



**SUBJECT: Phase 1 Financial Plan for the 2015-2040 Strategic Plan**

**TO: Community and Corporate Services Committee**

**FROM: Finance Department**

Report Number: F-21-16

Wards Affected: All

File Numbers: 101-03

Date to Committee: July 11, 2016

Date to Council: July 18, 2016

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**Recommendation:**

Approve the financing of the Mobility Hub plans in advance of the 2017 budget process, a total project cost of \$2.2 million to be financed as follows;

- Burlington Hydro reserve fund \$1 million (special dividend)
- Policy Initiatives reserve fund \$500,000
- 2016 unspent strategic plan implementation base budget funding \$250,000
- Tax rate stabilization reserve fund \$450,000

Direct the Director of Finance to establish the Strategic Plan Implementation Reserve Fund for the implementation of strategic plan initiatives

**Purpose:**

To present the Phase 1 Financial Plan for the implementation of the strategic initiatives as defined in the 2015-2040 Strategic Plan.

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, guiding the community's key activities, investments and actions. The new strategic plan is fundamentally different from past plans, as it provides a framework for critical decision making and considers how we manage our resources during an important time of transition for the City of Burlington.

Council, with input from the public and city staff, has created a bold strategic plan that spans the next 25 years. A blueprint for city building that is supported in more detail by other city plans and priorities. The strategic plan is a forward looking document that considers both the micro and macro level environments, and as such has developed a mandate to city-build.

The process to city-build is one that starts by building a solid foundation. The city's new strategic plan clearly sets forth initiatives to plan for the future. As such, it is staff's responsibility to administer and deliver the strategies laid out in the plans. Staff will present a financial plan in the following phases over the 25-year horizon that will assist in managing our financial resources, and ensures that the planning momentum continues towards implementation.

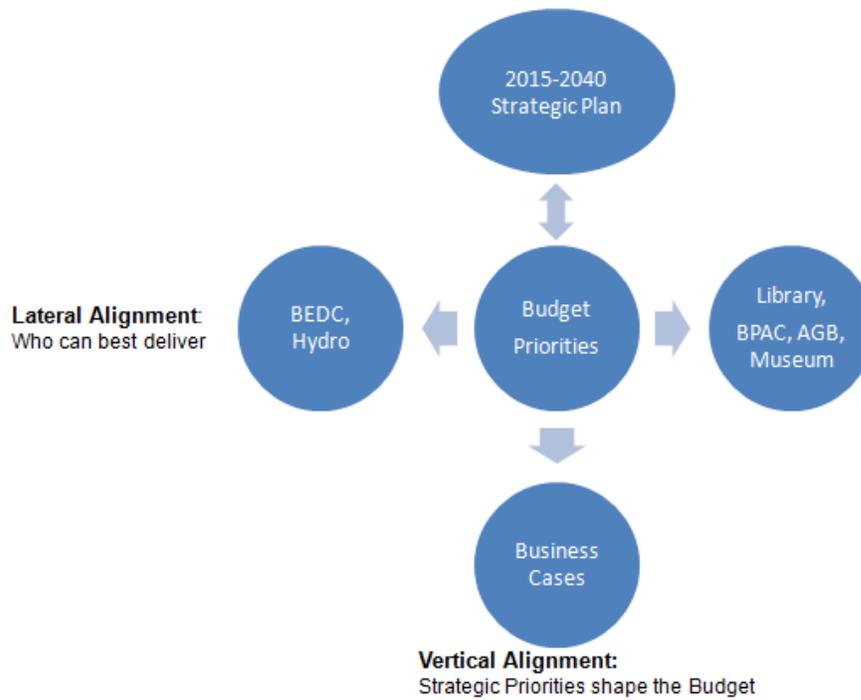
### **Vertical and Lateral Alignment of Strategic Priorities**

When preparing the financial plan for implementation of the strategic plan, it is to ensure that the initiatives are vertically aligned, the annual budget reflects the strategic priority, and business cases are also directly supportive of strategic priorities. This in turn would shape the budget discussions.

As well, it is important to consider lateral alignment with City Agencies and Boards. There may be strategic initiatives best led by other City agencies. These conversations are in active progress, particularly with BEDC who have core priorities strongly aligned with a City that Grows, and Burlington Hydro, who are strongly aligned with a Green and Healthy City. Similarly, Burlington Public Library, the Art Gallery of Burlington, Burlington Museums, and Burlington Performing Arts Centre have important roles to play contributing to An Engaging City as the plan unfolds. (Reference Figure A)



**Figure A: Vertical and Lateral Alignment**



### **Bringing the Plan to Life**

Staff has mapped all of the strategic initiatives to a timeline (see Appendix A) and propose that an early phase be identified with core planning and policy work associated with the strategic plan, and certain distinct initiatives that begin to directly deliver some of the plan commitments.

#### Phase 1A: Building a Foundation

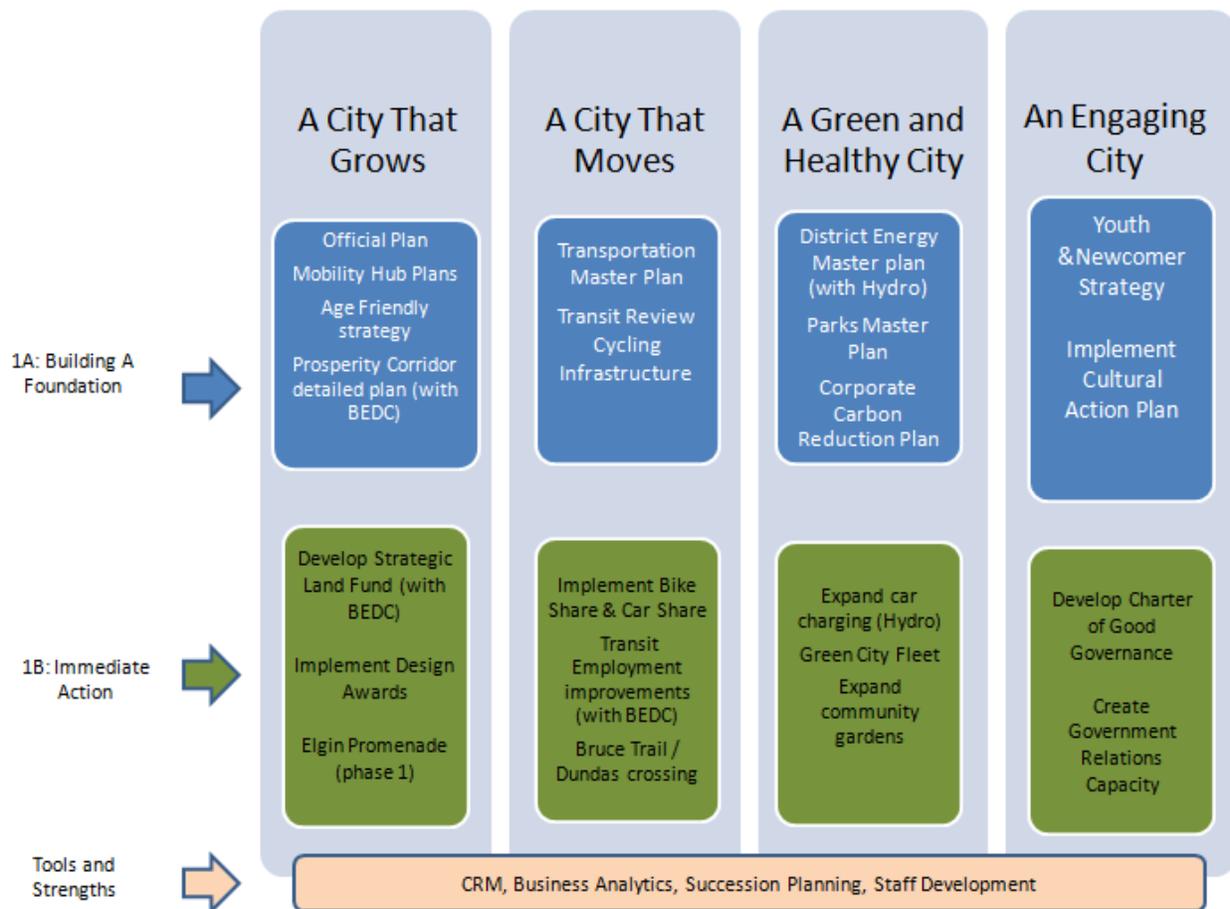
- Comprehensive planning period
- Developing framework for future works & decision-making
- Building community, and building partnerships to actively shape the physical, social, economic and cultural fabric of the city

#### Phase 1B: Immediate Action

- Time-sensitive initiatives due to work already underway
- Initiatives that are a source of immediate action and can be realized in the short term
- Continues momentum of plan



**Figure B: Bringing the plan to Life**



**Phase 2: Achieving the Plan**

- Implementation period
- Timing and costing informed by phase 1 outcomes
- Concrete actions put into place

Within the phases defined above, there will be regular *Measuring of Success*; this will be in the form of reporting on progress and performance indicators set out in the plan. The use of the term Phase 1 in this report will be in reference to both phase 1A & phase 1B.

**Phase 1A: Building a Foundation**

The city’s strategic plan sets our direction for the future. Incorporated within that direction is references to many other important documents, such as the Official Plan,



Transportation Master Plan, Transit Plan, and Mobility Hub Plans, to name a few. These documents will represent a holistic approach to planning ahead which will require a significant investment in terms of public engagement and resources. It is these aforementioned documents that form the foundation of the initiatives laid out in the city's strategic plan.

Through the city's strategic plan, Council has made a fundamental decision to city-build. The planning processes that will be undertaken as part of phase 1A, will define how and where we grow and the impact on our demographic base, and the required infrastructure. Having a 25-year planning horizon will create an alignment between the strategic documents that is necessary in order to develop a solid foundation on which to support growth and attract investment. As we move forward with our phased approach, we will be aligning organizational resources, proactively addressing anticipated change, as opposed to reacting, and bridging the gap between our present conditions and our envisioned future.

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

- Official Plan (funded)
- Mobility Hub Plans
- Fiscal Impact Study
- Transit Plan
- Transportation Master Plan
- Parks Plan
- Customer Service Strategy
- Climate Adaptation Plan
- Healthy Lifestyle strategy
- Youth and Newcomer strategy

The above plans will encompass the preliminary planning work for 36 strategic initiatives, of which 24 are in progress and funded from previous budgets. The work will be completed with a combination of consultant service and in-house resources. Phase 1A initiatives in the city's strategic plan are prioritized over the next five years (2016-2020).

### **Phase 1B: Immediate Action**

A strategic plan will have its share of initiatives where work is underway or may not require a longer time horizon. The city's strategic plan has such initiatives where as a result of previous foundational work, initiatives are already in progress and can be



realized sooner. These initiatives are a source of immediate action, which can continue the momentum of the strategic plan since its approval in April. There are 9 initiatives under this phase of which 2 initiatives are in progress and fully funded.

## **Phase 2: Achieving the Plan**

After the completion of phase 1, the planning documents collectively will assist in guiding us through critical decision points on the future vision for the city. Phase 2 will be the city's action plan, where concrete, tangible activities will be performed. The outcome of phase 1 will describe the activities that need to be completed, the associated costs, designation of responsibilities, priorities and timing required to complete the strategic initiatives. Staff will report back to Council with a financial plan for Phase 2 Achieving the Plan by 2020.

## **Measuring Success**

There will be on-going monitoring of the strategic initiatives. Semi-annually staff will report back on a review process to evaluate the extent to which strategic goals have been met, and ensure that performance indicators are regularly reviewed. Regular monitoring of performance indicators and progress reporting provides an important link between the initiatives in the strategic plan and the resulting programs and activities funded through the financial plan, to ensure goals are being met in an appropriate timeframe, and are on budget. Measuring performance and monitoring progress must be linked to a cycle that includes the strategic plan, corporate work plan, department work plans and the city budget. Measuring success provides the opportunity to be proactive and reassess next steps as required, to move towards the realization of the target.

All of the strategic initiatives have been entered into a project tracking tool, and mapped to the City Manager's Work plan, and Departmental Work plans. Initiatives from the City Manager and Departmental Plans are aligned back to the Strategic Plan. Service plans will be entered into the tracking tool as a next step. Council, staff, and the public will be able to track progress against all initiatives in real time.

## **Strategy/process**

Since the approval of the Strategic plan, Finance staff along with Burlington Leadership Team (BLT) has developed a data base of all the strategic initiatives and assigned a department lead to each initiative. Through a series of one on one meetings with the Directors and group discussions with BLT each phase 1 initiative has been assigned the following;



- Director Lead, to provide a clear indication of accountability
- Team, collaborative responsibility
- Deliverable,
- Project Cost,
- Start Year, to provide reference to short, medium and long range

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

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### **Financial Matters:**

The financial plan for Phase 1A, Building a Foundation and Phase 1B, Immediate Action has been constructed to ensure financial sustainability, demonstrate effective governance and meet the strategic financial objectives for the City of Burlington as per the city's approved Long Term Financial Plan. In total over the next five years, phase 1A & 1B will be addressing 45 initiatives in the strategic plan. Phase 1 has an unfunded cost of approximately \$6.5 million, to address foundational work of 19 initiatives. Furthermore, there are 26 initiatives as a part of the above mentioned phases where work is in progress, and has been funded through prior approved budgets.

The unfunded cost of the 19 initiatives projected to be completed through phase 1 are currently scheduled as follows.

**Table 1: Phase 1 Unfunded Costs by Year (\$000's)**

	2016	2017	2018	2019	2020	Total
A City That Grows	\$2,200	\$765	\$1,000	\$725	-	\$4,690
A City that Moves	-	\$400	-	-	-	\$400
A Healthy and Greener City	-	\$435	\$500	-	\$100	\$1,035
An Engaging City		\$150	\$150	\$100	-	\$400
Total Estimated Cost	<b>\$2,200</b>	<b>\$1,750</b>	<b>\$1,650</b>	<b>\$825</b>	<b>\$100</b>	<b>\$6,525</b>
Phase 1A	\$2,200	\$850	\$650	\$75	\$100	\$3,875
Phase 1B	-	\$900	\$1,000	\$750	-	\$2,650

From the above table, there is a significant amount of preliminary planning work in the first three years. Senior Management has incorporated the plans into their individual department work plans to ensure there is adequate resources to complete the work as outlined. Of the total \$6.5 million cost, \$3.9 million (Phase 1A) represents work in the form of plans and studies, the remaining \$2.65 million (Phase 1B) represents immediate action where preliminary work has been completed and implementation can begin. As mentioned above, staff will report back to Council measuring performance and progress to ensure delivery as scheduled. Significant deviation from plan (cost, timing) will be reassessed and reprioritized as required.

Table 2 below shows the breakdown of phase 1 total costs and number of initiatives being addressed within each strategic direction.

**Table 2: Phase 1 Number of Initiatives by Strategic Direction**

Strategic Direction	Unfunded Cost (\$000's)	Number of Unfunded Initiatives	Number of In-Progress Initiatives	Total
A City that Grows	\$4,690	7	12*	19
A City that Moves	\$400	2	1	3
A Healthy and Greener City	\$1,035	7	5	12
An Engaging City	\$400	3	8	11
<b>TOTAL</b>	<b>\$6,525</b>	<b>19</b>	<b>26</b>	<b>45</b>

\*Significant number in-progress a result of the work being completed through the Official Plan



From the above table as you would expect a greater number of strategic initiatives that are being undertaken fall under *A City that Grows*, as this area represents the foundation for future growth. Much of the planning work for the initiatives within *A City that Grows*, are being delivered through the completion of the Official Plan, which is currently financed.

### **Total Financial Impact**

Total financial impact as a result of phase 1 initiatives is \$6.525 million, and as a result a total of 45 initiatives will be initiated or in progress. Of this total cost, the single largest initiative is the development of the Mobility Hub Plans.

The Mobility Hub plans consists of four plans that will be done concurrently and are anticipated to cost \$2.2 million (staffing costs and consultant dollars), as per report PB-48-16, in the July 7 Committee of the Whole agenda. The Mobility hub plans represent a significant policy investment for the City. These plans represent the foundational work that needs to be complete in advance as it will define the local vision for the City of Burlington, and embodies the message of *A City that Grows*.

Staff are recommending financing of the Mobility Hub plans in advance of the 2017 budget cycle in order to garner efficiencies, and align with the Region of Halton's Official Plan study. Staff feel it is prudent to have our local vision defined to inform the overall plan for the Region. Staff is recommending approval of the following financing for the mobility hub plans;

- Burlington Hydro reserve fund \$1 million (special dividend)
- Policy Initiatives reserve fund \$500,000
- 2016 unspent strategic plan implementation base budget funding \$250,000
- Tax rate stabilization reserve fund \$450,000

### **Source of Funding**

The financing of the city's unfunded cost to complete phase 1A, Building a Foundation, and phase 1B, Immediate Action adheres to the principles of the city's 2012 Long Term Financial Plan. As much of the costs being undertaken in phase 1A are for plans and studies, debt is not an appropriate funding source, as per city's financial objective of *Responsible Debt Management*.

The strategic plan's purpose is to take a long-term, multi-year approach to operationalizing a municipality's policy. It is using the annual budget as a tool to realize the policy priorities that have been identified in the strategic plan. Moving forward, the balance of phase 1 initiatives will come forward as part of the budget process in the



form of a capital or operating budget business case, with a clear link to the strategic objective and corresponding strategic initiative. Any use of city's reserve funds, will be managed prudently to ensure there is no long term adverse impact to reserve fund balances.

In developing a long term financial plan for the strategic plan, staff are considering a long term approach beyond just phase 1 of the strategic plan, to ensure we balance long term implications and decisions with the short term nature of budgeting. Staff propose the following policy decisions to assist with the future funding requirements of the strategic plan.

- **Strategic Plan Reserve Fund:** Establish a reserve fund that will hold funds to administer and deliver the initiatives laid out in the plan. Any unspent dollars from the annual strategic plan base budget funding will be allocated to the reserve fund.
- **Retained Savings:** On average over the last five years, retained savings for the city has been approximately \$3.2 million. As such staff suggests the following as a guideline to the disposition of retained savings;
  - Minimum of \$500,000 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 \$350,000
  - 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

The above policy decisions consider the bigger picture by addressing a long term multi year approach in order to effectively fund and deliver on future initiatives.

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## Connections:

The city of Burlington 2015-2040 Strategic plan is the city's guiding document, its formal approval on April 11, 2016 transformed the document into the city's long term policy, providing context for decision making across the organization. The Strategic Plan is supported in more detail with the Official Plan, Transportation Master Plan, Asset



Management Plan, Community Energy Plan, Burlington Economic Development Strategic plan, corporate work plans and more.

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### **Public Engagement Matters:**

The 2015-2040 strategic plan is the result of a year of engagement that includes input from residents, businesses, community groups, city employees, and members of Burlington city council.

Formulating Phase 1 Financial Plan is driven by the approved 2015-2040 Strategic Plan.

Staff will develop a reporting mechanism and timeframe to evaluate performance and progress on the strategic initiatives. The information will be accessible, and will make the use of technology to engage and inform residents.

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### **Conclusion:**

The city's 2015-2040 strategic plan was approved on April 11, 2016, becoming the city's central policy document. It is staff responsibility to administer and deliver the strategies laid out in the plan, and align resources accordingly, while its ownership rests with Council. Staff have presented a multi-phased approach to implementing the strategic plan that allows for foundational and time-sensitive work to begin earlier, laying the ground work for future implementation. The financial plan reflects a long term policy approach that maximizes the use of the city's annual budget process and recognizes the significant contribution of other city agencies in realizing policy priorities.

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Respectfully submitted,

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### **Appendices:**

- a. Phase 1 Timeline: Bringing the Plan to Life



**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.