

BUDGET & PERFORMANCE SERVICES

TO: Mayor and Members of Council
FROM: Mary Lou McLeod, CGA
Director, Budget & Performance Services
DATE: May 22, 2009
SUBJECT: Budget Review Committee

RECOMMENDATION

It is recommended that:

1. That the following changes be made to the budget process:
 - a) Community meeting times be changed from 3:00 – 8:00 p.m. to 4:00 to 7:00 p.m.
 - b) The annual budget process/planning report be tabled for Council's consideration prior to July of each year
 - c) Administration explore the Region of Peel service based approach with the intent to implement a pilot project for the 2011 budget
 - d) Base budget reviews be scheduled with Council for the first budget after each election
 - e) Budget reports for requests greater than \$50,000 changed from a full report to Council to a briefing document format
2. That the following budget processes remain the same as in 2009:
 - a) Financial provisions for master plans and strategic directions
 - b) Public participation at budget meetings
 - c) Open house format of the community meetings
 - d) The budget process be scheduled to be completed by mid February

BACKGROUND

At the meeting of July 7, 2008, Council appointed an ad-hoc committee to review and make recommendations regarding the 2009 and future budget processes. Councillors Clarke, Crew, McGregor and Sulman were appointed to the Budget Review Committee. The committee is supported by the offices of the CAO and Budget and Performance Services.

In a report to Council in October 2008, the committee determined that due to timing issues it was not feasible to propose changes for the 2009 budget process and would provide recommendations regarding the 2010 and future budget processes. The committee subsequently met with three other municipalities to review their budget processes; the City of Windsor, City of London and the Region of Peel.

The Committee recently met to discuss opportunities and make recommendations for Council's consideration for future budget processes as detailed in the comments section of this report.

COMMENTS

The Committee met with senior administration of the above municipalities and a Councillor with the City of Windsor regarding their budget processes.

The meetings were informal with the following topics discussed:

- Political process
- Community participation
- Timing
- Administrative process
- Documents produced
- Opportunities
- Challenges

Appendix A summarizes, at a high level, the points of discussion.

As well, administration did a post mortem of the 2009 budget process of what worked well and what improvements to work on. These points are included in Appendix B.

The meetings with other municipalities were informative and affirmed some of the financial challenges municipalities feel; aging infrastructure, aligning resources for strategic directives, non discretionary funding requirements, and arbitrated labour issues to name a few. As coined by an individual during the visits, "there is no silver bullet". To a large extent, criticism or accolades of a budget process are the result of the final approved budget change. A proposed budget that identifies issues and appropriate funding options that result in a low percentage requirement will likely result in favourable opinions of the process.

There were a number of items discussed by the Committee regarding the 2009 budget process:

- Financial provision for master plans – there was discussion about the philosophy of a financial provision for strategic directives versus a detailed implementation report presented during the budget.

During the 2009 budget, provisions were made and approved by Council for the following master plans with detailed implementation reports to follow at a regular Council meeting:

Library Services	\$200,000
Fire Services	200,000
Information Technology	100,000

Some points of discussion by the Committee included:

- an implementation report should be part of the budget request with recommendations
 - an effective way to begin implementation of the master studies
 - streamlined the budget deliberations by including an overall presentation by the department and avoided getting into the line by line detail
- Public participation during budget meetings – the time slot at the end of the night was well received and should continue.
 - Community meetings – time slot should be adjusted from 3 – 8 pm to 4 – 7 pm. For 2010 the locations are proposed to be Wallaceburg, Chatham, and Blenheim.

In the September 12, 2008 Council's information package attached as Appendix

C was some correspondence regarding the format of the community meetings. It is being suggested that the public meetings be open-mic sessions.

For both the 2008 and 2009 budgets, the format was an open house style format with positive feedback. There were no formal presentations required and the participants were able to access members of Council and administration with their specific areas of interest.

- Base budget review – currently, a week is scheduled with administration and Council to discuss base budgets during the hours of 9 – 5pm.

Some points of discussion by the committee included:

- Needs to be more convenient for Council, scheduled at 5:30 pm
 - Helpful the first budget after election and then have new Council determine whether to continue annually
 - Departments are available for any questions at any time.
- Timing – it was felt that this year's time frame of February worked well but a budget should be concluded no later than mid February. This time ensured Council had available information regarding other municipalities as well as the status of senior government funding.
 - Budget reports – currently requests of \$50,000 or greater require a report to Council which is included in the budget documents. It was discussed that a briefing would also be acceptable. Reports should also be prepared when there is a change in full time equivalencies.
 - Planning meeting with Council – a meeting should be set with Council and administration where Council sets the direction for the upcoming budget. Included in these discussions will be targets, other strategic issues, staffing and communications to Boards. It is being recommended that a report to Council be scheduled for June 22nd on the development of the 2010 budget
 - Region of Peel – during the on-site visit at Peel, they introduced the Committee to a pilot project they were engaged in changing the budget process from a line by line detail presentation to a service based budget measuring results. This pilot project was in the waste management area and required the efforts of 4 FTE for a six month period. The service based focused on narratives of the services, pressures, strategies and accomplishments. They are in the stage of developing a process that can be phased in for other operations.

A lot of work was done in this pilot project and it was felt by EMT that further research and discussions with the Region should occur to determine how a version of this process could be developed for Chatham-Kent. The timing of this initiative for a pilot will be after the 2010 budget process.

CORPORATE STRATEGIC DIRECTIONS 2007 – 2010

The recommendations in this report support Strategic Direction #4,

We will be a Municipality of quality services, effective structure and fiscal responsibility.

The principles developed by Council on developing sustainable budgets and strategies required to address challenges faced in mandated services and infrastructure funding requirements provides leadership to the community that benefit current and future ratepayers.

COMMUNITY STRATEGIC PLAN

The recommendations in this report support the following objectives and strategic directions:

- B: Economy – A Prosperous Community
B1: Promote and market Chatham-Kent

Desired Outcomes:

- Chatham-Kent to be recognized as a municipal leader in responsible fiscal management through manageable tax rate changes and sustainable fiscal planning.

The recommendations will not adversely impact on the remainder of the Community Strategic Plan.

CONSULTATION

The ad-hoc Budget Review Committee was consulted and developed recommendations of this report.

The Executive Management Team provided feedback on the current process and was consulted on the development of this report.

FINANCIAL IMPLICATIONS

There are no financial impacts as a result of this report.

Prepared by:

Mary Lou McLeod
Director, Budget & Performance Services

Reviewed by:

Gerry Wolting
General Manager, Corporate Services

Reviewed by:

Stuart Wood
Director, Financial Services

Reviewed by:

Rob Browning
Chief Administrative Officer

Councillor Clarke moved, Councillor Crew seconded:

“That

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Mayor Hope sought clarification on recommendation #1(e). The Director of Budget and Performance Services clarified that any item that requires funding will come before Council during the budget process.

The Mayor put the Motion

Motion Carried

