



City of Port Moody

Report to Finance Committee

Date: May 1, 2023
Submitted by: Finance and Technology Department – Financial Services Division
Subject: 2024-2028 Financial Plan Guidelines

Purpose

To present the 2024-2028 Financial Plan Guidelines (**Attachment 1**) in preparation of the 2024-2028 Five-Year Financial Planning process.

Recommended Resolution(s)

THAT 2024-2028 Financial Plan Guidelines be approved as recommended in the report dated May 1, 2023 from the Finance and Technology Department – Financial Services Division regarding the 2024-2028 Financial Plan Guidelines.

Background

Each year, the Financial Services Division prepares guidelines for staff as they begin work on the next Five-Year Financial Plan. The Guidelines form the basis for the 2024-2028 Five-Year Financial Plan, establish a preliminary timeline for the budget process, and provide general guidance to staff drafting their operating and capital budgets.

Discussion

Budget Targets

City staff, and the Port Moody Police Board, will be instructed to submit an Operating Budget for 2024 based on 2023 service levels. The City follows a Zero-based budgeting methodology where all expenses must be justified for each new period. The process of zero-based budgeting starts from a "zero base," and every function within an organization is analyzed for its needs and costs. The budgets are then built around what is needed for the upcoming period, regardless of whether each budget is higher or lower than the previous one.

As part of the approved 2023-2027 Five-Year financial plan, all new positions were approved to be phased in over a two-year period. As a result, the 2024 base operating budget will increase by an estimated \$510,000 to build in the remaining half of the approved 2023 positions.

As in previous years, the preliminary 2024 budget will also include a \$532,000 increase for the Asset Renewal Levy (estimated to represent a 1% tax increase).

Budget Timeline

The proposed timeline for the 2024-2028 Five-Year Financial Plan marks a significant change from prior years. Staff are targeting approval of a Provision Budget by December 5, 2023 (both capital and operating). To meet this goal, the Finance Committee will deliberate over the draft financial plan (capital and operating) during two full day closed finance committee workshops in the fall of 2023 (tentatively proposed for Friday October 13th and Friday October 20th).

Approval of the capital plan prior to the winter break ensure all capital projects can begin in January 2023 and eliminates the need for pre-approvals. Early approval of the Capital Plan allows departments to strategically plan work, take advantage of competitive pricing and contractor scheduling, which ensures assets are put into service as soon as possible providing continued, uninterrupted service delivery. If there is a need for additional capital approval later in the budget process, staff will bring forward an additional report.

The final approval of the budget will take place with first three readings of the Five-Year Financial Plan Bylaw and the corresponding 2024 Tax Rates Bylaw at Regular Council on April 23, 2024. Adoption of the Bylaws is scheduled for May 14, 2024.

A detailed budget timeline can be found in Appendix 1 of the Guidelines.

Budget Consultation

The public budget consultation will take place in January 2024 and will remain open for three weeks to allow time for members of the community to provide feedback on the Financial Plan. The City will use Engage Port Moody, the City's public engagement hub, to inform and collect community feedback on the 2024 Financial Plan. As in 2023, this will include the annual budget survey, budget resource information, and FAQs posted on the project page. Staff will answer questions from community members as they are posted. Staff have found the Engage Port Moody platform to be a modern and interactive platform allowing the community to learn, become informed, and provide feedback on their own terms.

The results of the budget consultation will be presented to the Finance Committee on February 20, 2024.

Budget Expenditure Control Policy

The Expenditure Control Policy formalizes a defined and transparent process for requesting one-time and ongoing capital funding that exceeds the approved budget. The policy authorizes the General Manager of Finance and Technology (Chief Financial Officer) to approve an increase up to \$5,000 and the City Manager to approve an increase up to \$10,000.

Due to global supply chain challenges, initially in response to the COVID-19 pandemic, and currently in response to significant inflation and market conditions, there are significant cost fluctuations and tight timelines around the order and purchase of new vehicles. Order banks are only remaining open for limited time periods, and if missed, vehicle replacements can be delayed a full year or more and pricing can vary significantly over historical averages.

To address these concerns, as part of the approval of the 2023 budget guidelines, staff requested a temporary (two year) amendment to the thresholds in the Budget Expenditure

Control Policy. For capital projects funded from the Equipment Replacement Reserve (statutory reserve for the replacement of the City's fleet), upon request of a Department's General Manager, the City Manger may authorize a budgetary increase to a capital project up to 25% of the originally approved budget. This temporary measure, which is in place for 2024, will continue to provide additional flexibility to enable City staff to procure vehicle replacements without interruption.

Staff will review this policy at the end of the 2024-2028 budget cycle, and should it still be required for 2025 request an extension at that time.

Other Option(s)

1. THAT the 2024-2028 Financial Plan Guidelines be approved as amended.

Financial Implications

There are no direct financial implications associated with approving the Financial Plan Guidelines for Staff. Financial implications pertaining to the 2024-2028 Financial Plan are discussed above in this report.

Communications and Civic Engagement Initiatives

There are no communications or civic engagement initiatives planned for the 2024-2028 Financial Plan Guidelines. The approved guidelines will be available on the city's website.

Council Strategic Plan Objectives

The 2024-2028 Financial Plan Guidelines align with Council's 2023-2026 Strategic Plan.

Attachment(s)

1. Draft 2024-2028 Financial Plan Guidelines

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Report Approval Details

Document Title:	2024 Budget Guidelines.docx
Attachments:	- Attachment 1 - 2024-2028 Financial Plan Guidelines.pdf
Final Approval Date:	May 8, 2023

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - May 5, 2023 - 1:35 PM

Stephanie Lam, City Clerk and Manager of Legislative Services - May 5, 2023 - 4:50 PM

Lindsay Todd, Manager of Communications and Engagement - May 5, 2023 - 5:01 PM

Tim Savoie, City Manager - May 8, 2023 - 10:19 AM