



## Motion Memorandum

**SUBJECT:** Staff Direction regarding planning and budgeting at the City of Burlington

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

**FROM:** Councillor Paul Sharman, Ward 5

**Date to Committee:** May 5, 2021

**Date to Council:** May 18, 2021

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### Motion for Council to Consider:

Direct the Chief Financial Officer to report back in July 2021 as part of the budget framework report on process changes reflecting a coordinated corporate integrated business planning, measurement, budget and performance management process.

### Reason:

Based on my experience and observations, as a Councillor, I believe we are experiencing increasingly difficult challenges with the alignment of the City's annual budget process with strategic decision making. In addition, Council has very limited routine knowledge about how well City operations are performing other than when we receive complaints from citizens. Key performance measurement indicators are not routinely provided to Council. Overall, I very much appreciate and value the efforts of staff, including the Finance Budget team, however a discussion on this matter by Council, is both timely and critically important to reduce performance risks of the type Burlington has experienced in recent years.

While we have enhanced our efforts related to multi-year strategic planning, service planning/resource needs and operational risk management, the unrealistic expectations placed on the budget process is increasingly apparent. A few key considerations:

- the culture of requiring Council to provide budget directions in July, inclusive of a staff recommended *city tax rate change target*, without in depth and disciplined understanding of the business performance issues contribute to our service and operating risks.
- After the "budget direction report" is approved, staff undertakes significant work to prepare a budget in which the majority of the Council discussion revolves

around department cost centres and services where all recommendations are developed relative to the prior year's budget (or base case), which is adjusted for inflation, employee compensation increases and other known increases. Following the Chief Financial Officer's line by line review where base case adjustments are completed, staff assess what other additions might be acceptable based on Council sensitivity to a perceived tax increase target rather than a complete understanding of the business needs of the City. All of this leads to the completion of a proposed budget prepared by staff and presented to Council for review, modification, and approval in the absence of adequate understanding of current operational performance measures, issues, and risk.

- Formal Council Budget review and approval is accomplished through a "horse trading" process that revolves around a form called "Budget Action Request" (BAR), which is a list of items to be amended and tabled by each member of Council based on their review of the draft budget. Each item is discussed by Councillors and then voted on. Items that are approved have the effect of modifying the budget and lead to budget approval. The BAR form process is essentially short term focused and not suitable for dealing with longer term operational or strategic goals of the organization. Meanwhile, history tells us that departments are often struggling because there has been no continuous dialogue with Council about the extent to which operational needs exist in the City.

Some recent examples where Council had inadequate or no prior awareness of critical incidents that might have been avoided had what is being proposed been in effect, include:

- Transit staff working extended hours beyond legislative limits and service goals not being met due to inadequate budget.
- Incidents in Recreation Community and Culture related to facility preventative maintenance standards.
- Community Planning department seriously under-resourced to address existing and forecasted workload i.e., development applications.
- Roads Parks and Forestry seriously under-resourced to meet Council approved service standards and community expectations.
- By-Law Enforcement/Animal Control under resourced
- Human resources stretched particularly given the unprecedented impact on staff workload.

Strategy formulation is the most important mechanism for prioritizing resource allocation for the long term, sustainable, benefit of the community we serve. That allows us to consider critical long term funding requirements, as was accomplished in previous terms of Council for a) JB Hospital expansion, b) Infrastructure renewal including new annual dedicated levy.

With regard to strategy alignment with the budget process, the following should be in place recognizing it will not all happen in one year. There should be distinct business plans for each key strategic direction embedded in our 25 yr Strategic Plan and V2F 4yr Action Plan, even if only rudimentary, initially. These plans should be reviewed in depth every 5 years and consulted every year as part of a rolling 5-year Operating Plan. The first year of the Operating Plan would be approved as the budget for the subsequent year. The operating plan/1<sup>st</sup> year budget should be based on real, unvarnished, in depth reviews of a 5-year business plan for each service. The service business plans should be brought to Council for review before “budget directions” are provided.

Council’s Strategic Plan and approved Operating Plan/Budget need to transcend elections and provide useful guidance to future Councils as part of the preparation of both documents (not a commitment). These plans will be subject to change, as all plans are. The premise of this suggested model is to place a focus on long term planning with short term adjustments. The approach is designed to shift the organization focus to the future rather than on the past, and to the business of the organization rather than vague and poorly informed assessments of community sentiment.

Here is what I propose, recognizing that staff will need to report back:

- 1) Staff report back in July 2021 with a framework and proposed timing for the budget process enhancements related to alignment with strategic planning and ongoing service planning. Please note staff were already planning to come to Council in July, comments/guidance from council today will be helpful.
- 2) In September, real, unvarnished, in depth reviews of 5-year business plans for each service be held with Council in preparation for budget with short, midterm key metrics. Integrated into this reporting, the City Manager should include an update on multi-year resource needs in keeping with the recent Designing and Evolving the Organization (DEOO) initiative.
- 3) Staff to prepare summary report of service reviews to identify issues raised, risks, opportunities, priorities and recommendations. Service priority directions to be sought from Council.
- 4) A distinct business plan be prepared for each strategic direction for the full planning horizon that estimates key activity milestones and resource requirements complete with short-, mid- and long-term key metrics.
- 5) A 5-year business plan be brought to council that reflects the combination of items 2,3&4 above. This represents the basis for budget decision making.
- 6) The consequent 1<sup>st</sup> year of the budget is to be presented in both perspectives of  
a) Service budget, operational measures, and performance targets  
b) Department budgets reflecting the service budgets, multi-year resource needs, KPI measures, and targets.
- 7) Covid-19 verbal updates to be replaced in future by a City Service Operations Review Update “Ops Review.”

What is proposed represents a huge change culturally and work wise. It is possible that all aspects mentioned exist already to some degree, but refinement is required. They require time to be accomplished. Burlington staff and Council have worked to implement all of the pieces over the last ten years. Now it is time to integrate and align them...it is now time to complete the work.

Doing so *should* simplify and massively improve Council knowledge, planning, budget preparation and approval. That said, I recognize that to introduce it all in one year is not feasible. Aspects can be implemented for the 2022 budget process, and that we consider doing what is possible, without creating massive disruption. The rest can be phased over the next year and perhaps beyond.

**Outcome Sought:**

CFO to report back to Committee on July 5<sup>th</sup> 2021.

**Vision to Focus Alignment:**

(check those that apply)

- ☒ Increase economic prosperity and community responsive city growth
- ☒ Improve integrated city mobility
- ☒ Support sustainable infrastructure and a resilient environment
- ☒ Building more citizen engagement, community health and culture
- ☒ Deliver customer centric services with a focus on efficiency and technology transformation

Motion Seconded by: Mayor Marianne Meed Ward  
Share with Senior Staff ☒

Approved as per form by the City Clerk,

Reviewed by the City Manager - In accordance with the Code of Good Governance, Council-Staff Relations Policy and an assessment of the internal capacity within the City to complete the work based on a specific target date (quarter/year).

**Comments:**

City Clerk:        Approved

City Manager:    Approved