



SUBJECT: 2018-2022 Burlington's Plan Vision to Focus Financial Plan

TO: Committee of the Whole

FROM: Finance Department

Report Number: F-41-19

Wards Affected: All

File Numbers: 101-03

Date to Committee: November 4, 2019

Date to Council: November 18, 2019

Recommendation:

Receive and file finance department report F-41-19 regarding the 2018-2020 Vision to Focus financial plan.

Purpose:

To present the Financial Plan for the implementation of the strategic initiatives as defined in the 2018-2022 Burlington's Plan: From Vision to Focus (V2F).

A City that Grows

- Promoting Economic Growth
- Intensification
- Focused Population Growth

A City that Moves

- Increased Transportation Flows and Connectivity

A Healthy and Greener City

- Healthy Lifestyles
- Environmental and Energy Leadership

An Engaging City

- Good Governance
 - Community Building through Arts and Culture via Community Activities
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Background and Discussion:

On April 11, 2016 Council approved the city's 2015-2040 Strategic Plan; transforming the Strategic plan into a central policy document and guiding the community's key activities, investments and actions. To identify key priorities for the Council over the next four years, Council and the Burlington Leadership Team (BLT) together developed 2018-2022 Burlington's Plan: From Vision to Focus (V2F). This document establishes the strategic actions and initiatives that will focus the city's efforts over the next four years.

On July 15, 2019, Council approved the V2F work plan, delivering on five (5) focus areas, with a total of 75 initiatives which are aligned to the 25-year Strategic plan.

The five focus areas are as follows:

- Focus Area 1 – Increasing Economic Prosperity and Community Responsive Growth Management
- Focus Area 2 – Improving Integrated City Mobility
- Focus Area 3 – Supporting Sustainable Infrastructure and a Resilient Environment
- Focus Area 4 - Building more Citizen Engagement, Community Health and Culture
- Focus Area 5 – Delivering Customer Centric Services with a Focus on Efficiency and Technology Transformation

Keeping priorities to the five focus areas ensures success to the overall 25-year strategic vision. In preparing the financial plan for the V2F work plan, staff ensures that the initiatives are aligned with the annual budget, and that business cases are directly supportive of strategic priorities.

Report F-21-16; Phase 1 Financial Plan for the 2015-2040 Strategic Plan was approved in July 2016 and provided a long-term financial plan to build for the long-term implications that would be realized with a 25-year vision. The following financial plan was approved by Council to meet the funding requirements at that time and plan for future requirements.

- **Strategic Plan Reserve Fund:** a reserve fund was established to hold funds to administer and deliver the initiatives laid out in the plan. Any unspent dollars from the annual strategic plan base budget funding is allocated to the reserve fund.
- **Retained Savings:** Minimum of \$500,000 towards the Strategic Plan reserve fund provided the city's retained savings is \$1 million or greater
- **Base Budget Funding:** The following is a list of annual base budget funding that will be used for strategic plan implementation;

- Strategic plan implementation \$150,000
- Policy initiatives reserve fund for planning initiatives \$100,000
- Culture reserve fund for cultural initiatives \$50,000
- Community Investment reserve fund for community engagement and empowerment initiatives \$80,000
- **Special Dividends:** Allocate future special dividends received from Burlington Hydro towards the strategic plan

Alignment to 25-year Vision

The V2F document is a four-year work plan that identifies much of the core planning and policy work associated with achieving the implementation of the 25-year vision of the city’s Strategic plan. Also, there are certain distinct initiatives that begin to directly deliver some of the plan commitments. Incorporated within the Focus Areas are references to many other important documents, such as the Official Plan, Zoning By-Law Review, Integrated Mobility Plan, Transit Business Plan, and Mobility Hub Plans, to name a few. These documents will represent a holistic approach to planning ahead and form the foundation for the future success of many of the initiatives laid out in the V2F work plan and the overall strategic plan.

Quick Wins

Some work was already underway and, in these cases, do not require a four-year time horizon to complete the initiative as presented in V2F. There are six (6) initiatives that are deemed complete as follows;

Table A: Completed V2F Initiatives

Focus Area	Strategic Initiative	Comments
3: Infrastructure & Environment	Update the Corporate Energy Management Plan to recognize achievements and identify new initiatives for implementation	2019 Corporate Energy Plan COW July 8
3: Infrastructure & Environment	Update the Development Charges Background Study and By-Law	2019 Study COW May 13, in effect June 1,2019
4: Citizen Engagement, Health & Culture	Create and implement a strategy for advocacy with senior levels of government	COW workshop March 2019 confirming strategy
5: Service Delivery	Engage council and management to review and improve the city's budgeting process.	Updated 2020 budget documents and presentation, July 2019

5: Service Delivery	Complete the Functional realignment of the City Manager's office	Approved by Council, September 23, 2019
5: Service Delivery	Undertake and implement the recommendations of the 2019 BMA Municipal Financial Health Report	2019 report COW June 3, 2019

It is important to note that although the above initiatives have been categorized as complete, there is an aspect of the initiatives that will continually be revisited as part of continuous improvement and service objectives.

Transitioning to Operations

The V2F work plan has its share of initiatives where work is already in progress and embedded into operations. These are initiatives that in some capacity are already underway and fit well within existing service objectives and departmental priorities. These initiatives continue the momentum of the V2F work plan since its approval in July. There are 18 initiatives under this category and can be found in Appendix A. The initiatives within this category are on-going in nature and are funded through existing service budgets. Those that result in capital work will be brought forward through the 2020 and future capital budget processes and will be highlighted as such.

Multifaceted Initiatives

Following the quick wins and initiatives that are transitioned to operations, 51 initiatives remain. Of these, 19 initiatives are well defined, financial resources are clearly identified and the target for completion is within the four-year timeframe. The other 32 initiatives are multi-faceted. Multi-faceted initiatives have a foundational and an implementation component. The foundational aspect of the initiatives represents comprehensive planning that needs to occur in order to lay the foundation for future work and decision making. This planning period will occur over a four-year timeframe (2019-2022) and the resulting documents will collectively assist in guiding the City through critical decision points on executing the completion of the initiatives. The implementation component will extend beyond the four-year timeframe and the required costing and timing will become available once the planning work associated with it is complete.

The following plans/ reports (not a comprehensive list) are scheduled for completion and/or initiated within the next four years;

- Adopted Official Plan
- Audit and Accountability Report

- Mobility Hub Plans
- Transit Business Plan
- Integrated Mobility Plan
- Climate Change Action Plan
- Green Fleet Strategy
- Fire Master Plan

The planning period (2019-2022) will also be referred to as phase 1 of the V2F work plan. Once complete, it will inform the activities that need to be prioritized, the associated costs, designation of responsibilities and timing in order to move towards the implementation period, which will be denoted as phase 2. The implementation is where concrete, tangible activities will be performed and leads to the completion of the initiative. Furthermore, it works towards meeting the performance measures as established in the V2F document.

Strategy/process

Since the approval of the V2F work plan, Finance staff and the Burlington Leadership Team (BLT) had a series of one-on-one meetings and larger group discussions to assign the following;

- Department/ service lead - to provide a clear indication of accountability
- Team - collaborative responsibility
- Phase 1 deliverable,
- Project cost,
- Target completion - to provide reference to short, medium and long range

It is important to note the V2F work plan is not being implemented in a vacuum, but rather aligned with organizational objectives and work plans and being cascaded down and linked into service plans. This way, staff can see the connection their work plan has towards the achievement of the long-term directions in the V2F work plan and overall strategic plan. Each service plan not only assists in achieving the overall strategic priorities but also importantly, achieves the objective and missions to delivering city services. As such, some aspects of the V2F work plan are inherently built into the city's budget and decision-making processes. This connectivity between the city's strategic plan, the V2F work plan and department/ service work plans informs decision making and resource allocation.

Financial Matters:

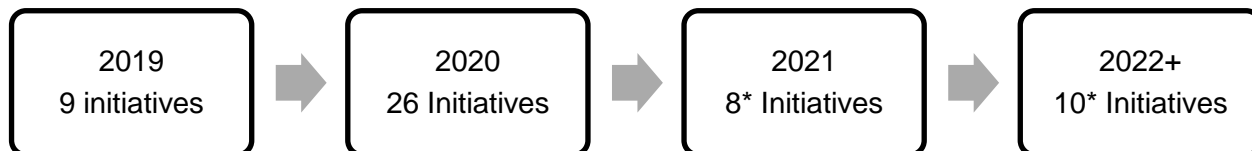
The V2F work plan is a comprehensive set of initiatives developed from the 25-year strategic plan. In total, there are 75 initiatives spanning over the five focus areas, of

which 18 initiatives are on-going, meaning they have been transitioned to operations. This is work that will continue to progress and is funded through existing service budgets or prior approved projects (refer to Appendix A). There are also 6 initiatives that are complete.

2019-2022 Work Plan

The remaining 51 initiatives as previously discussed are primarily multifaceted (32 initiatives) and have a dual component that is both foundational (phase 1); representing a planning phase followed by concrete action or implementation component (phase 2) where funding is yet to be identified due to the necessity of the plan being completed.

The 51 initiatives are planned over the next four years as follows, with approximately 69% of the initiatives being initiated/ completed by year end 2020.



*(*Initiative 5.3 has multiple large components that are phased over the workplan. However, it is counted as one initiative)*

Appendix B provides a full listing of initiatives by year, including funding status. The following table provides a summary of all phase 1 initiatives that are funded over the next four years.

Table B: Phase 1 Funded Costs

FOCUS AREA	# of Funded Initiatives	2019	Proposed 2020	Proposed 2021	Proposed 2022	Total
1	6		\$900	\$2,500		\$3,400
2	9	\$150	\$1,786			\$1,936
3	6		\$400	\$310		\$710
4	6	\$12	\$140			\$152
5	12	\$54	\$5,945	\$792	\$1,925	\$8,716
Total Initiatives	39	\$216	\$9,171	\$3,602	\$1,925	\$14,914

(\$,000)

In summary, a significant amount of work has been undertaken to pre-plan for the initiatives over the next four years as per the V2F document. As a result, many of the initiatives have phase 1 funding assigned in order to complete the necessary planning

required to set up for future completion of the initiatives. In total, 39 initiatives are scheduled in the next four years with approximately \$14.9 million in city funding assigned according to information known at this time.

Every effort has been taken to capture the cost/ investment that has been allocated within the above initiatives to date. However, there is a value that is not included which is invested through partnerships with BEDC, the Region and other senior government programs that have also made significant contributions to allow the work to continue. Additionally, it is important to note that whenever possible, staff look towards internal resources and capacity to complete objectives and initiatives. There is significant value in staff completing the work internally and delivering on these initiatives. Unfortunately, the time and work involved is difficult to measure and has not been included in the city's level of investment (in Table B).

Table C: Phase 1 Unfunded Costs

FOCUS AREA	# of Unfunded Initiatives	2019	2020	2021	2022	Total
1	5				\$3,450	\$3,450
2	-					\$0
3	1		\$320			\$320
4	4			\$147	\$400	\$547
5	2		\$400			\$400
Total Initiatives	12	-	\$720	\$147	\$3,850	\$4,717

(\$,000)

In summary, 12 phase 1 initiatives are unfunded over the four years for a total investment required of \$4.7 million. Of this amount, the zoning by-law review scheduled to be initiated in 2022 is \$2.5 million (or 53%) of the total.

Please refer to Appendix B for a full list of initiatives and their relative funding status over the four-year time frame.

2020 Proposed Budget

The 2020 Proposed budget (report F-46-19), includes the following eight (8) initiatives in the recommended tax increase of 4.0%, for a total of approximately \$4 million. The proposed budget includes the strategic initiatives reflected in table D below as well as balancing key operational needs, climate impact, risk mitigation and corporate priorities.

Table D includes initiatives that are both operating and capital in nature.

Table D: 2020 Proposed Budget Initiatives

Focus Area	Strategic Initiative	Year	Amount
3: Infrastructure & Environment (3.7)	Complete and implement the Urban Forestry Management Plan Update	2020 <i>Operating</i>	\$200
3: Infrastructure & Environment (3.8)	Update the City's Green Fleet Strategy and develop an action plan to reduce the City's carbon footprint through alternative fuel sources	2020 <i>Operating</i>	\$100
3: Infrastructure & Environment (3.1)	Implement the Asset Management Financial Strategy and update the Asset Management Plan	2021 <i>Capital</i>	\$250
3: Infrastructure & Environment (3.3)	Develop Burlington's Climate Change Adaptation Plan	2020 <i>Operating</i>	\$60
5: Service Delivery (5.7)	Complete the assessment of salary competitiveness and implement recommendations	2020 <i>Operating Partially Funded</i>	\$630
5: Service Delivery (5.8)	Complete and implement a diversity and inclusivity strategy for Burlington as an employer	2020 <i>Operating</i>	\$75
5: Service Delivery (5.9)	Employ a range of communication and engagement tactics to attract diverse demographics		
5: Service Delivery (5.3)	Deliver on time, on budget and achieve realized benefits for major corporate technology projects: EAMS (Enterprise Asset Maintenance System)	2021 <i>Capital</i>	\$792
	Deliver on time, on budget and achieve realized benefits for major corporate technology projects: ERP (Enterprise Resource Planning)	2022 <i>Capital</i>	\$1,925

As part of the budget overview report, please note the following initiative:

Use the results and outcomes of the Roseland Private Tree By-law Pilot to determine where tree by-laws are appropriate.

While this initiative contributes to performance targets in Focus Area 3, it forms one part of the broader Urban Forestry Management Plan which is recognized as a top priority by Council planned for 2020. As such, staff have not included the above initiative in the 2020 Budget submission. However, it is listed as an unfunded service enhancement and should council choose to pursue the business case, the additional impact is 0.19%

(\$320,000) to the tax rate. If not, this item will be deferred to 2021, following the outcome of the Urban Forestry Management Plan.

In addition to the above, there are many other key investments included in the budget that move forward V2F initiatives, such as the dedicated infrastructure levy of 1.25%. The dedicated infrastructure levy represents a consistent and strategic approach to investment of the city's replacement needs that is both sustainable in the short and long term. The levy advances on-going initiatives such as, *to improve the state of good repair on all mobility modes* and will assist in addressing the city's infrastructure gap, which is a key performance target in the V2F document. The backlog will systematically be reduced over time with consistent funding that is provided by the levy that will be of value to the program and create sustainability.

Phase 2: Implementation

As mentioned previously, 32 initiatives are considered to be multifaceted and have a dual component. The foundational work of these initiatives will be addressed within the next four years, and in most cases, is through the development of a master plan, business plan or strategy document. These documents will be integral in highlighting work to be completed, costing, timing and any other required resources in order to deliver on the overall plan and corresponding initiative. It is recommended that these plans be brought forward to Council with their own financial plan. This will present a more realistic work plan that will be resourced and can more readily move towards implementation.

Report TR-06-19 (same agenda) brings forward the city's 5-year Transit Business Plan, providing a forecast of financial impacts based on a phased plan. Council endorsement of the plan will then require staff to report back on a financial strategy to fund the capital and operating costs of delivering this plan, as well as appropriate timing, priority and sequencing in which Council can expect to see these costs come forward. This is an important step that needs to be undertaken to realize the objectives of the transit business plan as well as other plans coming forward over the next four years.

Total Financial Impact

As of June 30, 2019, the uncommitted balance in the Strategic Plan reserve fund is \$707,548.

Next Steps:

Staff recommend continuing with the financing plan for V2F as recommended through report F-21-16. V2F represents a focused 4-year plan of the overall strategic plan. The 2016 financing plan was developed for long term considerations and the objectives still

assist in meeting the four-year initiatives. As a general principle, approximately 80% of the city's workload is the day-to-day operations to ensure efficient and effective service delivery. The remaining 20% is delivering on our strategic vision for the city, as represented by the city's Strategic Plan and V2F document. The objective of the budget is to balance the overall priorities of the city, both operationally and strategically while providing a reasonable tax increase. The operational initiatives not only deliver the city's day-to-day priorities but provide a contribution to the performance targets and advance the high-level objectives of the V2F plan.

The budget is a process of balancing priorities within a funding allotment. The overall unfunded component of phase 1 initiatives is \$4.7 million of which the zoning by-law review is \$2.5 million, and the remaining 11 initiatives total \$2.2 million. As part of the annual budget process, staff will bring forward business case requests and show a clear link to the V2F workplan where applicable. Where possible, staff will maximize the resources of the existing financial plan to meet the financial needs of the unfunded initiatives. Others will be included as a future budget request, without compromising the needs of our daily service objectives.

In Q1-2020, a report will be brought forward to Council providing a status on the V2F work plan that will provide discussion and context to priority setting, sequencing and timing over the next four years of the work plan. The report will focus on 'taking stock and calibrating', this refers to the activities and rigorous processes that will support the following;

- Reviewing the action plan,
- Making any changes,
- Reviewing resourcing and organizational capacity
- Establishing and reassessing priorities,
- Reviewing new constraints and opportunities

Climate Impact:

Moving forward, the city will need to consider how to balance the increasing financial demands to be more environmentally conscious and be on the forefront of climate change. In this V2F plan, there are many foundational initiatives such as creating the Climate Adaptation Plan, Corporate Energy Plan, Green Fleet strategy, Urban Forestry Management Plan and enhanced Transit that will build implementation strategies requiring significant costs to work towards and achieve the city's aspirational climate goals, such as; *reducing GHG emissions both city wide and within the community by 100% (2040)*. It will become increasingly necessary to reserve funding for the substantial costs related to environmental initiatives. The indication of future costs with respect to the above-mentioned plans will be known once the plans are complete and the implementation strategy created. As part of future budget processes, staff will

consider the financing options available as it relates to climate impacts, in order to continue to progress and assist in meeting the city's 25-year strategic vision.

Connections:

V2F is aligned with the city's overall Strategic Plan and will be fully supported in more detail with the Official Plan, Integrated Mobility Plan, Asset Management Plan, Community and Corporate Energy Plan, Climate Action and Adaptation Plan, Burlington Economic Development Strategic Plan, Transit Business Plan and more. It will be further cascaded into corporate and department work plans and service business plans.

Public Engagement Matters:

A communication plan is being developed to engage the public on the initiatives presented in the work plan. Residents will also have the opportunity to assess the progress of V2F through a public dashboard.

Conclusion:

The city's Vision to Focus workplan was approved on July 15, 2019, becoming the city's four-year work plan. The approach to undertake the work in the V2F document is to allow for foundational and time-sensitive work to begin sooner, laying the ground work for future implementation and achieving the 25-year vision of the strategic plan. The financial plan continues to reflect a long-term policy approach that maximizes and is integrated into the city's annual budget and forecast.

Respectfully submitted,

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Appendices:

- A. Listing of Initiatives - Transitioned to Operations (on-going)

B. Listing of Initiatives – 2019-2022 Workplan

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.