

2020/2021 Budget Directions

Finance & Administration Committee

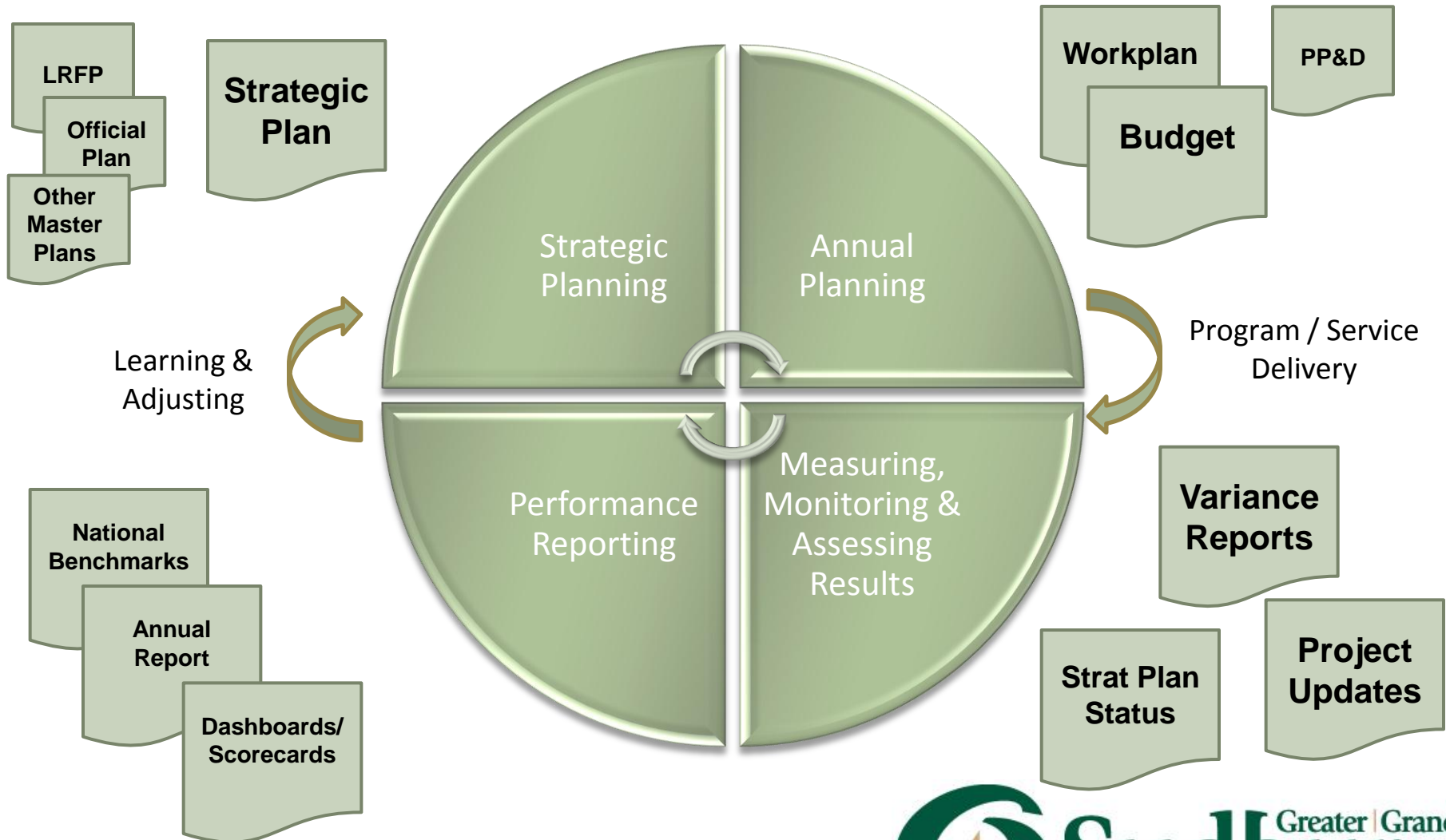
May 14, 2019

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Purpose of This Presentation

This presentation supports decisions regarding the preparation of the 2020/2021 Budget.

Continuous Management Cycle



Service-Based Budgeting

City Council

- ▶ Define strategy
- ▶ Make policy decisions
- ▶ Choose services and service levels

CAO/ Executive Team

- ▶ Make recommendations to Council & implement its decisions
- ▶ Produce expected outcomes
- ▶ Design & manage the organization

Directors

- ▶ Direct resources
- ▶ Ensure work processes produce desired results
- ▶ Manage process performance

Our Budget Will:

- ▶ Describe service goals and expected outcomes
- ▶ Report each service's revenues and costs
- ▶ Describe services and plans for delivering expected service levels
- ▶ Emphasize accountability for service outcomes, not just organization control
- ▶ Include key indicators to support performance assessments

Key Principles

We are managing services, not just costs.

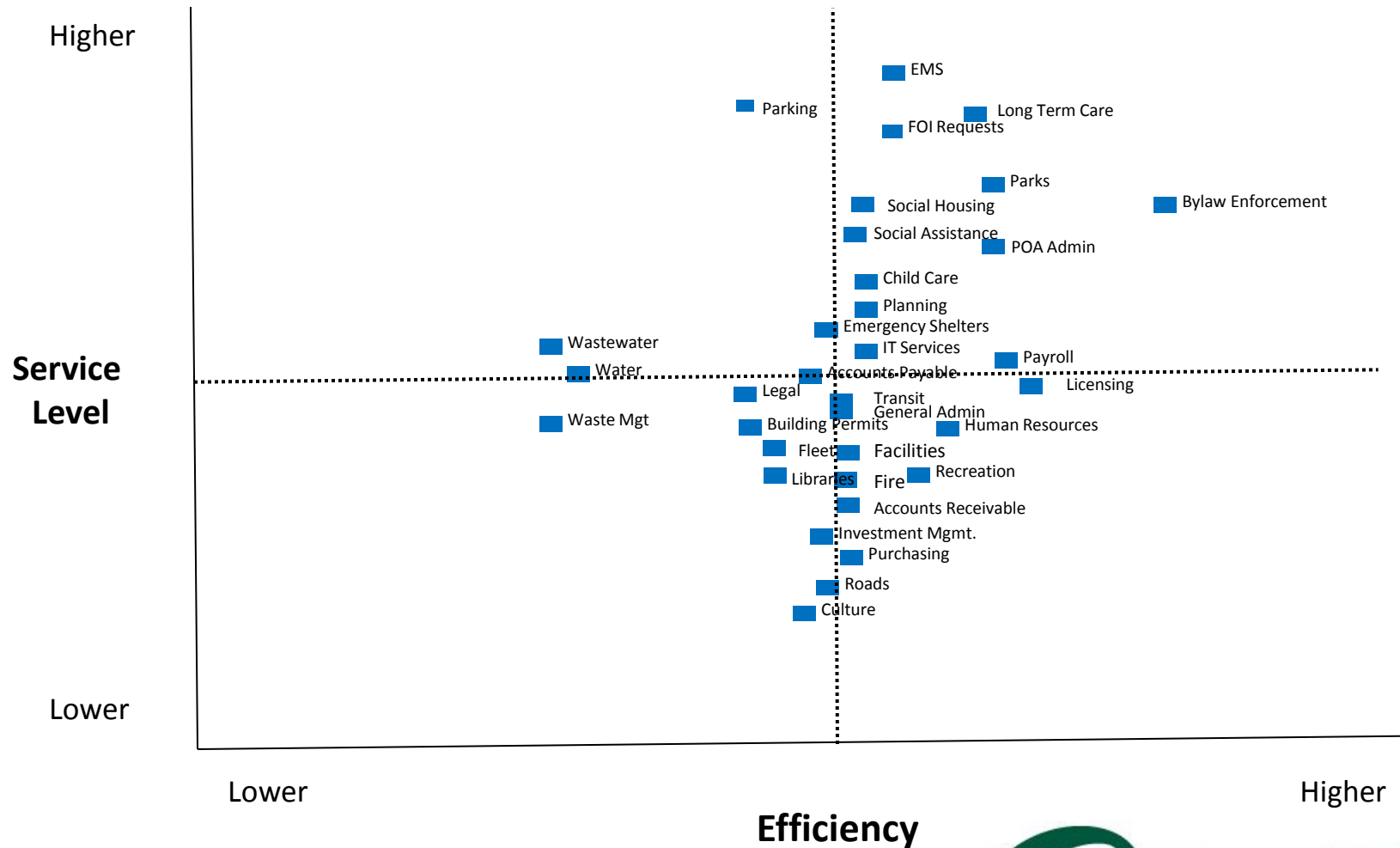
We consider both current and long-term implications of our decisions.

We match service expectations with appropriate resources.

We plan our work and deliver planned results.



We Benchmark Our Performance And Know We Are A Low-Cost Service Provider



Key Risks

- ▶ Asset failure
- ▶ Recruitment and retention
- ▶ Assessment Growth
- ▶ Provincial Funding
- ▶ Trade policies affecting input costs
- ▶ Climate Change

Financial Condition

- ▶ Credit Rating: AA
 - ▶ Reserve levels relatively low
 - ▶ Debt levels relatively low
- ▶ Asset renewal needs exist across all asset classes
 - ▶ Asset management policy adopted by Council last year
 - ▶ Work continues to strengthen asset condition data
- ▶ Taxation levels among the lowest in the province

Budget Schedule



We Recommend A Multi-Year Budgeting Approach

What is Multi-Year Budgeting?

- ▶ A budget that covers more than one reporting period
- ▶ Allowable under *The Municipal Act, 2001*

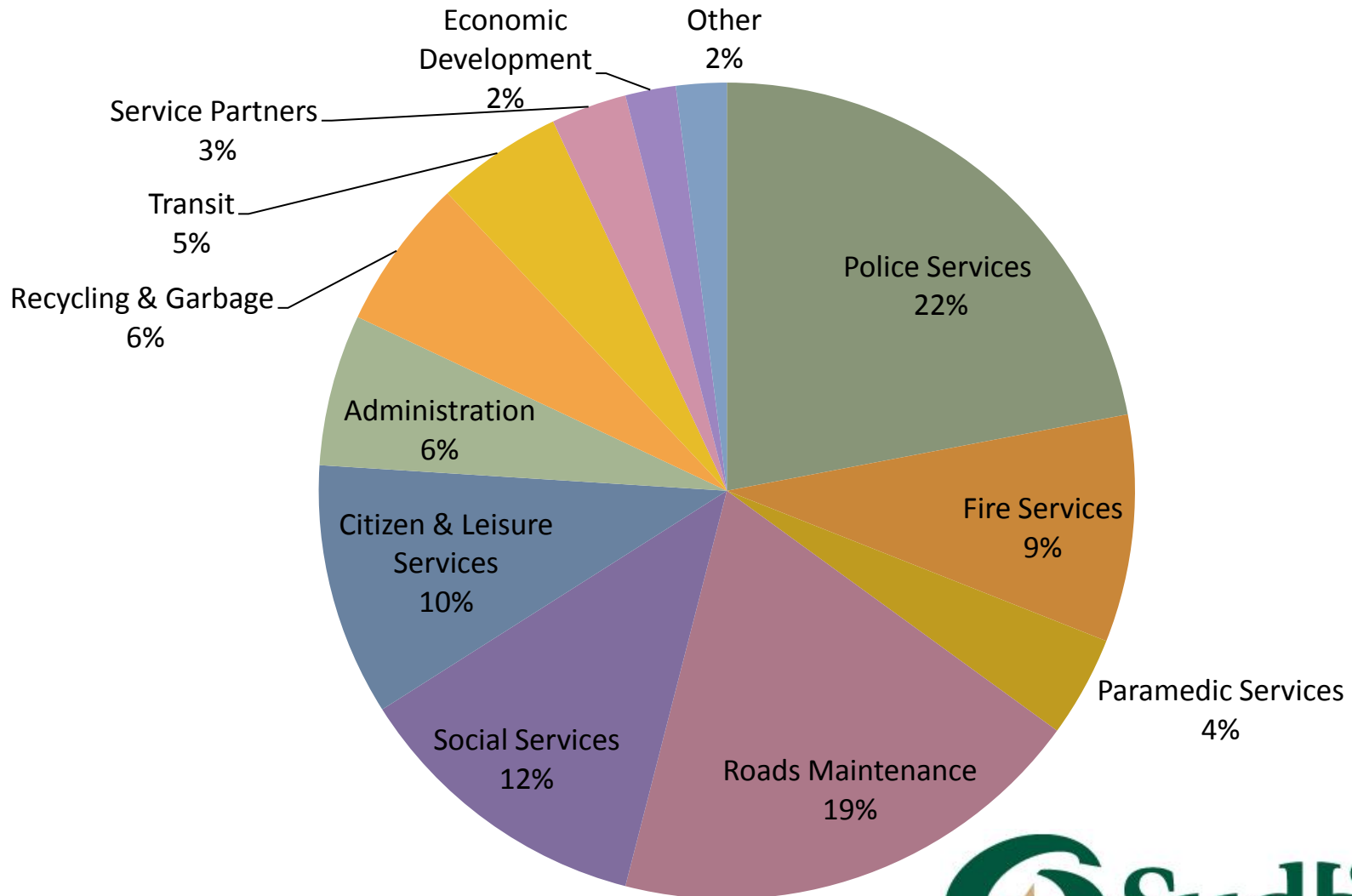
How Would We Do This?

- ▶ Approve two years of base budgets – i.e. 2020 & 2021
- ▶ 2021 – report describing changes to base budgets and any business cases for service level changes

Service Partner Consultation

- ▶ Service Partners include:
 - ▶ Conservation Authority (NDCA)
 - ▶ Greater Sudbury Police Services
 - ▶ Public Health Sudbury and Districts

Property Tax Levy Breakdown



Cost To Maintain Existing Services, 2020 & 2021

- ▶ \$663 million operating budget (\$292 million levy)
- ▶ Impact of 2019 Provincial funding changes not yet included

Cost to Maintain Existing Services, 2020 & 2021

	2020	2021
Tax Levy Change	6.6%	4.5%
Less: Value of Assessment Growth	(1.0)	(1.0)
Taxation Requirement to Support Current Service Plans	5.6%	3.5%
Consisting of:		
Provincially Mandated Services	1.0	1.0
Municipal Services (net of assessment growth)	2.4	1.3
Capital Projects	0.9	0.3
Outside Boards	1.3	0.9
1% Taxation Change = \$2,750,000		

Capital Priorities

- ▶ Capital project proposals will be reviewed according to common evaluation criteria
 - ▶ Strategic priority
 - ▶ Financial implications
 - ▶ Risk Management
 - ▶ Asset Renewal/Restoration
- ▶ Financing plan will be developed based on prioritized project list

2019 Recommended Direction

- ▶ 3.5% Property Tax increase
 - ▶ Reflects Long Range Financial Plan forecast
 - ▶ Individual business cases for service level changes
- ▶ Develop a two-year operating budget, covering both 2020 and 2021
 - ▶ Opportunity remains to review/revise 2021 budget
- ▶ Capital projects prioritized according to defined criteria
- ▶ Water & Wastewater Rates No Higher Than Those Described in the Long Term Financial Plan
 - ▶ To be presented to the Finance and Administration Committee on June 4, 2019