term during a period of uncertainty while keeping a strategic longer-term lens on the future so that it can respond through work plans to address the changing needs of the community.

Throughout the winter, Council members have participated in various engagement activities to shape the development of the Strategic Plan Action Plan, including a 'gallery walk' exercise. Council Co-Chairs have also been engaged in regular governance discussions about the Strategic Plan Action Plan and Performance Framework.

Council will have an additional opportunity to provide further input into both the MYB and Strategic Plan at a Council workshop on July 27, 2020. The workshop will outline the next steps to approving a MYB along with a strategic discussion on long-term funding strategies and resourcing the Future Ready Action Plans. At that workshop, Council will also have an opportunity to provide input on the draft Future Ready Action Plan and supporting performance measures.

MYB Update

The City has been preparing Council to approve a new MYB framework and supporting policies that provide the basis to a four-year budget, once fully implemented, since early 2018. Staff has coordinated and facilitated workshops with the Corporate Management Team and managers in February and March to ensure staff is comfortable and ready to prepare a MYB in July 2020. Feedback to date has been positive and encouraging that staff understand the value that MYB will bring the City. A Council workshop was planned for March 23 with subsequent MYB Policy approval in July. Due to the COVID-19 Pandemic, this timeline and approach have been reconsidered.

Staff are moving forward with preparing a four-year operating budget to be presented to Council. Council will be asked to approve the 2021 operating budget only in December 2020 and receive the forecasted budgets for 2022 through 2024. Staff will bring forward the MYB Policy for approval in 2021 which will support a phased-in MYB approach to ultimately reach the goal of a four-year Council-approved MYB and realize the many benefits this model of budgeting brings to a municipality.

In addition, staff have been working to align the presentation of the budget materials to the City's Strategic Plan pillars, and eliminate the printed budget book and move to a dynamic, on-line viewing tool. Presenting the budget aligned with the Strategic Plan Action Plan, will ensure Council understands how the budget investment will impact the approved metrics, and enable structured resource

prioritization conversations. Staff will only be recommending investments that link directly to the approved Strategic Plan actions and metrics. The MYB is an extension of the Strategic Plan, it is a tool that Council will use for deciding the pace of implementing the Strategic Plan Action Plan; affordability will likely be the most significant factor in how quickly the City can move.

Staff in Finance, Communications, and Information Technology are working together to create a more interactive budget page on the City website and are considering an on-line budget document only (no printed or PDF package). There has never been a better opportunity to demonstrate how doing business differently can lead to innovation, cost savings, more transparency and better access to data. Council will see a demonstration of the budget dashboard and web-based document at the workshop on July 27, 2020.

Strategic Plan Update

The City's Strategic Plan, "Guelph. Future Ready", outlines the organizational vision for the future and aims to be the City's defined framework to enable decision-making, prioritization of resources and efforts related to ongoing and future initiatives. To support implementation, five staff working groups have created a draft Future Ready Action Plan (2020-2023), and a proposed performance measurement framework that provides a mechanism for continuous measurement and improvement. This work has engaged general managers and other key staff across the organization.

The current draft Future Ready Action Plan was scheduled for interim review and input from Council at a workshop on April 15, with the final action plans moving forward for approval by Council on June 29. Due to the COVID-19 Pandemic, this timeline and approach have been reconsidered to reflect the significant and rapidly changing impacts of this global crisis on the organization and community. The new timeline for approval of the plan is set out below. Currently staff is reviewing the original draft Action Plan with the following decision-making lens given the impact of COVID-19:

- **Continue as is** – which strategic initiatives reflect the most important priorities for the City's Council and community, and should continue to be implemented as planned?
- **Modify** – which strategic initiatives reflect moderate priorities for the City's Council and community, but their implementation may be challenged due to constricted budgets and/or limited available resources? How can those strategic initiatives be modified or adjusted so they can still be implemented with smaller demand for financial and/or human resources?
- **Pause or temporarily delay** – which strategic initiatives need to be paused or temporarily delayed for a few months so that the City can focus its resources and energy on higher impact priorities?
- **Stop** – which strategic initiatives reflect the lowest priorities for the City's Council and community, and could be stopped altogether within the timeframe of this Strategic Plan (2019-2023) with minimal disruption or impact to the corporation and the community?
- **Explore** – are there new strategic initiatives that have not been included but may be worth considering and exploring given the City's changing and dynamic operational landscape?

Revised Timeline Future Ready Action Plan and MYB

The new proposed timeline for the phased approval of the Future Ready Action Plan and MYB follows:

July 27, 2020 – Strategic Plan and MYB Council workshop to review Action Plans and MYB framework

September 28, 2020 – Council approval of three-year Future Ready Action Plan

November 17, 2020 – Council budget presentation: All day meeting starting at 9am

November 19, 2020 – Council budget placeholder meeting

November 25, 2020 – Budget public delegations starting at 6:00pm

December 1, 2020 - Council approval of 2021 budget and receipt of three-year operating forecast and nine-year capital forecast starting at 2:00pm

December 3, 2020 – Council approval placeholder meeting

The above timeline for budget presentations, delegations, and approval is being proposed due to the shift away from presenting the budget in four budget sections (capital, non-tax operating, tax supported operating, and local boards and shared services) and presenting “one budget” in alignment with the Strategic Plan Pillars. This proposal ensures linkages are maintained through all the excellent work that has been done with the Community Plan, Strategic Plan, Action Plan, and Performance Measurement Framework. This will allow Council to receive the entire budget presentation on one day as truly one City Budget. Staff will gain additional insight from Council with respect to this proposal at the July 27 workshop.

2021 Budget and Multi-year Forecast, Process and Approval

As discussed above, staff is not recommending moving forward with a full implementation of MYB immediately. Staff is preparing a four-year operating budget and a 10-year capital budget. Council will be asked to approve 2021 and receive the balance of the forecasted period. As proposed above, all City budgets will be presented together in one budget, all in alignment with the Strategic Plan Pillars; no longer will Council approve the capital budget, non-tax operating budgets and tax supported operating budgets on different nights. There will be one presentation day beginning at 9am, followed by one public delegation night, and one budget approval day. This proposed change in meeting times and formats will be discussed at the July 27 workshop with Council.

The table below was provided to Council during the 2020 tax supported budget process to assist Council with budget decisions and reflects base operating budget pressures known at the time of preparation. Service enhancements and growth requests were not known as Council was finalizing the Strategic Plan and staff was working on the Future Ready Action Plans.

| | 2021 Forecast Budget Change | 2021 Levy Impact | 2022 Forecast Budget Change | 2022 Levy Impact | 2023 Forecast Budget Change | 2023 Levy Impact |
|----------------------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|
| Revenues | (\$690,900) | (0.27%) | (\$703,800) | (0.26%) | (\$716,300) | (0.25%) |
| Operating Impacts from Capital | \$720,100 | 0.28% | 10,946,200 | 4.07% | \$4,169,000 | 1.43% |
| Capital Financing | \$6,387,500 | 2.50% | \$5,887,500 | 2.19% | \$5,000,000 | 1.72% |
| Departmental expenditures | \$4,004,800 | 1.57% | \$4,242,600 | 1.58% | \$4,330,700 | 1.49% |
| Local Boards and Shared Services | \$3,178,400 | 1.25% | \$1,742,000 | 0.65% | \$1,776,900 | 0.61% |
| Assessment Growth | (\$2,551,115) | (1.00%) | (\$2,687,114) | (1.00%) | (\$2,908,300) | (1.00%) |
| Net Budget Requirement | \$11,048,785 | 4.33% | \$19,427,386 | 7.23% | \$11,652,000 | 4.01% |

The budget strategy for 2021 to 2024 is currently being reviewed by staff and the Executive Team to assess the assumptions built into the forecasted budget impacts. Staff are exploring options to reduce the projected property tax increases through analyzing historical actual spend to budgets, leveraging technology to gain efficiencies and innovation, limiting inflationary targets, assessing shifting capital project timing and the resulting deferral of operating impacts and exploring new ways to do business.

Financial Implications

There are no direct or indirect financial implications resulting from this report.

Consultations

Finance has been working with Strategy and Intergovernmental Services to ensure alignment between the financial framework and Council's Strategic Plan. The Corporate Management Team has been engaged on budget development and presentation in alignment with the Strategic Plan

Strategic Plan Alignment

Ensuring the budget is linked with Council's Strategic Plan reflects the commitment of our staff and community to ensure we are future ready. The City's five strategic priorities lead the way in the budget, setting us on a sustainable path for our economy, environment and transportation while supporting an efficient workforces and united community.

Attachments

None.

Departmental Approval

None noted.

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