



2020 Operating Budget Update

Budget Committee of the Whole

October 22, 2019



2020 Budget Pressures

- June 26th BCW meeting, staff presented an outlook reflecting a net 3.71% tax rate equivalent increase
- both Personnel and Non-personnel expense inflationary and growth pressures
- continued low assessment growth (1.5% estimate)
- addition of Public Works Enhancement program
- Unsustainable Funding Sources (incl. Growth Stabilization, Investment Income)

Budget Direction

That staff develop and present an Operating Budget that does not exceed a 1% tax rate increase, and include a list of options to achieve this goal for BCW consideration

Internal Direction

1. Increase User Fees through Tariff of Fees Update
2. No new staff additions
3. Find savings and efficiencies in non-personnel costs

Increase User Fees

- 2019 Operating Budget is 21% funded by User Fees (\$37.7 million).
- Staff directed to increase user fee revenue by 5% (increases the Operating Budget to 22% User Fee funded)
- excluding legislative charges (no flexibility), 5% increase equates to \$1.4 million in additional revenues

No New Staff Additions

- direction includes City, Library and Fire Master Plan
- previous Outlooks identified 2020 needs in Fire, I.T, Communications, HR, Parks, Roads, Design & Construction, and Planning
- staff are reviewing ways to manage needs through reorganizations and efficiencies from technology updates

Savings/Efficiencies – Non-Personnel

- Staff were directed to try and find savings and efficiencies in non-personnel costs, with a goal of 2% overall corporate savings from this area (approx. \$1.26 million)
- Provincial Audit & Accountability initiative underway to identify up to 4% savings in non-personnel costs (consultants from Deloitte are engaged for this exercise)
 - reporting to November 26th BCW

Unsustainable Funding Sources

- Funding sources in Operating Budget that are unsustainable due to either:
 - a. foreseeable reduction in sources of funds,
 - b. revenue level set too high, or
 - c. finite life of a Reserve or Reserve Fund source
- Growth Stabilization Draw (\$244,800 final reduction)
- Investment Income (approx. \$2.5 million reduction required)

Next Steps

- Nov. 26th BCW - Deloitte presentation (Audit & Accountability findings)
 - Operating Budget Update
- January meeting