

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. CAO-2017-0009

**FOR THE CONSIDERATION OF
COUNCIL
SEPTEMBER 6, 2017**

**SUBJECT: SERVICE DELIVERY REVIEW PROGRESS REPORT NO. 2 -
BUDGET PROCESS ENHANCEMENT, GENERAL GUIDELINES AND
TIMETABLE**

1. RECOMMENDATIONS:

- 1. That Council receive Report No. CAO-2017-0009 prepared by the Office of the CAO dated September 6, 2017 respecting the Service Delivery Review Progress Report No. 2 - Budget Process Enhancement, General Guidelines and Timetable;**
- 2. That Council endorse the proposed changes, general guidelines and the timetable for the 2018 Budget deliberations, and direct staff to proceed as outlined in section 5. of this report;**
- 3. That Council endorse the same guidelines for the Town's Local Boards and Committees;**
- 4. That staff be directed to utilize a priority assessment scoring process/methodology, if necessary, to recommend capital projects for 2018 (including any departmental carry forward projects from the 2017 fiscal year);**
- 5. That Council direct staff to develop the 2018 Draft Budget, Business Plans and the 2018 User Fees By-Law to include a minimum increase reflecting the Ontario Consumer Price Index (rate of inflation) plus adjustments for legislative requirements, staffing costs, growth related adjustments, and a discretionary additional levy of up to 1% additional towards capital contributions.**
- 6. That the 2018 Draft Budget and Business Plans be released at the December 13, 2017 meeting of Council, and at that time Council consider any 2018 Capital Budget items that are necessary to advance prior to the final approval of the capital budget if recommended by Department Heads;**

- 7. That ahead of the 2018 Draft Budget release, staff report on recommended changes to the Town's User Fees and that the resulting by-law be considered at the December 13, 2017 meeting of Council to come into effect January 1, 2018.**

2. PURPOSE:

The purpose of this report is to provide Council with highlights of the proposed budget process enhancements recommended as a result of Service Delivery Review Process (SDR), the general guidelines, budget drivers and the timetable of the 2018 budget release, deliberation, approval and adoption. As such, this report is also seeking Council endorsement of the proposed enhanced process, guidelines and timetable.

3. EXECUTIVE SUMMARY:

The 2018 Operating and Capital Budget process is underway. The Draft 2018 Budget is planned to be released on December 13, 2017. As of this date, copies of the draft budget will be available at the Civic Centre, Libraries and on the Town's website to provide Council and the public with an opportunity to review the material prior to consideration in January 2018. The budget deliberation date is proposed to be on January 23, 2018 (and January 24, 2018, if necessary) to ensure Council and the public have ample time and opportunity to review and comment on the draft budget prior to deliberation.

Staff will prepare the 2018 Draft Budget with anticipation of a minimum of 1.3% net tax levy budget increase. This rate is influenced primarily by the Consumer Price Index. Any proposed growth related items, service level changes, legislative requirements and staffing costs will have an additional impact on the minimum tax levy increase.

Staff are also recommending that Council approve the 2018 User Fees and pre-approval of any key capital budget projects at the same time the 2018 Draft Budget is released in December.

Further, staff are also proposing that for the 2018 capital budget process, a ranking/scoring system be used to prioritize the departmental capital projects, if the available funding is not sufficient to accommodate all the projects requested by Department Heads. This will provide Council with the ability to consider capital expenditures relative to available funding and borrowing, if necessary.

4. BACKGROUND:

Further to confirmation and validation of preliminary findings through the Service Delivery Review (SDR) exercise, Council at its meeting of August 9, 2017, along with other recommendations included in the report, resolved:

“That Progress Report No. 2, be scheduled for September 6, 2017 and include an outline of the proposed 2018 Budget Process”

The SDR process identified a number of areas for operational improvement that may take anywhere between 2-4 years to review and complete. The “Budget Process Enhancement” however, was identified to be the top corporate priority, as such staff have embarked on a number of initiatives to enhance the budget process as outlined in this report. These changes are in the development stages and may require some additional attention to ensure the process reaches an acceptable maturity level before presented to Council in December.

5. ANALYSIS:

5.1. General

As stated above the 2018 Operating and Capital Budget process is underway. For the most part, departments are presently reviewing a newly prepared Ten Year Capital Forecast for better financial planning, and in order to coordinate between the growth related projects and/or management of the existing assets. In preparation of the capital budget and the Ten Year Capital Forecast, staff are using various studies and analysis (e.g. Facility Need Study, Road Needs Assessment Study, Development Charges Background Study, Long Range Financial Plan, etc.), in order to enable all Town departments to accommodate the needs of the asset management program, growth projections, the community, and Council.

On the operating budget side, staff are also going through the review and data analysis phase in order to prepare for the release of the draft budget. Through the process of developing this budget/forecast, staff have been relying on the various sources of information such as the SDR, Corporate Strategic Plan, Development Charges Study, any internal/departmental plans, and the assumptions that some growth will continue.

As part of the budget package being released on December 13, 2017, Council and the members of the public will be provided with the Departmental Business Plans reflecting the accomplishments of the prior year, current activities, and

planned actions to address the needs and challenges of the upcoming budget year.

The enhanced process includes proposed improvements to manage the Town's finances prudently. These opportunities will provide long-term financial stability for the Town by following long term visions and tracking indicators of success:

Long Term Vision	Indicator of Success
Practise sound Fiscal Management	<ul style="list-style-type: none"> ○ Streamlined annual budget deliberation process ○ Improved Capital budget process (10 year forecast) ○ Synchronize projects
Expand the Town's Financial Management	<ul style="list-style-type: none"> ○ Long-term debt management strategy ○ Update User Fees ○ Revenue generating plans ○ Revised reserves policy
Performance Metrics to inform decisions	<ul style="list-style-type: none"> ○ Establish Service Levels ○ Implement Departmental Business Plans, including Key Performance Indicators (KPI) ○ Evaluate and refine KPIs and Service Levels on an annual basis

5.2. Proposed Changes/Enhancements

Staff are proposing to initiate the changes to the 2018 budget process early in September of this year (2017). This will be done to ensure enough time is allowed throughout the budget process for the review and analysis of departmental budgets and to receive sufficient feedback/input from Council and residents. Council consideration is targeted for late January of 2018. Staff believe that approval of budgets is preferable in the early calendar months of the new fiscal year, as it allows for proper planning and execution (particularly capital).

The goals and objectives of the proposed changes are:

- A more consistent approach to capital project funding in line with the Development Charge Background Study format (Growth & Non-Growth)
- Improved resource allocation in the face of competing priorities or limited funding/reduction in resources
- Accountability and transparency (who does what)

- Project Management efficiency and cost inclusion
- Improvement to initial cost estimation process
- Business case for new staffing requests, capital projects/proposals, including any impact on future operating costs

The summary of these enhancements are as follows:

- Move from Short Term, line-by-line budgeting to a Long Term/high level, multi-year Activity Based Budget Process (higher level focus for Council)
- A Ten-Year Capital Forecast (higher accuracy, closely monitored/updated)
- Project Based Capital budget (vs. general description)
- Transition from individual capital project sheets in the budget book (but to be made available upon request basis) to amalgamated/prioritized capital proposals
- Phased-in capital budget for multi-year projects
- Project-specific debentures (incl. construction loan)
- Improve the process for Carry Forward Projects (budgeted time limits)
- Funding Clarity/Opportunity in operating budget
- Inclusion of a Corporate Contingency line in the CAO's section
- Centralized/Corporate Infrastructure Reserve
- De-centralized Asset Replacement (departmental reserve)
- Eliminate the direct link of capital budget to property tax increase and establish a funding flow-through the capital reserves

To achieve these objectives in an efficient manner, the following key components must also be considered:

- Departmental Business/Work Plans (Consistency)
- Surplus/Deficit Control By-law
- Reserve Consolidation Policy for the new approach
- Development Charges Consolidation Policy
- DC Fund Tracking System (Project Based)
- Debt Management Policy
- Investment Policy

Through the autumn of 2017 reports will be forthcoming to address these key components.

5.3. Budget Timelines

A previous staff report proposed timelines for the 2018 Budget process. Given the findings of the SDR staff recommend an adjusted schedule.

The overall proposed schedule is as follows:

- September 6, 2017, Report on enhanced budget process

- December 13, 2017 – Release of Draft Budget (Budget Book), approval of User Fees and seeking Council pre-approval for must-do 2018 capital projects if recommended by Department Heads
- January 23, 2018 and January 24, 2018 (if necessary) - Deliberation and approval
- February 7, 2018 – Final Budget adoption and adoption of a by-law to enact the 2018 Budget (not a statutory requirement).

5.4. Capital Budget and Pre-Budget Approvals

5.4.1. Development Charges and Long Range Financial Plan (LRFP)

The Development Charges (DC) Background Study and LRFP were completed in 2016. Both documents provide a general direction and timing for many future capital items that are used as part of preparation of the 2018 capital budget and ten year forecast.

5.4.2. Pre-Approval Requests

Should department heads be dealing with highly time sensitive projects that may require an early competitive bidding process, these projects with proper explanation and justification will be brought to Council for pre-approval, if necessary. If approved, these projects will be included in the 2018 capital budget year, but will not require further approval nor be subject to any further deliberation. It is proposed that these be considered by Council at the meeting of December 13, 2017, in conjunction with the release of the Draft 2018 Budget.

5.4.3. Capital Project Scoring

Based on many successful municipal experiences and feedback, staff recommend using a scoring system to establish priorities and rank capital projects recommended by Department Heads. The prioritization criteria would consider: strategic priority/urgency; risk management; compliance with a Town approved/plan/resolution; impact on operations; and whether it will maintain, enhance/improve service quality, or efficiency. This approach would amalgamate all capital projects requested in 2018 and will rank them from highest to lowest priority, giving Council the opportunity to finalize the list and select the size of the capital expenditures relative to available funding and borrowing considerations.

5.5 Inflationary and Growth Impacts

Based on the Statistics Canada publications using June 2016 to June 2017, the Consumer Price Index (CPI) for Ontario is set at 1.3%. Staff recommend a minimum base budget increase of 1.3% for inflationary purposes for the 2018

fiscal year, as a target for Department Heads for preparation of draft operating budgets. This targeted increase does not include any legislative required changes, staffing costs, growth related costs nor new initiatives or service level changes. Staff will also continue the practice of recommending additional contributions to capital reserve. The ability to generate new revenues within some of the Town departments may cause some variance/fluctuation from the prescribed guidelines.

As per the Municipal Act, Council will have the opportunity to review, amend and/or modify the proposed budget numbers at the budget meeting.

In addition to the regular operating and capital expenditures that any municipality would experience, the Town's budget is also influenced by "growth related" operational/capital projects. As part of the budget process growth projections will be provided to support justification for growth related projects. These growth related projects are needed, in part, to ensure that residents and businesses have the necessary infrastructure and also to maintain service levels. Also, as a result of a number of subdivision assumptions, including new parks, new roads and sidewalks, street and traffic lights, etc., new ongoing operating costs will be considered in the 2018 Budget. Among those operational activities, administration must also ensure all mandatory legislative requirements are met and followed (e.g. OMERS changes and labour agreements). Annualization costs of any mid-year positions approved by Council and additional staffing in 2018 will also be included.

5.6 Local Boards and Committees

With respect to local boards and committees (such as Georgina Public Library Board), staff are seeking Council's endorsement to recommend the same budget guidelines be applied.

5.7 User Fees and Charges

Moving forward it is recommended that as part of the annual budget process, Council should approve an updated Fees and Charges By-Law for the upcoming fiscal year. It is further recommended that staff review and update user fees to be indexed based on the projected inflation rate, if they are not being revised. Ahead of the December 13, 2017 budget release staff will present to Council the opportunities to increase departmental revenues as identified in the recent studies and reviews (e.g. Engineering Fees). It is proposed to have the user fees automatically indexed at the rate of annual inflation for Council's consideration. Notice of the new user fees proposed will be published in advance of the December meeting and will be scheduled to come into effect on January 1, 2018.

In addition, other User Fee changes as identified through any comprehensive User Fees Study may also be included for approval.

5.8 Departmental Business Plans

New to the 2018 Draft Budget will be the introduction of Departmental Business Plans that outline the key responsibilities of the department, department objectives, 2017 accomplishments and 2018 action plans. Attachment 1 provides the template as established and approved by the management team.

The Business Plans will continue to develop in future years and will grow to outline the service levels and key performance indicators associated with the various departmental responsibilities. This will assist Council and the residents in understanding the services being provided and how a change in service might affect the budget or how a change in budget might affect the level of service.

5.9 Operating Budget

The 2018 base operating budget will be calculated using the 2017 Approved Budget plus an inflationary and/or contractual obligation factor on salaries /contracts. Any other changes made will be classified into one of the following primary cost drivers:

- a) annualization
- b) growth impact
- c) legislative/mandatory requirements
- d) service level changes, or
- e) other

As in the past, a summary of these cost drivers plus additional explanatory notes will be provided in the Draft Budget document.

6. RELATIONSHIP WITH CORPORATE STRATEGIC PLAN:

This report supports the following Strategic Goals:

Goal 4: Provide Exceptional Municipal Service

The planning and creation of an annual budget ensures that the municipality has the resources necessary to provide high quality municipal services to all residents.

7. FINANCIAL AND BUDGETARY IMPACT:

There are no direct financial implications related to the recommendations contained in this report. The detail of any financial impact will be provided as part of the release of 2018 Draft Budget document.

8. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:

As in prior years, there will be a number of opportunities for the public to voice their comments, questions, and opinions on the budget throughout the process.

9. CONCLUSION:

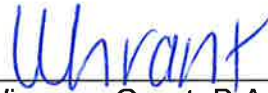
That as per the recommendations of the Service Delivery Review staff recommend the adoption of the enhanced budget process as outlined in this report.

Prepared by:



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Service Delivery Review Project Manager

Approved by:



Winanne Grant, B.A., AMCT, CEMC
Chief Administrative Officer

Attachment 1 – 2018 Business Plan Template



GEORGINA

TOWN OF GEORGINA

2018

(Enter Departmental Name)

BUSINESS PLAN

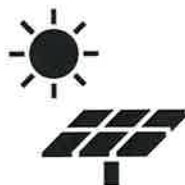


TABLE OF CONTENTS

Strategic Goals and Outcomes	Page
Departmental Overview	3
Accomplishments	4
Additional Accomplishments	
Key Positive Trends	
2018 Actions, Performance Plans and Lead	
2018 New Initiatives, Performance Plans and Lead	
Major Operating Drivers	
High Level Summary of Key Capital Projects	

VISION

Georgina: A progressive and vibrant growing community, balanced with lakeside and rural character.

MISSION

Georgina: Dedicated to providing exceptional municipal services.

VALUES

Integrity, Accountability, Responsibility,
Responsiveness, Professionalism and Respect

Departmental Picture



Strategic Goals and Outcomes

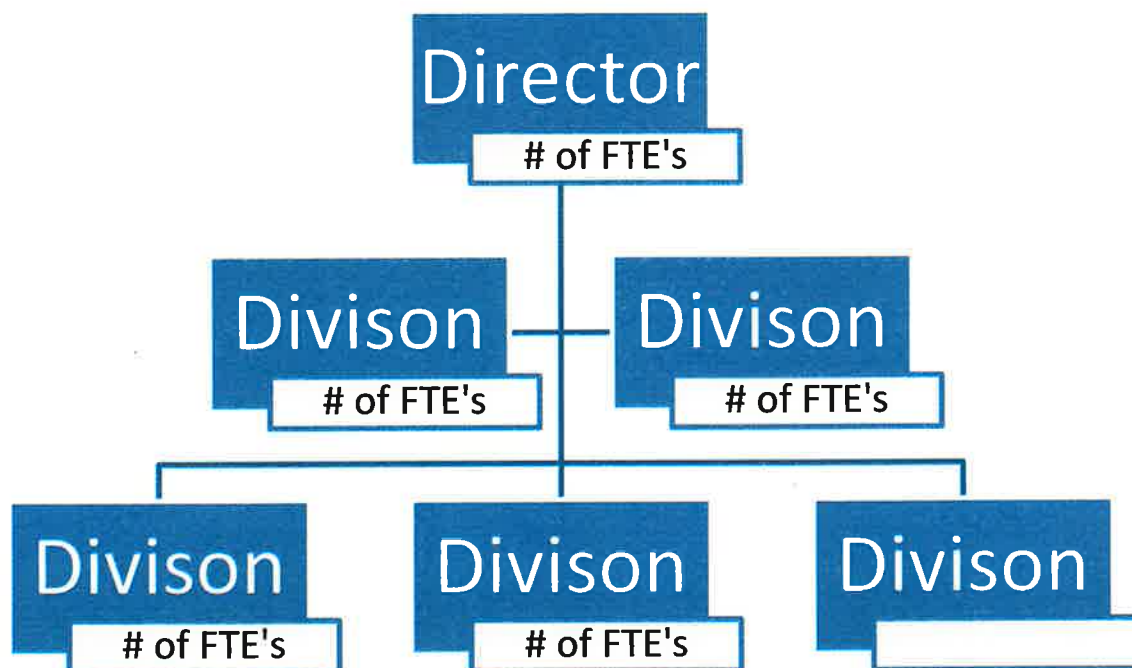
Strategic (Goal # 1)	Outcomes
Grow Our Economy Sustainable Economic Growth & Employment	<ul style="list-style-type: none">• Retain existing business• Attract new business• Increase local employment• Promote Town visibility and identity
Strategic (Goal # 2)	Outcomes
Promote a High Quality of Life Healthy, Safe, Sustainable Communities	<ul style="list-style-type: none">• Promote responsible growth• Protect the natural environment• Support a high quality of life• A vibrant, healthy, safe and accessible community• Increased range of housing choices and promotion of housing affordability
Strategic (Goal # 3)	Outcomes
Engage Our Community & Build Partnerships Communication, Engagement, Collaboration and Partnerships	<ul style="list-style-type: none">• Engage community• Informed community• Solid partnerships
Strategic (Goal # 4)	Outcomes
Provide Exceptional Municipal Services Organizational & Operational Excellence	<ul style="list-style-type: none">• Open, accountable and responsive government• Proactive financial and municipal asset management• Progressive organizational practices• Engaged and collaborative leadership• Exceptional service delivery• Staff development and excellence

(ENTER NAME OF DEPARTMENT): Departmental Overview

Example: Development Services

Vision: A progressive and vibrant growing community, balanced with lakeside and rural character - Development Services fulfills Georgina's vision for a great community by managing the creation, redevelopment and valuation of communities that are vibrant, complete and sustainable. This means we develop plans, policies, processes and services that support growth management, land use, development and building. Development Services also assess properties and businesses, resulting in \$XXXX (2018) in tax revenues that are a major source of municipal government financing.

Business Divisions



Accomplishments

Actions (Goal # 1)	Accomplishments	Lead
1.1 Update the Economic Development Strategy		EcD
1.2 Continue the focus on business retention and target new business development		EcD
1.3 Prepare an Investment Attraction Strategy for the Keswick Business Park		EcD
1.4 Develop and diversify tourism opportunities including a focus on Lake Simcoe shoreline and navigable waterways		EcD
1.5 Support implementation of the Tourism Strategy by supporting the work of the Chamber and other partners		EcD

Actions (Goal # 2)	Accomplishments	Lead
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Actions (Goal # 3)	Accomplishments	Lead
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Actions (Goal # 4)	Accomplishments	Lead

Additional Accomplishments

Accomplishments	Lead

Key Positive Trends

Actions (Goal # 1)	Key Positive Trends	Lead

Actions (Goal # 2)	Key Positive Trends	Lead
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Actions (Goal # 3)	Key Positive Trends	Lead
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GEORGINA

Actions (Goal # 4)

Key Positive Trends

Lead

2018 Actions, Performance Plans and Lead

Action (Goal # 1)	Performance Plans	Lead
1.1 Update the Economic Development Strategy		EcD
1.2 Continue the focus on business retention and target new business development		EcD
1.3 Prepare an Investment Attraction Strategy for the Keswick Business Park		EcD
1.4 Develop and diversify tourism opportunities including a focus on Lake Simcoe shoreline and navigable waterways		EcD
1.5 Support implementation of the Tourism Strategy by supporting the work of the Chamber and other partners		EcD
1.6 Leverage the economic impact of agriculture, food and agri-tourism		EcD
1.7 Continue to review and improve the development review and building permit approval process		DS
1.8 Leverage the efforts of York Region to explore opportunities to improve broadband connectivity and expand the York Telecom Network		ALL
1.9 Identify opportunities to improve connectivity in York Region by continuing to work with partners to support the 400/404 link		ALL

1.10 Identify opportunities to improve connectivity in York Region by supporting the implementation of the York Region Transportation Master Plan		ALL
1.11 Continue development of the Town Branding & Marketing Strategy		EcD/COMM
1.12 Continue to support the efforts of the Business Improvement Areas (BIA'S)		EcD
1.13 Continue to implement the Community Improvement Plans		EcD

Action (Goal # 2)	Performance Plans	Lead
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2.1 Promote active healthy living through direct programming and community partnerships		REC/CULT
2.2 Continue to explore opportunities for enhanced culture and recreation including those afforded by Georgina's unique geographic location and features		REC/CULT
2.3 Continue to implement the recommendations of the Recreational Facility Needs Study		REC/CULT/ P&F
2.4 Continue to implement the recommendations of the Trails and Active Transportation Study		REC/CULT/ P&F/PLAN
2.5 Develop a Multi-Use Recreational Complex (MURC) implementation plan		ALL

2.6 Improve waterfront park service levels		P&F/REC
2.7 Continue implementation of the Municipal Cultural Plan		CULT
2.8 Celebrate, protect and recognize Georgina's natural environment		ALL
2.9 Continue to implement the Emerald Ash Borer Management Plan		P&F
2.10 Maximize collaboration with the development community to mitigate costs and impacts of development growth.		
2.11 Develop a Sustainability Plan		ALL
2.12 Improve emergency response and prevention by implementing the Fire Services Master Plan and advancing the Town's Emergency Management Plan		FES
2.13 Advocate for improved age-in-place and health care services, including enhanced access to primary and specialty care physicians		ALL
2.14 Develop an Innovative Housing Strategy to promote a range of housing choices including those geared to seniors		PLANNING
2.15 Complete the Library Master Plan		LIB

Action (Goal # 3)

Performance Plans

Lead

3.1 Continue to support the efforts of established Committees, both Advisory and Ad Hoc		COUNCIL
3.2 Implement a Community Engagement Strategy		COMM
3.3 Formalize an External Communications Strategy		COMM
3.4 Develop a Media Relations Strategy		COMM
3.5 Develop a Social Media Strategy		COMM
3.6 Promote Website functionality/self help options		ALL
3.7 Continue collaboration and partnerships with community agencies, associations, not-for-profits, Authorities etc.		ALL
3.8 Continue to leverage partnership opportunities in support of The LINK business plan		CULT
3.9 Complete the Ward Boundary Review		CLERKS

Action (Goal # 4)	Performance Plans	Lead
4.1 Continue to implement the Customer Service Strategy		CAO
4.2 Complete the Civic Centre Strategic Accommodation Options Plan with a view to determining optimal functional design of Town Hall services and customer service opportunities		CAO
4.3 Implement a Business Continuity Plan		CAO
4.4 Evaluate Divisional core services with a view to defining and communicating municipal service standards		ALL
4.5 Implement the Long Term Financial Strategy		FIN
4.6 Continue to explore opportunities for grant funding and where possible to be “shovel ready”		ALL
4.7 Explore alternative service delivery options and opportunities, including public private partnerships		ALL
4.8 Continue to implement operational efficiencies afforded by the Enterprise Resource Planning software		ALL
4.9 Conduct environmental scanning specific to Georgina to identify emerging issues, trends and opportunities and pursue recommended analysis and study		ALL



4.10 Continue to explore and support partnerships/collaboration with other municipalities and other levels of government, specifically the N6		ALL
4.11 Continue to implement the Municipal Asset Management Plan and supporting assessments to ensure municipal infrastructure is being managed sustainably through inventory and condition assessments.		O&E
4.12 Continue to undertake reviews of Corporate Policies/By-laws		
4.13 Ensure maintenance of Planning policy documents		
4.14 Explore opportunities for enhanced records management		
4.15 Continue the collaborative efforts for resolution of Lake Drive shoreline jurisdiction issues		
4.16 Develop a Human Resource Management Strategy to effectively address staff retention and recruitment, staff training and excellence, information transfer and knowledge retention and succession planning		HR
4.17 Continue implementation of the Performance Management and results- focused evaluation/measurement initiative		HR
4.18 Develop a formal Internal Communications Strategy to enhance inter- departmental		COMM

communications and the advancement of a whole team approach		
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2018 New Initiatives, Performance Plans and Lead

New Initiatives	2018 Performance Plans	Lead



Major Operating Drivers



High Level Summary of Key Capital Projects