



## **CORPORATE SERVICES REPORT CS2016-16**

To: Committee of the Whole Council

Date: September 7, 2016

Subject: 2017 Business Plan and Budget Process

Origin: Corporate Services Department, Finance Branch

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### **RECOMMENDATIONS**

1. **THAT** the Corporate Services Department, Finance Branch Report CS2016-16 dated September 7, 2016 entitled “2017 Business Plan and Budget Process” be received, and
2. **THAT** Council endorse, in principle, the 2017 Business Plan and Budget guiding principles as outlined in this report, and
3. **THAT** the 2017 Business Plan and Budget deliberations be held on November 28<sup>th</sup> and 30<sup>th</sup>, and as required on December 6<sup>th</sup> and 13<sup>th</sup>, and that the Council meeting schedule be updated accordingly.

### **PURPOSE**

The purpose of this report is to provide information regarding the 2017 Business Plan and Budget process and seek Council’s endorsement of the proposed guiding principles to focus staff efforts in preparing the draft budget for Council consideration as well as to confirm dates for budget deliberations.

### **BACKGROUND**

#### **The Town develops a comprehensive Business Plan and Budget each year**

The process of developing the annual Business Plan and Budget is a town wide undertaking. Staff from all departments work collaboratively in assessing the resource allocation, service levels and strategic goals for the upcoming year. This process typically begins at least three months prior to its presentation to Council.

## **Significant investments have been made in the community while minimizing tax increases**

In recent years, the Town has made significant investments in a few key areas. Those include: public safety through the addition of full time firefighters and related equipment; improved parks and leisure services; and enhanced community facilities and infrastructure. The Town has achieved the above while, at the same time, eliminating debt and maintaining a debt free status. Tax rate increases to maintain core programs and services have been aligned with the rate of inflation. The increased level of service related to community safety has been achieved through a dedicated multiyear funding plan. The 2017 business plan and budget represents the third year in Council's four year community safety implementation plan.

## **ANALYSIS**

It is proposed that the draft 2017 Business Plan and Budget be developed on the assumption that the base budget will continue to provide a comparable level of service to that which was provided in 2016. For clarity, the base budget would include:

- a provision for COLA;
- adjustments for contractual obligations;
- adjustments to meet required statutory or legislated changes;
- adjustments to align actual costs with budget;
- increases to both revenues and expenditures to accommodate growth in the community;

The 2016 audited financial statements confirmed a tightly managed budget in 2016 with a very slight year end surplus position. As such, staff are recommending that the 2017 budget primarily focus on the maintenance of existing programs and services with limited new initiatives. It is important that the budget reflect best use of existing resources to maintain the high quality programs and services and at the same time ensuring value for money for the residents. In preparing the draft budget all areas will be reviewed to ensure the budgets are reasonably aligned with actual revenue and cost projections. New programs or services will be identified separately and brought forward as new initiatives for Council's consideration. This would include any priorities identified for consideration by Council throughout the year and during the budget deliberation process.

### **Guiding principles will assist in focusing the development of the draft 2017 Business Plan and Budget**

The endorsement of guiding principles will ensure that staff are focused in preparing a draft budget that is consistent with Council's objectives. The guiding principles for 2017 are proposed to be generally the same as those used in 2016 and are as follows:

1. maintain core programs and services to residents with any related tax levy increase limited to the rate of inflation
2. continued focus on community safety through the dedicated multiyear funding plan
3. priority focus on customer service and systems development
4. continued transitional cost reductions and funding strategies
5. provision for COLA and collective agreement obligations, with consideration of the 2016 market compensation review
6. provision for new growth related facility operating costs
7. increased funding for asset management renewal and replacement
8. targeted temporary use of working capital reserve to fund growth related program and service initiatives with the requirement that the reserve be replenished once supplementary taxes are received

### **Multiyear financial projections will continue to be an important aspect of the budget development and approval process**

Staff have prepared various multiyear plans to support effective and informed decision making. These plans ensure that the decisions being made with respect to operating and capital programs address community priorities in a fiscally responsible manner both in the short term as well as over time. It is particularly important as the town enters a period of significant growth that it is proactive in preparing for and responsibly implementing programs and services that will be required to address an increased resident population.

As part of the 2017 business plan and budget process staff will update the existing multiyear projections to encompass the four year timeframe to 2020. This is an important timeframe since it is expected that the current phase of growth (+/- 7000 new residential units) will be approximately 50% complete by 2020 resulting in a projected population approaching 40,000 residents. There are some key growth related capital facilities that are planned to be operational within that general timeframe including a new operations center and a new healthy active living plaza.

**Proposed timeline for development and approval of the 2017 Business Plan and Budget**

The proposed timeline for the development and approval of the 2017 Business Plan and Budget will enable timely implementation of programs and services as well as cost saving opportunities.

<b>Proposed Timeline</b>	
August – September	<ul style="list-style-type: none"> <li>• Department preparation of preliminary business plan and budget</li> <li>• Finance review and consolidation of department submissions</li> </ul>
October	<ul style="list-style-type: none"> <li>• CAO and Treasurer review with department heads and management team</li> <li>• Preparation of draft business plan and budget for Council / public review</li> </ul>
November 15	<ul style="list-style-type: none"> <li>• Initial presentation of the business plan and budget to the public</li> </ul>
November 28 & 30	<ul style="list-style-type: none"> <li>• Committee of the Whole budget deliberations</li> </ul>
December 6 & 13 (provisional dates)	<ul style="list-style-type: none"> <li>• Committee of the Whole budget deliberations, if required</li> </ul>
December 20	<ul style="list-style-type: none"> <li>• Adoption of the 2017 business plan and budget</li> </ul>

The above noted table proposes amended dates to the Council meeting schedule to ensure adequate time for deliberations as well as to minimize scheduling conflicts. In the event that budget deliberations are not completed in November, two additional provisional deliberation dates (December 6<sup>th</sup> and/or 13<sup>th</sup>) have been proposed.

**NEED FOR PUBLIC CONSULTATION**

The Committee of the Whole and Council budget meetings are open to the public. Public input is welcome and encouraged throughout the deliberation process. The Town page, website, email and social media will be used to both inform the public regarding public meetings as well as to solicit input into the process.

**ALIGNMENT TO STRATEGIC PLAN**

This report and the recommendations support the following strategic pillar:

- Continue to Enhance a Transparent and Accountable Municipal Government Focused on Excellence
- Deliver a fiscally responsible organization in a high growth community

**CONCLUSION**

This report provides preliminary information to Council regarding the 2017 Business Plan and Budget and recommends Council endorse the proposed guiding principles, and approve the proposed timeline for deliberation and adoption.

Prepared by:

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*Original signed by*

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Approved for Submission,

*Original signed by*

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