



Corporate Services, Strategy, Risk and Accountability Committee Meeting

Agenda

Date: January 21, 2021
Time: 9:30 am
Location: Council Chambers - members participating remotely

Pages

1. **Declarations of Interest:**

2. **Delegation(s):**

Due to COVID-19 this meeting will be conducted virtually. Only the chair of the meeting, along with a clerk and audio visual specialist, will be in council chambers, with all other staff, members of council and delegations participating in the meeting remotely. The meeting will be live webcasted, as usual, and archived on the city website.

Requests to delegate to this virtual meeting can be made by completing the online delegation registration form at www.burlington.ca/delegate or by submitting a written request by email to the Office of the City Clerk at clerks@burlington.ca by noon the day before the meeting is to be held. It is recommended that delegates submit a copy of their intended remarks which will be circulated to all members of committee in advance as a backup should any technology issues occur. Your remarks will also be attached to the minutes posted on the city's website, forming part of the public record.

If you do not wish to delegate, but would like to submit feedback, please email your comments to clerks@burlington.ca. Your comments will be circulated to committee members in advance of the meeting and will be attached to the minutes, forming part of the public record.

3. **Consent Items:**

Reports of a routine nature, which are not expected to require discussion and/or debate. Staff may not be in attendance to respond to queries on items contained in the Consent Agenda.

4. Regular Items:

- 4.1. 2021 operating budget overview (F-04-21) 1 - 20

Receive the proposed 2021 operating budget book; and

Direct staff to present the recommendations in Appendix A to the Corporate Services, Strategy, Risk and Accountability Committee meetings of February 23 and 25, 2021 for review and approval, taking into consideration committee amendments.

- 4.2. Staff direction from Mayor Meed Ward regarding budget reduction items (F-04-21) 21 - 21

5. Confidential Items:

Confidential reports may require a closed meeting in accordance with the Municipal Act, 2001. Meeting attendees may be required to leave during the discussion.

6. Procedural Motions:

7. Information Items:

8. Staff Remarks:

9. Committee Remarks:

10. Adjournment:



SUBJECT: 2021 operating budget overview

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Finance Department

Report Number: F-04-21

Wards Affected: All

File Numbers: 435-03

Date to Committee: January 21, 2021

Date to Council: February 16, 2021

Recommendation:

Receive the proposed 2021 operating budget book; and

Direct staff to present the recommendations in Appendix A to the Corporate Services, Strategy, Risk and Accountability Committee meetings of February 23 and 25, 2021 for review and approval, taking into consideration committee amendments.

PURPOSE:

This report provides an overview of the proposed 2021 operating budget.

Background and Discussion:

In September 2020 Council approved the 2021 Budget Framework Report. This report provided Council with the parameters on which the proposed 2021 budget would be prepared, outlined key budget pressures and forecasted a preliminary city tax increase of 4.95% for 2021.

Since that time, staff have finalized the preparation of the 2021 Operating Budget which results in a recommended City tax increase of 4.99% (2.88% overall including Region of Halton and Boards of Education). This report will outline the process undertaken to finalize the budget, discuss key challenges addressed in the budget and summarize the financial impacts.

The 2021 budget submission continues to adhere to the guiding principles and directions of the following reports:

- F-45-20: 2021 Budget Framework Report
- F-29-19: 2019 Financial Condition Assessment
- CM-06-19: 2018-2022 Burlington's Plan: From Vision to Focus
- F-12-17: Asset Management Financing Plan
- F-22-12: The City of Burlington Long Term Financial Plan

The budget process provides a venue in which decisions are made to ensure an appropriate balance between affordability, maintaining service levels and financial sustainability is achieved over the long term.

2021 Budget Format – Two Budgets in One

As a result of the financial pressures of the ongoing COVID-19 Pandemic, the 2021 Operating budget is effectively two budgets in one. The steps to develop the 2021 budget were as follows:

- **Base Budget** - The budget was first built under traditional business as usual assumptions with all City services adjusting their ongoing base budgets to reflect service efficiencies and standard inflationary pressures offset with “normal” changes to revenues based on fee changes and volumes.
- **COVID Budget** – All City services were asked to separately identify one-time budget adjustments required as a result of COVID-19. These adjustments include one-time reductions in budgeted revenues and changes in expenses to recognize temporary Service redesign plans required to protect the health and wellbeing of residents, businesses and staff. Finally, services were asked to make further one-time budget adjustments to expenditures reflecting continued travel restrictions and additional savings resulting from remote working such as decreases in professional development given virtual training opportunities, meeting expenses and mileage.

The net result of these one-time COVID-19 impacts have been shown separately from the ongoing base budget throughout the budget documents.

The ongoing 2021 budget results in a tax increase while the one-time 2021 COVID budget has been offset by temporary cost savings and a one-time funding plan.

The budget is again presented in a service-based format allowing Council and residents to see how our services meet the growing demands of our community.

The identification of revenues and expenditures by service ensure staff and Council is considering service adjustments when making budget decisions, as well as providing increased transparency and awareness to the public.

COVID-19 Pandemic

The COVID-19 pandemic is an unprecedented global event, unlike anything that has been experienced in our lifetimes. Not only does it pose an immediate health concern for people, it is expected to continue to have wide-reaching economic impacts on individuals and businesses.

The COVID-19 pandemic represents one of the most significant financial challenges municipalities have ever faced. The financial impacts are the result of restrictions designed to reduce the transmission of the virus within our community. As reported monthly during 2020, the financial impacts of COVID-19 on the City are significant. Revenue losses in excess of \$18 million were realized in 2020 from the onset of the restrictions in mid-March to the end of the year. To offset these revenue losses, the city immediately implemented an Expenditure Restraint Program which remained in place for the balance of 2020. The \$6 million of savings realized from this program included:

- Utility savings from the facility closures of approximately \$1 million
- \$3.6 M in part-time wage savings as a result of temporary layoffs
- Other discretionary operating savings of \$1.4 million in areas such as external contracted services, the freeze on non-essential recruitments and reduced professional development costs as most conferences and training opportunities were held virtually.

2021 Estimated COVID-19 Impacts

Budgetary pressures associated with the COVID-19 pandemic are expected to continue into 2021. The largest of these impacts relate to decreased revenues particularly in Recreation programs, facility rentals and Transit fares. Staff have spent considerable time reviewing the financial impacts on Services experienced during 2020 and recognize similar conditions will continue well into 2021 with gradual improvement as the year progresses given the roll out of a vaccination program. Unlike the Federal and Provincial Governments, the City cannot budget for a deficit and therefore must budget/fund revenue shortfalls.

The projected total 2021 revenue impact of COVID-19 is \$12.3 million due to modified operations of various programs and services and reduced capacity limits in place to protect the health and safety of residents. The actual impact will depend on the duration of the pandemic and the extent to which province-wide 2021 restrictions and measures impact City services and operations. Close monitoring and monthly financial impact reporting to Committee will continue for the foreseeable future.

COVID-19 Mitigation Measures

In order to help offset the impacts related to the pandemic, Council approved a recommendation to temporarily redirect the planned Infrastructure Renewal Levy to the operating budget to fund one-time COVID impacts in 2021. This will provide \$2.18 million of one-time funding to offset the one-time COVID impacts in 2021.

In addition, Services have identified one-time mitigation savings in 2021 given continued travel restrictions and a remote working environment. These savings are considered to be temporary in nature and have a minimal impact on service delivery.

Overall, a total of \$4.4 million in one-time mitigation measures have been incorporated into the 2021 Budget which include:

- Redirection of the 1.25% Infrastructure Renewal Levy (\$2.18 million)
- Reduction in part-time hours in Recreation, Community & Culture which correlate with modified service delivery - \$0.8 million
- Savings in program supplies and minor maintenance contracted services - \$0.725 million
- Savings in fuel due to modified service delivery - \$0.27 million
- Savings in office supplies, mileage, professional development and other miscellaneous expenses as a result of work from home arrangements and virtual training opportunities - \$0.4 million

Included in the 2021 Operating Budget document is a summary of the one-time COVID-19 financial impacts. These COVID one-time budget adjustments have been identified separately in each of the service areas.

Safe Restart Agreement Funding

On August 12, 2020 the Province of Ontario announced as part of Phase 1 of the federal-provincial Safe Restart Agreement that the City of Burlington will receive \$4,470,700 to support municipal operating pressures and a further \$1,571,213 for Burlington Transit – totaling just over \$6 million.

An application was made for Phase 2 Safe Restart funding and on December 17th, 2020 the City was advised that we would receive a further \$7,302,000 to support

municipal operating pressures and \$2,208,957 for Burlington Transit – totaling just over \$9.5 million.

In total, the City received \$15.5 million from the Safe Restart Program.

This funding will help municipalities like Burlington protect the health and well-being of our residents, while continuing to deliver critical public services to our community and assist with economic recovery. It will also provide immediate relief from transit pressures, such as lower ridership, reduced revenues as well as for new costs due to COVID-19, such as enhanced cleaning and personal protective equipment for staff.

A portion of the Phase 2 funding will be used to mitigate the City's 2020 losses while \$6,617,577 will be used to offset anticipated 2021 COVID impacts.

Strategy/process

The operating budget review process included:

- A line-by-line review of the base operating budget by the Chief Financial Officer and Service Owners (budget reductions of \$2.34 million realized).
- A corporate / strategic review by the Strategy and Risk Team (SRT) which included alignment to strategic objectives and review and recommendation of specific operating risk mitigation measures in the 2021 Budget amounting to \$1.2 million.

BASE BUDGET PRESSURES, FINANCIAL SUSTAINABILITY & BUDGET RISKS

The city continues to closely monitor revenue sources and financial strategies to maintain financial sustainability as outlined in the objectives of the city's long-term financial plan. There are a number of issues that the City will need to be mindful of in 2021 and future years.

These pressures include:

Human Resource Management, Labour Market & Workforce

Municipalities are service organizations that rely heavily on human resources to deliver the range and quality of services that residents have come to expect. Human resource costs (including benefits, training, etc.) as a percentage of the City's gross budget has decreased from 50.5% in 2004 to 47.3% in 2021.

A significant risk to the corporation is the attraction and retention of human resources talent within the Greater Toronto / Golden Horseshoe area. The following realities create a labour market and workforce risk:

- number of staff eligible to retire;

- number of municipal job opportunities within 1-hour commute of Burlington and the new environment that supports remote work for non-front-line functions making it easier for people to live and work in different locations;
- increasing challenge to retain and attract employees across a range of professional and technical job classes;
- ability to hire qualified candidates; and
- a compensation and rewards system which has become less competitive within our market comparators.

The above pressures all remain relevant even within our COVID impacted workplace. However, as employers, including the City of Burlington, have responded to COVID with increased digitalization and automation of workplace practices, employees now have more opportunity to consider working for companies who are no longer within commuting distance. This adds to the labour market risk, putting additional pressure on the city's competitiveness from a culture, compensation, and leading practices perspective.

Labour market and staff retention risk has been identified as the number one enterprise risk for the City. While additional staff positions were added to the 2020 budget, financial constraints prevented many other pent-up needs from being incorporated. This results in deficiencies in human capital, difficulties servicing a growing population and leads to risk in operations and compliance with legislation.

Designing and Evolving our Organization

In 2019 and 2020, a corporate-wide strategic initiative was undertaken to engage Council and staff in refining the organizational design through Designing and Evolving our Organization (DEOO). As Council is aware, the City of Burlington is at a tipping point related to risk management particularly with respect to City operations and internal capacity to effectively implement and execute strategy.

In 2020, Designing and Evolving our Organization – Phase 1 has allowed the City of Burlington to continue to evolve to meet the changing environment, to address the strengths and weaknesses of the organization in a strategic and comprehensive manner, and most importantly prepare for the future.

Management is working across and throughout the organization to stabilize and enhance our competency, capability and capacity through resource needs – from people, process, and technology – to be a customer-centered organization and to effectively deliver on our commitments.

Annually DEOO will include the following process:

- Assessing current state resources based on risks and City Service needs
- Updating the plan including resource rationalization and process improvement

- Presenting the plan for review and approval in principle
- Recommending Council consideration and approval of updated DEOO Plan & related Budget implications.

By following these steps, DEOO becomes part of our natural process of aligning our resources to the achievement of strategic objectives and effective and efficient service delivery while managing risk. Through this process, resource needs will be identified and prioritized, giving consideration to rationalization where it makes sense and process improvements. These decisions will be reflected in an annually updated DEOO plan and budget.

A total of 8.5 new FTE staff positions were approved during 2020 as part of DEOO Phase 1. The cost of these positions have been reflected in the 2021 base budget and are outlined separately in the Human Resources Summary included in the budget book.

Additional staffing changes for 2021 as part of DEOO – Phase 2 are reflected in the recommended risk mitigation measures under the categories of Sustaining City Services and Managing Community Growth.

Building a 21st Century Workforce

There are several technology related projects currently underway to modernize the delivery of city services and provide ongoing operational efficiencies and improved data analytics. Some of these projects include:

- the city's new Enterprise Resource Planning (ERP) system;
- a new Enterprise Asset Management System (EAMS);
- the continued expansion of the new Customer Relationship Management (CRM) system; and
- operationalizing the city's new Business Intelligence (BI) platform.

Each of these major initiatives require financial and staffing resources to ensure a successful implementation and as well as ongoing operational support.

As part of the 2021 Operating Budget, permanent resources are being requested to support the strategy, processes and technology for the Business Intelligence (BI) platform and corporate-wide data analytics and integration.

Controllable Revenues

In 2020, the City realized an \$18 million shortfall in revenues across city operations as a result of the COVID-19 pandemic. While it is difficult to predict the long-term impact, it is expected that there will once again be a significant reduction in revenues as these are highly dependent on the phased recovery of services and the future participation in city programs and services by residents and businesses. For 2021, anticipated revenue

reductions have been reflected as one-time impacts. Should a portion of these revenue reductions prove to be longer term in nature, they will need to be incorporated as permanent adjustments to future budgets.

User fees such as recreation program fees, facility rentals, transit fares, licenses and permit fees represent roughly 9% of city funding (\$24.2 million). As an example, each 10% permanent reduction in these revenues would represent a \$2.4 million budget increase or 1.37% city tax impact.

Assessment Growth

The impacts from growth accounts for a portion of the city's increased costs year over year. These cost increases have been offset by assessment growth which allows a municipality to finance increased costs without increasing taxes.

The 2021 Budget Framework report assumed assessment growth at 0.60% however, the actual weighted assessment growth for the 2021 budget is lower at 0.34%. This provides approximately \$590,000 of additional revenue to offset inflation and growth-related costs in the base budget.

The 0.34% represents net assessment growth reflecting increased assessment from new construction offset by reductions to assessment resulting from appeals based on Assessment Review Board (ARB) decisions and Requests for Reconsideration.

In 2020 the city experienced reasonable residential growth, however loss in assessment due to complex commercial ARB appeals resulted in lower than expected overall net growth. Significant assessment reductions include the resolution of two large commercial properties which alone resulted in a -0.20% loss in weighted assessment growth.

To mitigate the impact of the reduced assessment growth a one-time draw from the Tax Rate Stabilization Reserve Fund of \$450,000 for assessment growth stabilization equivalent to 0.26% has been included in the 2021 Proposed Budget.

Over the past 5 years, net assessment growth has ranged from a high of 1.07% to a low of 0.15% for an average of 0.52%.

Year	Net Assessment Growth
2017	0.15%
2018	0.41%
2019	0.64%
2020	1.07%
2021 Proposed	0.34%
2017-2021 Average	0.52%

Debt

The proposed budget reflects *Responsible Debt Management* as the budget adheres to the city's debt policy limits while using debt in the most effective manner as per the city's long-term financial plan. The city's debt policy limits the total debt charges and liabilities as a percentage of revenues to 12.5% (provincial legislated limit is 25%).

As of September 30, 2020, the City's total debt charges as a percentage of own source revenue is estimated to be 10.5%. Over the last several years, Finance staff have been using debt more efficiently to be consistent with the city's long-term financial plan, by ensuring that less debt is being applied to lifecycle projects and more debt is being used towards projects that are considered new / enhanced. This has the benefit of building a more sustainable source of funding towards the city's asset management plan.

Planning for the Future - Reserve Funds

Reserves and reserve funds when used in conjunction with debt policies are a critical component of a municipality's long-term financial plan and financial health.

Reserves and reserve funds provide tax rate and cash flow stability when the City is faced with unforeseen or uncontrollable events such as the COVID-19 Pandemic. It ensures cash flows are sustained and allows for internal financing for temporary or one-time expenditures. Furthermore, these funds provide the City flexibility to manage debt levels and plan for future liabilities.

- **Stabilization Reserve Funds** – These reserve and reserve funds are used to mitigate raising taxes or reducing service levels due to unforeseen or temporary events. In order to continue to build the balance and to maintain a prudent level,

the city is targeting an uncommitted balance in stabilization reserve funds of between 10-15% of net revenues (\$24.1 million to \$36.1 million).

As of September 2020, the consolidated balance of these reserve funds is below target at 8.8%.

- Capital Reserve Funds - Annual contributions to capital funds that are consistent and predictable is vital for the future rehabilitation and replacement of assets.

The city is targeting a balance equal to 2% of the total asset replacement value. Based on the City's total asset replacement value of \$3 billion, this equates to an estimated \$60 million.

As of September 2020, the City's uncommitted consolidated year-end balance in capital renewal reserve funds is approximately \$31.3 million, below the intended target.

The repurposing of the Infrastructure Renewal Levy temporarily decreases funding to the capital program however this is a prudent measure given the uncertainty COVID-19 places on the 2021 budget. While this temporary repurposing is recommended to address the short-term COVID operating impacts for 2021 it is not sustainable as a means of funding longer term operating impacts given the significant infrastructure funding challenges.

- Corporate Reserves and Reserve Funds - These reserve and reserve funds are used to manage costs that will be transferred to future generations, as the City incurs liabilities that do not have to be paid immediately. Reserve and reserve funds in this category include Employee Accident (self-insured WSIB), Benefits and Insurance costs.

Contributions to Corporate Reserve / Reserve Funds should take into consideration the liability associated with these funds. A sufficient budget allocation is required to fund WSIB costs and post-employment benefits so that the Employee Accident Reserve Fund and Benefits Reserve Fund can eventually be replenished to cover the future liabilities.

Local Boards

Local Boards include the Burlington Public Library, Burlington Museums, Art Gallery of Burlington, The Burlington Performing Arts Centre (BPAC), Tourism Burlington and the Burlington Economic Development Corporation (BEDC). For 2021, a base budget increase of 1.75% was provided for local boards, equating to \$274,096.

BASE BUDGET SAVINGS AND INCREASED REVENUES

Finance undertook a detailed line by line review of the base budget and met virtually with each of the services. This review resulted in approximately \$2.34 million in budget reductions through changes to expenditures and revenues. Given the 2021 Budget challenges, it should be noted that this level of net budget reductions to the base budget is significant in comparison to recent years.

Highlights of expenditure savings / revenue increases in the 2021 proposed budget include:

- Various reductions of \$482,000 to HR related line items to reflect historical spending and realized savings in benefit costs;
- Reduction in operating / minor capital equipment of \$170,500 in areas such as fuel, equipment parts and supplies, salt usage and other operating materials;
- Reduction in purchased services in the amount of \$95,000 in areas such as contracted services;
- Revenues were increased by \$1.6 million particularly in areas such as Recreation, Parking, and Development Application fees. While revenue decreases are anticipated for 2021 due to COVID-19, these impacts have been reflected as one-time for 2021 to mitigate the impact to the tax base.

Financial Matters:

Budget Financial Summary

Municipalities are required by provincial law to balance their annual budget such that revenues match the expenditures for the current year. The net tax levy is the amount of property taxes required to support city services after consideration of user fees and other corporate revenues.

The 2021 proposed budget reflects service efficiencies, leveraging non-tax revenue sources, addressing risk, and continuing on a path towards long-term financial sustainability.

For 2021 this consists of a proposed base amount of \$182,555,894 plus recommended risk mitigation measures of \$1,212,672 for a total proposed net tax levy of \$183,768,566. This net tax levy represents 67.2% of total operating revenues in 2021.

Overall, the 2021 budget maintains the city's financial position, addresses corporate risk and ensures residents continue to receive the programs and services that provide for the high quality of life in Burlington.

The budget focuses on maintaining service levels; ensuring our assets are maintained in a good state of repair; continuing to provide strategic investments aligned to Vision to Focus; and upholding legislative requirements while ensuring competitive property taxes.

The budget is presented as follows:

- The city's base budget is presented with a 3.65% tax increase.
- Assessment growth (new residential units and businesses) of 0.34% as well as a one-time draw from the tax rate stabilization reserve fund of \$450,000 (0.26%) to achieve an overall 0.6% net assessment growth. This reduces the base budget tax impact to 3.05%
- The dedicated infrastructure levy of \$2.18 million (temporarily redirected to address short-term COVID impacts) results in an additional tax increase of 1.25%
- This brings the total proposed city tax increase to 4.3% before recommended risk mitigation measures.

Included in the 2021 Proposed Budget are recommendations aligned to 4 categories of risk mitigation as follows:

- **Sustaining city services (\$1.1 million)** results in an additional tax increase of 0.63%
- **Managing community growth (\$155K)** results in an additional tax increase of 0.09%.
- **Enhancing services (\$117K)** results in an additional tax increase of 0.07%.
- **Modifications to city services to address COVID (\$168K savings)** results in a tax decrease of 0.10%

Inclusion of these categorized Risk Mitigation measures brings the total proposed city tax increase to 4.99%. When combined with the proposed Region of Halton increase and the Boards of Education, the overall tax increase is 2.88% equivalent to \$21.89 per \$100,000 of residential current value assessment (CVA).

This increase is in alignment with the 2021 Budget Framework report approved by Council in September 2020.

The following table provides a breakdown of the city's tax increase.

2021 PROPOSED TAX SUMMARY

	Base Budget Change \$	Tax Impact %	One-time COVID Impacts \$	Tax Impact %
City Services	\$ 5,999,080	3.43%	\$ 8,797,577	
Corporate Revenues and Expenditures	\$ 390,980	0.22%		
Base Impact	\$ 6,390,060	3.65%	\$ 8,797,577	5.03%
Assessment Growth		-0.34%		
One-time funding re: Projected Assessment Growth	\$ (450,000)	-0.26%		
Revised Impact	\$ 5,940,060	3.05%		
Infrastructure levy redirected to address one-time COVID Impacts	\$ 2,180,000	1.25%	\$ (2,180,000)	-1.25%
One time COVID funding			\$ (6,617,577)	-3.78%
Cumulative Impact	\$ 8,120,060	4.30%	\$ (8,797,577)	-5.03%
Sustaining City Services	\$ 1,108,502	0.63%		
Managing Community Growth	\$ 155,470	0.09%		
Enhancing Services	\$ 116,700	0.07%		
Modifications to Services to address COVID	\$ (168,000)	-0.10%		
Total Impact	\$ 9,332,732	4.99%	\$ 0	0.00%
*Estimated Overall Tax Impact (City, Region, Education)		2.88%		

**Region of Halton 1.84% and Board of Education 0.00%*

Numbers may not add due to rounding

The chart below highlights the historical results of Council's comprehensive budget deliberations at both the City and the Region;

Year	City Tax Increase	Total (City, Region, Education)
2012	3.29%	1.79%
2013	4.46%	1.81%
2014	3.50%	1.49%
2015	3.64%	2.08%
2016	3.14%	2.01%
2017	4.42%	2.60%
2018	4.36%	2.64%
2019	2.99%	1.96%
2020	3.99%	2.43%
2021 Proposed	4.99%	2.88%
4-yr Avg.	4.08%	2.48%
10-yr Avg.	3.88%	2.17%

Over the last four years the average city tax change is 4.08% and the overall tax change is 2.48%. During this four-year period, the city's budget included the 1.25% infrastructure levy to lower the infrastructure funding gap while at the same time provided significant investments in Transit, By-law Enforcement and Forestry.

For the last ten years the city tax change is 3.88% with an overall tax rate change of 2.17%.

According to the BMA annual study, Burlington remains below the group average of surrounding GTHA municipalities when comparing the tax burdens of similar properties.

Budget Investment by Service Category

The following table summarizes the gross investment in City Services by each of the Service Categories as well as Corporate Revenues and Expenditures. These figures represent Service base budgets as well as temporary COVID adjustments. Excluded are any financial impacts of recommended risk mitigation measures as noted above.

Service Category	2021 Operating Investment
A City That Grows	\$ 10,538
A City That Moves	\$ 53,024
A Healthy and Greener City	\$ 39,810
An Engaging City	\$ 18,481
A Safe City	\$ 36,749
Good Governance	\$ 7,969
Enabling Services	\$ 24,122
Corporate Expenditures	\$ 79,441
Total	\$ 270,134

Gross budget values are in thousands ('000)
Numbers may not add due to rounding

2021 PROPOSED RISK MITIGATION MEASURES

Risk mitigation measures are proposed variations in the budgeted expenditures or revenues for which separate budget disclosure is warranted. These risks were documented and provided to Council in CM-32-20 Appendix B-1 and Confidential Appendix B-2.

In 2021, these risk mitigation measures are grouped and disclosed separately and are divided into 4 categories as follows:

Sustaining City Services (\$1,108,502 net)

- Additional funding for on-going recreation facility maintenance as well as the conversion of part-time staffing to full-time.
- Permanent resources to support the City's data analytics, strategy, processes and technology (BI program).

- Additional part-time resource to support the audio and video technology within Council Chambers.
- Additional resources to support ongoing and growing workloads in Forestry and Road Maintenance.
- Additional resource to support and enhance community engagement.

Managing Community Growth (\$115,470 net)

- One-time funding to carry out the comprehensive review of the Zoning By-law and complete the Major Transit Station Area planning project.
- Additional resources to support the Development Application and Review Process as identified in Report PL-45-20.
- An additional resource to meet workload demands and ensure legislated timelines are met for the review and issuance of building permits.
- An additional legal resource to support the ongoing work of Community Planning including ongoing implementation of the updated Official Plan.

Enhancing Services (\$116,700 net)

- Funding to make the Free Transit for Seniors pilot a permanent program
- One-time funding to continue the basement flood prevention grant program

Modifications to Services to Address COVID (-\$168,000 net)

- Implementation of the parking measures at Beachway and Lowville Park as identified in Report RS-09-20.
- Additional temporary resources to aid with Municipal By-law Enforcement funded from the Region of Halton in 2021 on a one-time basis.

OTHER ADDITIONAL ITEMS (not included in the proposed budget)

In addition to the above risk mitigation measures recommended in the 2021 budget, a number of additional items have been provided in the Proposed Budget Book for Council's information. These items could not be accommodated within the proposed 2021 Budget.

Council Information Session

The traditional council information session formats where all City Services are present would be difficult to accommodate in a virtual platform. As such it is requested that Members of Council provide all budget related questions directly to Finance who will

coordinate response back in a consolidated memo to all of Council. These responses will be provided in advance of when Budget Action Request Forms are due.

Should a member of Council have numerous questions for a particular Service(s), staff would be pleased to arrange smaller virtual information sessions during the week of January 25 – 29, February 1 or February 5 to avoid conflict with scheduled Committee meetings.

Operating Budget Action Request Forms

The operating budget action request form will be provided to all members of council in an electronic format. Staff propose that each Council member use this form to highlight proposed amendments to the operating budget. The consolidated listing of the budget review forms will assist in budget review at the Corporate Services, Strategy, Risk & Accountability Committee meeting on February 23, 2021. Please return your completed form to the Chief Financial Officer by February 8, 2021 to allow time for consolidating the information and distributing the summary before the committee review date.

Budget Timelines

Below is a brief timeline of the 2021 operating budget process:

Date	Meeting	Item
January 20	TEAMS Live	Virtual Budget Town Hall
January 21	CSSRA	Operating Budget Overview Report
February 23 & 25	CSSRA	Operating Budget Review and Approval
March 3	Council	Operating Budget Approval

Climate Implications

In April 2019, Council declared a Climate Emergency. Burlington's Draft Climate Action Plan (CW-20-19) identified a number of initiatives to assist the City in reducing its overall carbon footprint.

As part of the city's reserve and reserve fund review report (F-28-20) the city created a "Green Initiatives Reserve Fund". As we move forward, the city will need to carefully

balance the increasing costs associated with being more environmentally conscious against the city's other funding demands.

There are many foundational initiatives in the city's Vision to Focus (V2F) plan such as creating the Climate Adaptation Plan, Corporate Energy Plan, Green Fleet Strategy, Urban Forestry Management Plan and enhanced Transit that will require significant funding to achieve the city's aspirational climate goals.

As part of the budget development process, a request was brought forward to introduce a Green Infrastructure Levy. Unfortunately given the financial challenges in 2021, this was unable to be accommodated within the Proposed Budget. The item can be found in the Other Additional Items section of the budget book.

Engagement Matters:

The City is continuously looking for ways to improve and increase transparency for the public. Staff will continue to use the city's website and engagement platform as a communication medium through videos, webcast and online surveys.

The "Budget Basics" video continues to be available on the website which explains how the city develops its budgets. This year a new budget video has been developed to outline the pressures the City is facing with respect to the COVID-19 pandemic and to encourage the public to provide feedback on the budget.

This year, the City is piloting a budget simulation tool, Balancing Act, to educate the public on the City's budget and highlight the challenge of maintaining and improving services to the public, with limited sources of revenue. Using this tool, the public can simulate where they would recommend City Service budgets be amended to either increase or reduce overall spending and revenues.

In addition, a revised version of Burlington Open Budget, on the city's website, will be available to the public to allow residents to view the city's 2021 budget data in an intuitive and illustrative form.

A virtual budget townhall using the TEAMS live format was held on January 20, 2021.

A comprehensive report outlining the 2021 Budget Engagement process (Report F-05-21) will be presented to Committee on February 3, 2021.

Conclusion:

The proposed 2021 budget has been thoroughly reviewed by staff. Decisions considered as part of the 2021 budget deliberations need to be made in the context of the multi-year budget framework. This includes consideration of the operational and

financial implications related to deferrals, use of one-time revenues, and service level revisions that may be associated with achieving the desired 2021 tax levy. The 2021 proposed overall property tax increase of 2.88% is consistent with the 2021 Budget Framework Report.

Respectfully submitted,

Lori Jivan

Coordinator of Budgets and Policy

905-335-7600 ext. 7798

Appendices:

A. Budget Recommendations

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Appendix A: 2021 Budget Recommendations

Budget Recommendations

Approve the 2021 Operating Budget including any budget amendments approved by the Corporate Services, Strategy, Risk and Accountability Committee to be applied against the proposed net tax levy amount of \$183,768,566.

To: Chair and Members of Corporate Services, Strategy, Risk & Accountability Committee

From: Mayor Marianne Meed Ward

Date: January 14, 2021

Re: 2021 operating budget (F-04-21)

I will be bringing the following staff direction forward for consideration at the January 21, 2021 Corporate Services, Strategy, Risk & Accountability Committee meeting regarding the 2021 operating budget:

Direct the Chief Financial Officer to provide a list of 2021 budget reduction items for Council's consideration that could decrease the overall proposed tax impact (city, region, education) from 2.88% to 2.43% (representing a city tax increase of 3.99%) with the list being provided to members of Council by February 1, 2021 and included for public reporting as part of the February 23, 2021 Corporate Services, Strategy, Risk & Accountability Committee - Operating Budget Review and Approval.