

COMMITTEE OF THE WHOLE JUNE 3, 2002

2003 OPERATING BUDGET PROCESS – REPORT AND PRESENTATION (ITEM 2, BUDGET SUB-COMMITTEE MEETING OF MAY 27, 2002)

Recommendation

The Budget Sub-Committee recommends:

That the recommendation contained in the following report of the Commissioner of Corporate Services/Treasurer, dated May 27, 2002, be approved.

Report of the Commissioner of Corporate Services/Treasurer

The Commissioner of Corporate Services/Treasurer recommends:

That the following report and presentation on the “Envelope Funding” approach to the Operating Budget Process be received for information purposes; and

That the “Envelope Funding” approach be approved, subject to input from the Budget Sub-Committee.

Purpose

To present to the Budget Sub-Committee a new “Envelope Funding” approach to the Operating budget process.

Background - Analysis and Options

The significant growth experienced by the City over the last few years has put significant pressure on the City’s operating budget. Although the budget process is designed to provide departments with the ability to address the impacts of growth and their respective unique individual requirements, the cost impact of growth over the last few years has been significantly greater than anticipated. The result was multiple iterations of budget drafts with significant tax rate increases and Budget Sub-Committee frustration. A substantial amount of effort was then required by staff to reduce costs or find other sources of revenue to bring the tax rate increase down to an acceptable level, including the utilization of one-time funding sources.

The recommended budget process, entitled “Envelope Funding”, addresses the issues of multiple budget draft iterations and the Budget Sub-Committee frustration by introducing the concept of pre-assigned funding envelopes. Each pre-assigned funding envelope sets for each department a budget target, based on estimated available funding, prior to the actual preparation of their respective operating budgets. The process places responsibility on individual Commissioners and Senior Management earlier in this process through the task of determining and meeting the pre-assigned departmental funding envelopes. The new “Envelope Funding” budget process would entail the following sequence of events:

- Finance estimates the total corporation funding envelope
- Senior Management assigns estimated funding envelopes to each department
- Departments prepare budgets based on estimated funding envelopes
- Finance reviews submissions and meets with departments
- Commissioner’s “sign-off” their respective departments submissions
- Senior Management Corporate Review
- Liaison Committee Review

- Departments present budgets to the Budget Sub-Committee

This process should significantly reduce the multiple budget draft iterations and Sub-Committee meetings.

Staff look forward to discussing and reviewing the “Envelope Funding” approach to the budget process with the Sub-Committee.

Conclusion

The “Envelope Funding” approach to the Operating Budget Process should reduce the multiple iterations of budget drafts brought forward to the Budget Sub-Committee through the pre-assigned funding envelopes allocated to each department prior to the preparation of their respective operating budgets.

Attachments

None

Respectfully submitted,

Councillor Bernie Di Vona, Chair