



## STAFF REPORT

**DATE:** September 9, 2020

**TO:** Chair and Directors  
Regional Board

**FROM:** David Leitch  
Chief Administrative Officer

**FILE:** 0550-04

**RE:** 2021 PROPOSED FINANCIAL PLANNING TIMELINE

### PURPOSE/PROBLEM

To present the proposed budget timeline that identifies key dates for the 2021-2025 budget cycle process as defined in the Board approved policy CP-011 (Financial Planning Process).

### EXECUTIVE SUMMARY

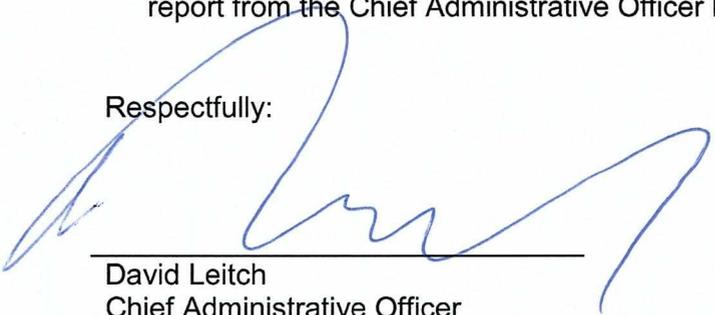
The Board's financial planning process policy CP-011 (Appendix A) indicates that one of the first activities in a new budget cycle is the presentation of a detailed budget calendar that outlines the key tasks, events, public input opportunities and decision points for the upcoming budget process. Table 1 identifies key dates and communications activities proposed for the 2021-2025 financial planning process based on this policy. It identifies several opportunities for public input, budget workshops, and public consideration of the various budget versions and the financial plan bylaw. The process as outlined will culminate in the approval of a five-year financial plan bylaw prior to the statutory deadline of March 31, 2021.

The timeline as proposed follows the 2020 budget process, with adjustments in consideration of the feedback received from the Board and budget managers during the last budget cycle, as well as adjustments due to the Covid-19 pandemic. Roadshows that were scheduled in the 2020 timetable have not been included in the 2021 timetable due to provincial limitations on public gatherings and physical distancing challenges. The *Local Government Act* does not prescribe a public engagement process, however it does state that a board must undertake a process of public consultation regarding the proposed financial plan before it is adopted.

### RECOMMENDATIONS

1. THAT the report from the Chief Administrative Officer be received.
2. THAT the proposed 2021 Financial Planning timeline (Table 1) attached to the September 9, 2020 report from the Chief Administrative Officer be approved.

Respectfully:

  
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David Leitch  
Chief Administrative Officer

**Prepared by:** Mike Harmston, CPA, CGA, CFO

**Attached:** Appendix A CP-011 (Financial Planning Process)

### **BACKGROUND**

In 2015 the Board approved a budget process policy that affirms the Regional District's current budget practices. The policy, attached as Appendix A to this report, establishes general principles and guidelines that provide a framework for financial plan development. The Financial Plan process outlined in this report is based on this policy and incorporates opportunities for public input prior to finalization of the financial plan. Where possible, budget activities will take place during regularly scheduled committee, commission or Board meetings. Proposed dates for special meetings are indicated in Table 1 with **bold** text. If the schedule as outlined is acceptable to the Board, it will need to confirm special meetings for budget workshops as recommended by this report or by its various Committees and Commission. This plan will result in the adoption of the five-year financial plan prior to the legislated deadline of March 31, 2021.

The proposed timeline includes the first day of budget deliberations to discuss the recommended budget and present the capital budget and strategic business cases for service enhancements. Following budget approval, staff would then present the Financial Plan bylaw for review and approval in late February, with further opportunity for public input. The Board could provide all readings and adoption of the bylaw at that meeting or delay final approval to the first meeting in March 2021. The *Local Government Act* requires the financial plan bylaw to be adopted by March 31<sup>st</sup> each year, therefore the proposed timeline would allow additional time to consider the budget if the Board so required.

### **POLICY ANALYSIS**

The financial planning process policy (Appendix A) incorporates local government best practices and emphasizes opportunities for public consultation prior to finalization of the financial plan. It should be noted that this policy anticipates that the greatest amount of work in terms of seeking public input, researching new ideas and initiatives, rationalizing service delivery models, looking for greater efficiencies and other budget development activities will be completed prior to finalization of the recommended financial plan package presented to the Board in January. After that point, any changes to the financial plan will be approved by the Board prior to incorporation into the final budget and subsequent financial plan bylaw.

### **LEGAL IMPLICATIONS**

The *Local Government Act* requires regional districts to adopt a five-year financial plan by March 31 of each year. It also requires that the Board undertake a process of public consultation regarding the proposed financial plan before it is adopted.

### **INTERGOVERNMENTAL/REGIONAL IMPLICATIONS**

If desired, staff will be available to Board members to provide greater understanding of budgeting and financial concepts, or other items of interest.

### **CITIZEN/PUBLIC RELATIONS IMPLICATIONS**

While the legislation does not specifically outline the form or method of public consultation, local government best practice indicates that the Regional District would inform the public of the key elements in the process, debate budget issues at public meetings, advertise budget-specific meetings, and make budget information available to the public. Directors would also be provided multiple opportunities to determine strategic and specific objectives, based on their understanding of constituent expectations. Other methods that would increase the visibility of the financial plan include posting website and social media updates, conducting public opinion surveys, and sending direct mail communications to property owners and other key stakeholders. Additionally, the Regional District would advertise the date(s) at which the financial plan bylaw is scheduled for consideration and invite members of the public to speak

to the Board regarding matters contained within the plan. With new challenges due to Covid-19, limitations on physical public participation is expected, however it is expected a new technology platform proposed in 2020 will allow members of the public to participate remotely, if desired.

**INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS**

As the budget comprises both inputs and implications relating to every facet of Regional District operations, each department is involved in the development of the financial plan.

Key planned activities and communications include:

Table 1			
2021 Financial Planning Timeline/Other Key Financial Reporting Dates (Proposed)			
Dates		Activity or Event	Communications
<b>2020</b>	September 16	Present proposed budget timeline to Board for consideration	<ul style="list-style-type: none"> <li>• Launch Financial Planning timeline web page with calendar of events</li> </ul>
	November 4	EASC and SGC budget meetings to review current year surplus estimates and presentation of any strategic business cases	<ul style="list-style-type: none"> <li>• Ads/web update</li> </ul>
	<b>November 10</b>	<b>EASC single participant budget meetings to review 2021-2025 draft operating and capital budgets (special meetings)</b> <ul style="list-style-type: none"> <li>• Area A, 9am - 10am</li> <li>• Area B, 10am - 12pm</li> <li>• Area C, 1pm - 3pm</li> <li>• Area D, 3pm - 5pm</li> </ul>	<ul style="list-style-type: none"> <li>• Ads/web update</li> </ul>
	December 4	Regional Board budget workshop meeting to present base budget and corporate strategic business cases	<ul style="list-style-type: none"> <li>• Ads/web update</li> </ul>
<b>2021</b>	February 10	Board budget deliberations <ul style="list-style-type: none"> <li>• Operating and capital budgets</li> <li>• Strategic business cases</li> </ul>	
	February 24	Present 2021-2025 Financial Plan Bylaw for approval <ul style="list-style-type: none"> <li>• Opportunity for public input and amendments by the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Ads/News release/web update/social media announcement</li> </ul>
	March 10	Final approval and adoption of 2021-2025 Financial Plan Bylaw (*optional)	<ul style="list-style-type: none"> <li>• Web update</li> </ul>

\* OPTIONAL MEETING IF BOARD REQUIRES.

ADDITIONAL MEETING DATES IN BOLD. REGULAR BOARD MEETINGS OTHERWISE.

DATES ASSUME SIMILAR MEETING SCHEDULE IN 2021 AS IN 2020 (SECOND/FOURTH WEEK OF MONTH).



## CORPORATE POLICY

**No.:** CP-011 **Date Approved:** October 7, 2015  
**Date Revised:** n/a

**Name:** Financial Planning Process

<b>Purpose:</b>	To establish guidelines for developing, evaluating, finalizing and implementing the Regional Board's financial plan.
<b>Authority:</b>	Sections 815 and 816 <i>Local Government Act</i>
<b>Scope:</b>	This policy applies to all organizational units involved in the development, evaluation and implementation of the financial plan.

<b>Definitions:</b>	<b>financial plan</b>	<b>means</b>	the Regional District's five-year financial forecast that is adopted annually by bylaw
	<b>budget</b>	<b>means</b>	a version of the five-year financial plan that is considered by the Board prior to adoption of the financial plan bylaw
	<b>budget cycle</b>	<b>means</b>	the annual process to review, revise and confirm the financial plan

**Policy:** The Board will annually develop, evaluate, finalize and implement its five-year financial plan based on the following principles:

1. The financial plan will support the Board's vision and strategic plans.
2. The financial planning process will include analysis and discussion of short- and long-term key factors that affect the organization and services it provides such as cost trends, service levels, capital investment requirements, reserve and debt levels, and other assumptions.
3. The financial plan will be prepared in accordance with all Regional District policies and long-term plans such as those for reserves, debt, cost allocations, and tangible capital assets, and with all applicable legislation.
4. The Board's financial planning process will utilize a variety of methods to gather input from ratepayers, partners and the general public such as town hall meetings, social media, public open houses, and print and web publications.
5. Board decisions regarding the financial plan will be made in public (open) meetings.

**Review Date:**

**Annual budget calendar:** Each year at the start of a new budget cycle, a detailed budget calendar will be developed and presented to the Board that outlines the key budget tasks, events, public input opportunities and decision points for the upcoming budget process.

**Public consultation:** Input from taxpayer and constituent groups will be sought as early in the process as is feasible, to allow sufficient time for investigation and consideration of ideas and concerns. The budget calendar will identify opportunities throughout the budget process for the Board to receive stakeholder input, including public meetings and presentations, outreach efforts and other means. A communication plan should be developed each year that identifies key events and opportunities for public participation, specifying target dates, media, messages and audience. Directors will be provided specific opportunities to review and discuss the financial plan throughout the development process. An opportunity for receipt and consideration of public input should be provided between first reading and adoption of the financial plan bylaw.

**Benchmarks and standards:** The financial plan is one component contributing to the sustainability of the Regional District, and as such will incorporate to the extent possible the implications of policies, plans and best practices for local government regarding the Board's vision and strategic plans, levels of debt, reserves, asset management, cost allocations, procurement and human resourcing. The financial plan will be prepared in accordance with recommendations of the Public Sector Accounting Board (PSAB) and according to generally accepted Canadian public sector standards. The financial plan and its process will comply in all respects with applicable legislation.

**Comparisons:** Historical financial information and current year estimates will be provided to the Board with budget documentation for comparison purposes. The current and one prior years' budget and actual or predicted amounts will be provided, at a minimum.

**Budget versions:** The financial plan is a living document that indicates resource commitments to specified goals and objectives. While the financial plan may be amended at any time, the plan as a whole will be reviewed annually through several discrete iterations which may include:

1. **Baseline budget** – The baseline budget focuses on supporting ongoing services, programs and previously Board approved work plans and projects. This version may include plans and related funding estimates for achieving established service and financial goals, and is usually presented in October or November of each year. This budget version will present revenue projections and expense estimates based on all available information, but may exclude requisition analysis and financial position estimates (surpluses and reserves).
2. **Recommended budget** – The recommended budget is developed using the baseline budget as a starting point and is usually published in January. It includes refined projections and estimates for revenue, expense, requisitions, surpluses and reserves as well as program and work plan information based on gathered inputs to date, including those confirmed at budget workshops or Board, committee or commission meetings. This version may include estimates relating to new initiatives, feasibility studies, and capital or other major projects. Sufficient time should be allowed during the development of the recommended budget to provide for research of new initiatives, communication and discussion of alternatives, and Board direction, where required. Any significant changes arising out of discussions with individual service participants, staff or other service providers will be identified to the Board or its committees. If the significant change is the result of a change in service level it will be approved by the Board before the financial implications of the change are incorporated into the financial plan. Requisition and tax rate projections

will be based on the Completed Assessment Roll received in January.

3. **Final budget** – The final budget incorporates approved changes to the recommended budget and presents updated budget estimates and resulting cost implications. Once the final budget has received the Board's approval in principle, it serves as the basis for the financial plan bylaw.
4. **Financial Plan Bylaw** – The five-year financial plan bylaw is based on the final budget, as approved in principle or amended by the Board. If possible, sufficient time should be allowed between first reading and final adoption of the bylaw to allow for meaningful public input and consideration. The five-year financial plan bylaw will be adopted by the Board no later than March 31 each year.

**Amendments:** Changes to the financial plan after adoption of the five-year financial plan bylaw will be presented to the Board with each item identified separately with supporting rationale before adoption of the amending bylaw.

**Policy review:** This policy may be periodically reviewed and amended at any time by Board resolution.

**Responsibility:** The Financial Officer will be responsible for the development, implementation and monitoring of the financial plan process, including coordinating the budget process, developing the budget calendar, identifying roles and responsibilities for completing the various tasks, and advising on and facilitating financial plan amendments and amendments to this policy, as approved by the Board.