

Corporate Report

REPORT NUMBER 196-2023-Corporate Services & Long-Term Care-Financial Services

DATE

PREPARED

May 25, 2023

FILE

MEETING DATE

June 26, 2023

SUBJECT

Report Back – 2024 Budget Amendments

RECOMMENDATION

WITH RESPECT to Report 196-2023-Corporate Services & Long-Term Care-Financial Services Report Back – 2024 Budget Amendments, we recommend that Schedule A 2024 Budget Amendments, with a net impact of \$1,475,000 be approved;

AND THAT any difference between the 2024 Budget Amendments and \$1,500,000 be factored into 2024 Budget Direction rather than a separate report back by December 18, 2023.

AND THAT any necessary by-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

The purpose of this Report is to report back to City Council on resolutions passed at the Special Committee of the Whole meeting on January 31, 2023. Administration was directed as follows:

- On or before June 30th, 2023 complete FTE reduction of \$700,000 from a City Manager Organizational Review
- On or before June 30th, 2023 report back with 2024 service level reductions of \$500,000
- On or before December 18th, 2023 report back with 2024 reductions in the amount of \$1,000,000

Between March and June 2023, the Executive Management Team (EMT) held a series of meetings to find \$2,200,000 in 2024 budget amendments through organizational structure changes, opportunities to make reductions by leveraging internal capacity, opportunities for new revenue, and proposed service level reductions.

Organizational changes resulted in \$684,000 in FTE savings and internal capacity enhancements. Presented for Council approval are 2024 Budget Amendments (Schedule A) totalling \$1,475,000, which includes \$1,331,000 in service level reductions. This brings Administration \$41,000 short of the \$2,200,000 target.

While Administration has until December 18, 2023, to report back on \$1,000,000 of the total target, the Executive Management Team worked to identify the full amount of the target with a view to organizational stability and to better lay the foundation to move forward with Budget 2024. Administration seeks Council approval to include the \$41,000 shortfall identified above, in the 2024 Budget Direction to support work towards one target with information incorporated in the Proposed 2024 Budget.

DISCUSSION

During the 2023 Special Committee of the Whole Budget meetings Administration was directed to bring back options to achieve an overall levy of 4%. Included in the list of options brought back and approved by Council was \$700,000 in FTE savings for 2024 from a City Manager organization review and \$500,000 in 2024 Service Level Reductions. Although not a part of the list of options, Administration was also directed to report back with 2024 reductions in the amount of \$1,000,000, bringing the total outstanding 2024 Budget amendments to \$2,200,000.

City Manager Organizational Review (Target \$700,000)

With respect to the organizational review, decisions made by the City Manager and the Executive Management Team have achieved \$684,000 in savings and furthered the recently approved restructuring. This work continues with a view to building capacity across the Corporation and achieving Council's direction during Budget 2023 to find \$700,000 in permanent FTE reductions. Savings identified are \$16,000 shy of the total budget amendments required of \$700,000.

This review resulted in the elimination of 9.88 FTEs (5.30 non-union, 4.58 union). Priority was given to positions vacant through retirement, not yet filled, temporary and, in limited cases, to meet operational change requirements. Priority was also given to changes with minimal direct impact on community service levels. This has been presented for information purposes to Council in closed session on June 26, 2023, as these changes are within the authority of the City Manager.

2024 Budget Amendments (Target \$1,500,000)

The proposed budget amendments in Attachment A include \$1,331,000 of service level reductions. This fulfills the direction to report back on or before June 30th with \$500,000 in service level reductions.

In addition to service level reductions the list includes proposed new revenues and savings from leveraging of internal capacity. With all items included, Administration has identified budget amendments of \$1,475,000. This is \$25,000 shy of the total budget amendments required of \$1,500,000.

2024 Budget Direction

At the 2023 Long Term Financial Overview presented to Council on January 10, 2023, Administration projected the 2024 municipal tax levy to be 5.38%. Work is underway now to update the projections, but early indications show the levy to be higher than projected. Knowing this, Administration will present Council with options as part of the Budget Direction report on July 24, 2023.

To streamline work, Administration recommends that the total shortfall, \$41,000, from the \$2,200,000 target be added to 2024 Budget Direction so there is one target for Administration. In this way amendments required to meet budget direction can be incorporated into the Proposed Budget documents.

Additional Opportunities Under Review

There are several initiatives and opportunities for potential savings that continue to be investigated or will be underway soon as a result of departmental initiative and/or employee suggestions in response to a call from the City Manager. This includes:

- Staff vacation purchase plan;
- Asset Management;
- Where appropriate, user fee increases of at least 5% and rounded to the nearest dollar;
- Internal anti-idling campaign;
- Housing Study with focus on increasing tax assessment density and a further review to consider development charges in areas of the City and circumstances to be determined;
- Convenience fee for use of credit card;
- Savings due to implementation of projects through the Digital Strategy; and
- Reinstate the Employee Suggestion Program to provide a forum for employees corporate-wide to contribute ideas for continuous improvement and cost savings.

FINANCIAL IMPLICATION

The \$684,000 in FTE savings and \$1,475,000 on Schedule A – 2024 Budget Amendments will result in \$2,159,000 reduction to the 2024 Budget.

In some cases, the implementation of these items will be in effect for a portion of 2023. Where this is the case, the savings will contribute towards a favourable variance and reduce the reliance on the Stabilization Reserve Fund.

CONCLUSION

It is concluded that Council should approve Schedule A – 2024 Budget Amendments and, in the event of amendments, direct Administration to incorporate any difference between Schedule A plus the organization review and \$2,200,000, be factored into 2024 Budget Directions.

BACKGROUND

Service level reductions approved from the list of options that were presented at the January 31, 2023, Special Committee of the Whole Budget meeting included the following:

- cancellation of summer weekend transit service to Chippewa Park;
- reduced hours of operation/supervision at Sandy Beach;
- reduction of the adopt a road program;
- ending the lease of the Vale Community Centre;
- closure of the Jumbo Gardens Community Centre at the end of 2023;
- reduced hours of operation at Canada Games Complex, Volunteer Pool and Churchill Pool; and
- reduction in security during the winter months at Prince Arthur's Landing.

REFERENCE MATERIAL ATTACHED

Schedule A – 2024 Budget Amendments

REPORT PREPARED BY

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REPORT SIGNED AND VERIFIED BY

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06/22/2023