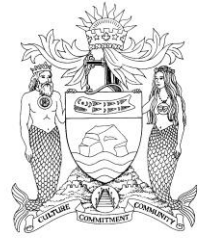


THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: September 22, 2021

TO: Finance and Audit Committee

FROM: Shannon Johnston, Acting Director, Financial Services and
Paul Murray, Consultant, Brentwood Advisory Group

SUBJECT: 2022 Budget Process, Presentation Approach and Timeline

RECOMMENDATIONS

THAT the Finance and Audit Committee endorse:

1. The proposed budget format for 2022 based on the GFOA Distinguished Budget Presentation Award Program; and
 2. The 2022 budget presentation schedule and approximate timeline of meetings.
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EXECUTIVE SUMMARY

The purpose of this report is to provide the Finance and Audit Committee with:

- a) a proposed 2022 budget format;
- b) a forecast schedule of meetings/presentations to meet the statutory requirements for budget approval and bylaw adoption in spring 2022; and
- c) an opportunity for the Finance and Audit Committee to provide any comments or broad budget direction as the budget cycle begins.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
July 12, 2021 2021-260	THAT Council: <ul style="list-style-type: none">• Dissolve the Financial Planning Policies Task Force;• Merge the mandate of the Financial Planning Policies Task Force into the Finance and Audit Committee, for all members of Council to participate;• Include public input into the budget planning process for the Finance and Audit Committee; and,• Thank the two (2) community members who have applied for the Task Force.

July 12, 2021 2021-261	THAT Council directs a Finance and Audit Committee meeting be convened on Wednesday, July 28, 2021 where the mandate of the proposed Financial Planning Policies Task Force be discussed. Note: No further direction came from the July 28, 2021, Finance and Audit Committee meeting, instead it was noted there would be a further meeting in September 2021.
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INTRODUCTION/BACKGROUND

Council has indicated it wishes to continue improving the budget process and the format of budget presentations for 2022.

As the budget cycle for 2022 is now underway it is important to establish the format and process to be used over the next few months. Budget approaches aligned with strategic plans and annual reporting are an effective means of communicating about financial plans with the local community.

Proposed Budget Format

The Government Finance Officers Association “Distinguished Budget Presentation Award” Program was established to encourage and assist local governments throughout North America to prepare budget documents of high quality. To earn this recognition, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide and communication tool. They include several components:

- a Community and Organizational profile,
- a Financial Planning Framework, Policies, Funds and Reserves,
- a Financial Plan Overview,
- Departmental Operating Plans (Budgets),
- Capital Plans (Asset Improvement Plan), and
- background statistics.

Using this approach, 2022 budget presentations would include department level operating budget summaries as well as some service level and strategic information. This aligns the financial plan with the strategic planning process and cycle of annual public reporting. While providing for a more robust overall budget document, the primary change for 2022 would be the addition of individual budgets presented at the Departmental level including:

- a description of the department, staffing, core services and resources,
- brief highlighted accomplishments for 2021, plans for 2022 and a look ahead,
- a budget summary with any operating projects and strategic initiatives, and
- key indicators for context when considering budget (if available).

Many British Columbia local governments and several of similar size to White Rock achieve this standard, and it is scalable to the capacity of the organization. Examples from similar size municipalities that use the Distinguished Budget Presentation Award Standard are at [City of Colwood](#) and [District of Central Saanich](#). The City of Coquitlam’s more complex, but similar approach is at [Coquitlam Financial Plan](#). A departmental example using Municipal Police and Planning Services is in Appendix A. Capital Budget examples are shown in Appendix B. This is

an ambitious change given the current circumstances, and if undertaken, should be considered a “work in progress” for 2022, with further refinement expected in 2023.

Additional resources will be required. Use of internal staff capacity from each department will be needed to provide content and the communications staff will be asked to help with designing and building the new style document. This work will become a high priority for the next three months while the budget is built, and again during the budget presentation process in the spring of the new year 2022. Funding will be needed for the financial consulting contract and for document design assistance to supplement internal staff capacity. The one-time cost is expected to range between \$25,000 and \$50,000 to develop depending on scope and can be funded from within the City’s 2021 contingency budget should a decision be made to move forward.

Schedule of Presentations

The following initial schedule of budget presentations to Finance and Audit Committee is suggested, and the order may be adjusted closer to the meeting dates as the presentations are finalized:

- Meeting 1: Overall Budget Summary and Introduction
- Meeting 2: Protective Services:
 - Fire Rescue and Emergency Services
 - RCMPRecreation and Culture:
 - Community Recreation
 - Regional Library, Museum and Archives
- Meeting 3: Transportation, Engineering and Operations:
 - Engineering
 - Public Works
 - Parks
 - Facilities
 - Utilities
 - Sanitary Sewer
 - Drainage
 - Solid Waste
 - Water (Recap – already approved by Council in December 2020)
- Meeting 4: Planning and Development:
 - Planning
 - Building
 - Parking
 - Bylaw Enforcement and Animal Control
 - Economic DevelopmentInformation Technology
Human Resources
Financial Services:
 - Fiscal Services
 - Common ServicesCouncil and Administration:
 - Council
 - Office of the CAO
 - Corporate Administration
 - Communications and Government Relations

- Meeting 5: Asset Improvement (Capital) Program
- Meeting 6: Recap and Discussion

Timeline

The following timeline can be expected for budget preparation and the community consultation/presentation process. This should provide sufficient time to adjust the format and presentation approach, while still meeting the statutory requirements for budget approval and bylaw adoption:

- | | |
|------------------------|--|
| • September | Council endorsement of approach and direction |
| • September - December | Budget prepared by staff |
| • November – December | Water Utility Budget Presentation & approval |
| • December | Budget Introduction |
| • February – March | Budget Presentations (6) and public consultation |
| • April – May | Budget & Tax Rates Bylaw approval - Council |

Budget Direction

The budget preparation process is influenced by many factors. Mitigating the combined inflationary impact of these influences is complicated. Staff have indicated to Council that the forecast 2022 property tax impact to the average homeowner is trending upward.

While the draft budget will be prepared with the minimum resources needed to maintain service levels, this meeting is also an opportunity for the Finance and Audit Committee to provide preliminary comments and any broad direction on the level of 2022 property tax impacts, willingness to consider adjustments in service levels and the scope of the asset improvement program.

FINANCIAL IMPLICATIONS

No significant financial implications. Cost of consulting resources to implement the approach is estimated to range between \$25,000 to \$50,000 and can be funded within 2021 contingency budget. Also requires internal staff capacity commitment.

LEGAL IMPLICATIONS

No change in statutory requirements or specific legal implications as a result of this submission.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

Providing budget presentations that are aligned with strategic plans and annual reporting is an effective means of communicating and consulting about financial plans with the local community. This will connect with the Council strategic reporting using the Cascade system. Budget presentations using the suggested GFOA program format, with a first-year focus on departmental level presentations, will improve budget clarity, provide additional background information, and help maintain public confidence.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

No change in level of interdepartmental collaboration on budget. Some additional internal capacity will be needed to build the new budget content. The change in process will be scaled to fit within existing staff workload.

CLIMATE CHANGE IMPLICATIONS

No direct implication - process and format change only. Provides opportunity to link with Climate Change efforts as the process is refined in the future.

ALIGNMENT WITH STRATEGIC PRIORITIES

Will improve budget process to align more visibly with existing strategic priorities. No direct impact on priorities.

OPTIONS / RISKS / ALTERNATIVES

The following options are available for Council's consideration:

1. Maintain current budget format and process as 2021 which will provide consistency with prior year presentations. In doing so, there will be less impact on staff capacity and less cost, however, Council requested improvements to the presentation format and levels of detail will not be achieved.

CONCLUSION

The budget preparation process is influenced by many factors. Mitigating the inflationary impact of these influences is complicated. While the draft budget will be prepared with the minimum resources needed to maintain service levels, this initial meeting is also an opportunity for the Finance and Audit Committee to provide preliminary comments and any broad direction on the level of 2022 property tax impacts, willingness to consider adjustments in service levels and the scale of the asset improvement program.

The proposed approach for the 2022 – 2026 budget will provide a solid foundation for the 2022 budget review process and meet the needs identified by Council in 2021. The budget concept is based on the GFOA Distinguished Budget Presentation Award standard used across North America and will align the Financial Plan with the Strategic Plan and the City's Annual Public Reporting. This is an ambitious change given the current circumstances, and if undertaken, should be considered a "work in progress" for 2022, with further refinement expected in 2023.

Respectfully submitted,



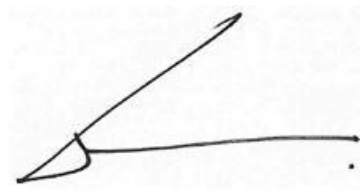
Shannon Johnston, Acting Director
Financial Services



Paul Murray, Consultant
Brentwood Advisory Group

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a small dot at the end.

Guillermo Ferrero
Chief Administrative Officer

Appendix A: Departmental Budget Example (Police) using GFOA Format

Appendix B: Planning Department Example