



# **Introduction and Process Overview**



# Agenda

- **Introduction**
- **Process Overview and Logistics**
- **Capital Plan Overview and Highlights**
- **Operating Plan – General Fund**
  - Overview
  - Department Manager Area Review
    - Existing service level
    - Contracting to zero
- **Recess for Lunch**



# Agenda

- **Operating Plan – General Fund** (cont'd)
- **Management Recommendations – General Fund**
- **Operating Plans – Utility Funds**
  - Overview
  - Management Recommendations
- **Next Steps**
  - Process
  - Public Engagement



## Introduction – CAO

- Staff tasked to find options to bring the general property tax revenue to zero % over 2013;
- Certain price changes and contractual obligations cannot be avoided at the existing level of service:
  - RCMP cost sharing, labour contracts, debt service;
- These obligations, and a modest level of special projects, contributions to capital and reserve funds would result in a \$1,328,513 or **6.2% increase** over the 2013 general property tax revenue
- Does not include increases in contributions to capital or capital reserve in the general fund over the 2013 level.



## Introduction – CAO

- Since 2010, District implementation of the Service Squamish Initiative (SSI);
  - Comprehensive reviews of every department resulted in opportunities to address inefficiencies in operation.
- SSI is a living/breathing process; reviews and re-reviews are ongoing and have resulted in significant savings and efficiencies since 2010;
- Such continued efforts alone will not address the contraction required to get to zero;
- To achieve such a contraction, reductions in services and programs are required.



## Introduction – CAO

- We will present a financial plan today that represents a zero% change over 2013 general tax revenue;
- Managers were provided with a target contraction;
- Managers identified programs and services that could be presented for discussion to achieve the zero% target ;
- We looked closely at:
  - What we are legislated to provide;
  - What is not legislated, but important and required now;
  - What has become common practice, but ultimately ‘nice to have’.



## **Introduction – CAO**

- **As tasked, managers will bring forward options to deliver the zero % scenario;**
- **Managers conducted their review based on their deep level of understanding of the programs and services they deliver, and the anticipated impact such service reductions represent to the community;**



## Introduction – CAO

- **As an organization, however, we strongly believe that some options identified as possible service reductions are not in the best interests of the community or the organization;**
  - (We will expand on this line of thinking later in today's presentation).





# Introduction – CAO

## Management Recommendation:

- **Following the presentation of the zero % scenario, the GM Team will present a Management Recommendation that includes:**
  - Some of the identified service reductions but not all;
  - Suggests certain areas where we believe additional investment is required for the success of the organization;
- **Management Recommendation = 7.70% increase over 2013.**



## Guidelines for Today

- **Today is a ‘workshop’ format;**
- **Recommending an informational day, with decisions deferred to December 10<sup>th</sup> meeting:**
  - Time to review / digest material provided;
  - “Big picture view” of all competing priorities; and
  - Allows Council to hear from the Community before making decisions.
- **“Parking Lot”**
  - Areas requiring further discussion;
  - When questions and clarification move into deliberation.
- **“Follow-Up List”**
  - Items requiring more information.



## Guidelines for Today

- **Binders and informational material includes:**
  - PowerPoint slides;
  - 5 year capital plan;
  - Worksheets for making notes and tracking options of interest:
    - We will revisit these sheets on December 10;
  - Later today you will also be provided with Management's Recommendations on the options provided.
- **Public encouraged to provide feedback on today's information:**
  - Twitter, Facebook, on-line web forms, email;
  - Materials and feedback options outlined at [www.Squamish.ca/budget](http://www.Squamish.ca/budget)



## Guidelines for Today

- **Figures you see today may be updated closer to the end of the year but prior to bylaw preparation:**
  - To update carry-forward projects;
  - To update special levy revenues such as 1% utility levy;
  - Management will be discussing some growth pressures later in the day that are not reflected pending review of growth related revenues;
  - Capital financing may be modified to maintain annual contribution targets and remain within funding caps once all capital adjustments are made and grant revenues confirmed.



## Process Review To Date

- **July:** Council tasked Staff to provide a zero % tax increase option and deliver the financial plan earlier;
- **August:** Existing service level financial plan drafted;
- **August:** Core Leadership Team set targets for all general fund areas:
  - Operating contraction targets;
  - Special project envelope;
  - Capital project funding envelope.



## Process Overview To Date

- **September: Managers submit financial plan requests and contractions;**
- **October: Finance built three scenarios based on the submission:**
  - Zero % increase scenario (*scenario 1*);
  - Existing service level scenario (*scenario 2*);
  - Preferred service level scenario (*scenario 3*);
- **October: Core Leadership Team reviewed and determined the Management Recommendation (*scenario 4*);**
- **November & December: Council Workshops.**



## Terminology

**Contraction:** Reduction in services to reduce the general property tax revenue requirement.

**Net impact on tax:** The difference between department specific revenues less department expenditures results in a contribution or draw on general funding sources. Generally that funding source is taxation. Notes are provided where reserves, provisions, grants or other sources are anticipated.



## Terminology (cont'd)

**Four budgets were built, three will be discussed today:**

- Zero % scenario (scenario 1)
- Existing service level scenario (scenario 2)
- Management recommendation (scenario 4)





# Terminology

- **What does “zero %” mean and not mean?**
  - This is the change in the general property tax revenue needed in 2014 from that needed in 2013, with no adjustments for growth or non-market change;
  - This assumes the assessment base is unchanged as 2014 tax rolls are not yet available;
  - There is no consideration for how that tax requirement will be broken down to individual tax classes at this time;
  - With tax policy and legal caps, zero % may not translate to zero % to each tax class;
  - A further variable is that changes in property assessments may vary by property.



## Terminology (cont'd)

**What does “existing service level scenario” (scenario 2) refer to?**

- **This is the 2013 budget level**
  - Less:
    - All non-recurring initiatives or special projects and funding related thereto;
    - Any standard budget that is no longer required or historically under utilized.



## Terminology (cont'd)

- Plus:
  - Known or anticipated revenue changes;
  - Labour changes on existing and approved staffing levels;
  - Adjustments for known contractual changes:
    - RCMP, transit, leases, etc.;
    - Debt service on borrowing incurred, or budgeted to be incurred in 2013;
- This scenario maintains the 2013 level of contribution to capital and capital reserves.



## Terminology (cont'd)

### Management Recommendation (scenario 4):

- Management reviewed and selected options from the other three scenarios and attempted to balance:
  - Council's strategic priorities;
  - Operational requirements;
  - Affordability for rate payers.

*(The third scenario included any budget increase request that is a high priority but still discretionary).*



## Special Project Envelope

- Discussed last year the need to fund special projects rather than drawing from surplus and reserves annually;
- Although projects change, the need to fund a recurring level of projects does not;
- We increased the amount funded from taxation by about \$189,000 in 2013 over 2012;
- Last year we still only funded about half of the new projects budgeted (*new vs. carry forwards*).



## Special Project Envelope

- Improvement for 2014: A project envelope, funded directly from revenue was established and taken into account prior to determining contraction targets;
- Management reviewed each area and set project levels based on past history and nature of the function (result was a \$650,000 envelope for the General Fund);
- Budget Managers expected to identify projects that met operational and strategic priorities;
- Any unused envelope was reallocated to other priority projects as part of Management's review and recommendations.



## Scenario Impacts on General Property Tax

2014 Scenarios	Dollar Change Over 2013 Budget	% Change over 2013 Budget
Zero % Scenario ( <i>scenario 1</i> )	-26,789	-0.12%
Existing Service Level ( <i>scenario 2</i> )	1,328,513	6.20%
Management Recommendation ( <i>scenario 4</i> )	1,651,102	7.70 %
All Requests ( <i>scenario 3</i> )	2,973,200	13.87%

Management directed budget managers to identify possible service reductions totaling:

**\$1,328, 513 (6.2%)**

# General Fund Operating: 2013 Budget to 2014 Existing Service Level

	Dollar Amount	Percent Change
<b>2013 General Property Tax Requirement</b>	<b>\$ 21,439,246</b>	
Non-Recurring Items Removal		
2013 Project Revenues	49,228	0.2%
2013 Draws from Accumulated Surplus and Provisions for Projects	710,821	3.3%
2013 Projects	-1,136,314	-5.3%
Labour Adjustments		
2014 Labour Adjustments	451,927	2.1%
Prior Labour Increases Phased In (reduction in provision use)	74,086	0.3%
Allocations To Other Funds	-115,405	-0.5%
<i>Continued</i>		



# General Fund Operating: 2013 Budget to 2014 Existing Service Level

	Dollar Amount	Percent Change
<b><i>Continued</i></b>		
Contract Adjustments		
2014 RCMP Contract Changes	49,354	0.2%
Prior Year RCMP Contract Increases Phased In (reduction in provision use)	200,000	0.9%
Transit Contract (net of revenue)	130,500	0.6%
Other Minor Contract Changes	46,729	0.2%
Other Adjustments From Review of 2013 Budgets	-12,370	-0.1%
Change in Debt Service	246,255	1.1%
Change in Reserve Contributions	36,205	0.2%
Change in Provision Contributions	6,195	0.0%
Change in Contribution to Capital	-8,414	0.0%
2014 Projects	<u>599,712</u>	<u>2.8%</u>
<b>2014 Existing Service Level Tax Requirement</b>	<b>\$ 22,767,755</b>	<b>6.2%</b>

# General Fund Labour: 2013 Budget to 2014 Existing Service Level

	General Fund	Water Fund	Sewer Fund	Total
<b>2013 Total Labour Budget</b>	<b>\$12,866,961</b>	<b>\$601,020</b>	<b>\$501,005</b>	<b>\$13,968,986</b>
2013 New Positions Annualized	99,646	6,720	2,745	109,111
Contracted Inflation & Step Changes	132,822	7,341	5,702	145,865
Merit Changes	81,302			81,302
Existing Position Missed in 2013	70,133			70,133
Benefit Changes	68,025	(10,156)	(8,427)	49,442
Transfer of Labour		(9,450)	9,450	-
<b>2014 Total Labour Budget</b>	<b>\$13,318,889</b>	<b>\$595,475</b>	<b>\$510,475</b>	<b>\$14,424,839</b>
<b><i>Change From 2013</i></b>	<b><i>451,928</i></b>	<b><i>-5,545</i></b>	<b><i>9,470</i></b>	<b><i>455,853</i></b>



## Full Time Equivalencies – Various Scenarios

Fund	2013 Budget	2014 Zero %	2014 Existing Service Level	2014 Management Recommended
General*	150.27	141.76	149.50	149.62
Water	6.41	6.38	6.38	6.38
Sewer	4.94	5.09	5.09	5.09
Aquatic Centre^	13.48	14.43	14.43	14.43
Total	175.10	167.66	175.40	175.52

\*General fund includes library staffing

^Aquatic Centre staff is not included in the DOS Financial Plan but some Recreation staffing is shared so it is included here to provide an accurate comparative of staffing year over year.