

Staff Report to Council

Financial Services

FILE: 05-1700-01/22

REPORT DATE: June 13, 2022 **MEETING DATE:** June 21, 2022
TO: Mayor and Council
FROM: Cheryl Harding, Director of Financial Services
SUBJECT: 2023 Business Plan Guidelines and Timeline

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:



RECOMMENDATION(S):

THAT Council:

- A. Approve the 2023 Business Plan Guidelines and Timeline as presented at the June 21, 2022 Regular Council Meeting; OR
- B. Other.

PURPOSE

The purpose of this report is obtain Council's approval of the 2023 Business Plan Guidelines and Timeline which staff will use to prepare the 2023 – 2027 Five Year Financial Plan.

☐ Information Report ☒ Decision Report ☐ Direction Report

DISCUSSION

Background:

Past practice of City Council has been to provide staff with overall direction for development of the five year financial plan, as well as approval of the annual timeline for the development, presentation, and consideration of department business plans and proposed budgets.

Each year City staff and key service delivery partners prepare business plans for the upcoming year. The business plans outline the achievements, key challenges, and major initiatives to be undertaken in order to meet the goals and objectives in Council's 2019 to 2022 Corporate Strategic Plan.

Recognizing the reality that new strategic priorities emerge throughout the year the process of reporting on the deferral of planned initiatives will continue for 2023.

Staff proposes the 2023 budget be developed with the objective to maintain current 2022 service levels excluding the temporary effects of COVID-19.

According to the suggested timeline (pages 7 and 8 of Attachment A) staff will present the department business plans and preliminary operating and capital plans to Council on November 21st and 28th, 2022. At that time Council will have a complete understanding of management's interpretation of the budget needed to deliver the same services as 2022, excluding the temporary effects of COVID-19, with budget deliberations then occurring December 12th and 13th, 2022.

The timeline has been carefully considered given this year's election and is recommended to follow timing similar to previous years for the following reasons:

- Early approval as proposed provides clarity to staff on commencing work plans for the first year of the plan;
- Delaying the process later than proposed would result in creating workload challenges for limited Finance staff resources since it would overlay budget season with the yearend audit period.

Staff is recommending Council not set any tax targets until Council has received and considered all of the budget information needed to make an informed decision. Staff is of the opinion that any target set before complete and accurate information is available would be premature.

Decision packages accompanying the Business Plans, operating activities such as new or increased service levels, new positions that could not be accommodated within existing approved budgets, or capital projects involving expansion of holdings will be prioritized by the Corporate Leadership Team for Council consideration.

Relevant Policy, Bylaw or Legislation:

Community Charter Section 165 requires municipalities to annually adopt a financial plan by bylaw before the annual property tax bylaw is adopted. Community Charter Section 167 requires the property tax bylaw be adopted before May 15. Therefore, the financial plan bylaw is to be adopted before May 15.

Analysis:

Insights to ongoing various budget pressures are as follows:

- All municipalities face similar pressures including:
 - Additional services to meet growth demands;

- Increasingly higher expectations from residents;
 - Increasing legislative requirements;
 - Cost of infrastructure repair and replacement;
 - Emergency service cost escalations;
 - Limited revenue sources;
 - Decreasing Federal and Provincial operational funding opportunities; and
 - Existing service level maintenance.
- The extent of pressures faced by each municipality varies due to:
 - Municipality size;
 - Quantity and quality of services provided,
 - Labour is a significant input into the service delivery function;
 - Geography;
 - Local economic conditions;
 - Property class mix;
 - Growth; and
 - Previous Council decisions.
- Municipal governments are under pressure to relate their spending and taxation levels to the cost of inflation (consumer price index or CPI). The CPI measures the price changes for common household purchases such as food, shelter, clothing, household operations and furnishing. These are items typically not purchased by a municipality in providing programs and services to its citizens. The largest expenditures for governments are labour, construction materials, and contractual services which are not found in CPI. Therefore, municipalities have their own spending patterns that differ from other economic sectors.
- Several unavoidable increases that are non-discretionary or non-controllable that impact budgets are:
 - Salaries and wages are affected by negotiated contract settlements;
 - Fire contract settlements will cause continued upward pressure;
 - Rising employee pension, medical and dental benefits;
 - Regional RCMP cost changes;
 - Gas, hydro, water and sewer charges; and
 - General inflationary pressures.

COUNCIL STRATEGIC PLAN ALIGNMENT

- ☐ Principled Governance
 ☐ Balanced Economic Prosperity
 ☒ Corporate Excellence
☐ Community Spirit & Wellbeing
 ☐ Transportation & Infrastructure Initiatives

Business planning is undertaken on an annual basis in support of corporate strategic planning and to assist staff with planning for the allocation of resources needed to provide the high-quality services the citizens of Pitt Meadows have come to expect.

FINANCIAL IMPLICATIONS

☒ None ☐ Budget Previously Approved ☐ Referral to Business Planning
☐ Other

Staff will work through the preparation of the 2023 Five Year Financial Plan to determine the financial impact which will be presented to Council in November 2022 for their December 2022 deliberations.

PUBLIC PARTICIPATION

☒ Inform ☐ Consult ☐ Involve ☐ Collaborate ☐ Empower

Comment(s):

The 2023 Business Plan Guidelines and Timeline for staff are presented for Council approval in order to formally commence the business planning process.

KATZIE FIRST NATION CONSIDERATIONS

Referral ☐ Yes ☒ No

SIGN-OFFS

Written by:

Cheryl Harding,
Director of Financial Services

Reviewed by:

Mark Roberts,
Chief Administrative Officer

ATTACHMENT(S):

A. 2023 Business Plan Guidelines and Timeline for Staff