Winnipeg

2020 Operating and Capital Budget

Organizational Support Services



November 20, 2019

1. Organizational Support Services

A. Chief Administrative Offices
    i. Administration
    ii. Office of Sustainability
    iii. Film and Special Events
    iv. Infrastructure Planning
    v. Indigenous Relations
B. Corporate Finance
C. Corporate Accounts
D. Human Resource Services
E. Legal Services

Agenda

1. Strategic Objectives and Priorities

2. Performance Measurement

3. Operating Budget (including options to achieve target)
   - Operating Budget
   - Year over Year Variance Explanations
   - Implications of the Recommended Target to Balance the Operating Budget
   - Salaries and benefits, FTEs, and vacancy management and options to achieve target

4. Capital Budget (including options to achieve target) not applicable
   - Capital Budget
   - Implications of the Recommended Target for the Capital Budget
   - Capital Forecast to Submission Reconciliation

5. Operating and Capital Budget Referrals not applicable

6. Budget Summary

7. Questions

Strategic Objectives and Priorities

Strategic Objectives

Source: Volume 1

- Organizational Support Services provides leadership and professional services to support the delivery of public services to the citizens of Winnipeg. By providing financial, human resource, and other specialized services, Organizational Support Services ensures that the civic organization has the capability and expertise to support the delivery of public services.

Key Priorities

Source: Volume 1

- To provide organizational leadership in implementing Council's policies and priorities through proactive organizational planning, effective issues management, the provision of professional advice and follow-up through report management.
- To provide sound financial stewardship towards responsible City government by strengthening financial performance, improving information for decision-making and managing risks and exposures.
- To provide the organization with efficient and effective human resource management support in order to sustain a diverse, respectful, safe, healthy and productive workforce.
- To provide a full range of legal services to Council and its committees, the Chief Administrative Officer, and the civic public service.
- To provide leadership, guidance and expertise on specialty areas of: Indigenous Relations, Sustainability and Infrastructure Planning.

Legal Services Risk Allocation

	Legal Risk allocation - 2020	Percentage increase (decrease) over 2019 Budget (excludes impact of capital targets)
Assessment & Taxation	(224,149)	-1.2%
Audit	(16,778)	-1.2%
City Clerks	(160,966)	-1.2%
Corporate Finance	(100,271)	-1.2%
Legal Services	1,007,448	29.0%
Offfice of Policy & Strategic Initiatives	(9,978)	-1.2%
CAO Office	(70,382)	-1.2%
Customer Service & Communications	(86,010)	-1.2%
Human Resources	(72,784)	-1.2%
Innovation, Transformation & Technolo	(266,130)	-1.2%
Sub-Total	**0**	

Recommended Target to Balance the Budget

1. Departmental Operating Budget: For Chief Administrative Offices, Corporate Finance, and Human Resource Services: EPC recommended target is 0% over 2019, with legal services allocation = -1.2%, Legal Services = 0% for 2021 and future years.

2. Cash to capital funding levels:

Department	2020	2021	2022	2023	2024	2025
CAO's Office	-	-	-	-	-	-
Corporate Finance	-	-	-	-	-	-
Human Resource Services	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-

3. Key assumptions for multi-year budget:

These proposed recommended targets present a balanced tax-supported operating budget from 2020 to 2023:

a. Property Tax Increases: 2.33% annually (road renewal and southwest rapid transit (stage 2))
b. Fees and Charges: Inflationary increases annually
c. Natural Assessment Base Growth: 1.2% annually
d. Efficiencies/Vacancy Management: $17 Million annually
e. Additional Transfers/Savings: $32.5 million in 2020 growing to $40 million by 2023
f. Provincial Operating Grants: Flat at $149.7 million annually (2016 level)
g. Utility dividend rate: 11% of Water and Sewer Sales
h. Remaining Tax Supported Debt Room: $150 million in total

Performance Measurement – Chief Administrative Office - Indigenous Relations

Service Level Statistics

Description	2016	2017	2018
INTERNAL			
Number of internal requests for support	63	26	38
Number of policy, process, system or physical changes	2	3	9
Number of staff who participated in education and awareness opportunities	542	3,364	5,546
Number of Internal partnerships and initiatives maintained, developed or enhanced that support Indigenous citizen participation in the civic system	28	35	34
EXTERNAL			
Number of external requests for support	104	83	72
Number of youth participants	292	335	204
Number of external partnerships and initiatives maintained, developed or enhanced that support Indigenous citizens participation in Winnipeg's economy	45	42	40
Number of Accord partners	n/a	105	135

Operating Budget - Chief Administrative Offices

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2018 Actual	2019 Budget	2020 Draft Budget	*Year over Year Increase / (Decrease)*	%	*Exp. No.*	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
GOVERNMENT GRANTS	0.019	-	0.146	*0.146*			0.116	-	-
TOTAL REVENUE	**0.019**	**-**	**0.146**	***0.146***		***1***	**0.116**	**-**	**-**
SALARIES & BENEFITS	3.996	4.055	4.316	*0.261*			4.338	4.373	4.480
SERVICES	0.323	0.464	0.518	*0.054*			0.483	0.452	0.452
MATS PARTS & SUPPLIES	0.055	0.030	0.036	*0.006*			0.031	0.031	0.031
ASSETS & PURCHASES	0.030	0.020	0.023	*0.003*			0.023	0.023	0.023
GRANTS, TRANSFERS & OTHER	1.169	2.042	1.569	*(0.472)*			1.568	1.568	1.568
RECOVERIES	(0.626)	(0.756)	(0.614)	*0.142*			(0.630)	(0.648)	(0.662)
TOTAL OPERATIONAL EXPENDITURES	**4.947**	**5.855**	**5.847**	***(0.008)***	***0%***		**5.813**	**5.798**	**5.891**
TRANSFER TO CAPITAL	-	-	-	-			-	-	-
TOTAL EXPENDITURES	**4.947**	**5.855**	**5.847**	***(0.008)***	***0%***	***2***	**5.813**	**5.798**	**5.891**
Mill Rate Contribution / (Support)	**(4.928)**	**(5.855)**	**(5.701)**	***0.154***			**(5.698)**	**(5.798)**	**(5.891)**

* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating target

Year over Year Variance Explanations – CAO

Year over year (increase) / decrease	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
1) *Revenue change due to the following:*				
- Increase (decrease) in Federal Grants	$ 0.146	$ (0.030)	$ (0.116)	
Net Revenue Change	**$ 0.146**	**$ (0.030)**	**$ (0.116)**	**$ -**
2) *Expenditure change due to the following:*				
- Increase in salaries and benefits	$ 0.261	$ 0.022	$ 0.035	$ 0.107
- Decrease in consulting due to one-time funding in 2019	(0.100)			
- Decrease in Indigenous Youth Strategy grant	(0.062)			
- Decrease in recoveries	(0.048)			
- Decrease in Journey of Reconciliation	(0.034)	(0.011)		
- Decrease in civic accommodations	(0.019)			
- Miscellaneous adjustments	(0.007)	(0.045)	(0.050)	(0.014)
Net Expenditure Change	**$ (0.008)**	**$ (0.034)**	**$ (0.015)**	**$ 0.093**

Operating Budget - Chief Administrative Offices

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection	Total
Options to Achieve Operating Budget Target:					
a. Reduce budget to various operating accounts	(0.029)	(0.042)	(0.042)	(0.042)	(0.156)
b. Delete two (2) permanent FTEs	(0.165)	(0.167)	(0.171)	(0.174)	(0.678)
c. Reduce Journey of Reconciliation budget	(0.034)	(0.045)	(0.045)	(0.045)	(0.170)
d. Reduce Indigenous Youth Strategy grant for Infrastructure training / apprenticeship program	(0.062)	(0.062)	(0.062)	(0.062)	(0.248)
Total Options to Achieve the Target	**(0.290)**	**(0.317)**	**(0.321)**	**(0.324)**	**(1.252)**
EPC Recommended Target to Balance	**(0.157)**	**(0.263)**	**(0.368)**	**(0.464)**	**(1.252)**
Variance from the Target	**(0.133)**	**(0.054)**	**0.047**	**0.140**	**0.000**

a. Reduction in various non-salaries operating accounts budget in all divisions.

b. Deletion of two (2) permanent FTEs would result in reduced support to the Infrastructure Planning Office.

c. Reduction in activities and programs related to Journey of Reconciliation initiatives.

d. Reduction in Indigenous youth programming offered through partner agencies as their grants would be reduced.

Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management / Options to Achieve the Target - CAO

2020 Draft Operating Budget

	2019 Adopted Budget	2020 Draft Budget*	Increase / (Decrease)	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*
Full Time Equivalents *(number of FTEs)*	34.67	34.92	0.25	34.75	33.92	33.92
Salaries & Benefits *(in millions of $)*	$ 4.055	$ 4.316	$ 0.261	$ 4.338	$ 4.373	$ 4.480
Vacancy Management included in Salaries & Benefits *(in millions of $)*	*$ (0.125)*	*$ (0.114)*	*$ 0.011*	*$ (0.116)*	*$ (0.118)*	*$ (0.120)*

* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating budget target

Operating Budget – Corporate Finance

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2018 Actual	2019 Budget	2020 Draft Budget	*Year over Year Increase / (Decrease)*	*%*	*Exp. No.*	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
SERVICE AND OTHER	8.608	6.077	6.119	*0.042*			6.123	6.123	6.123
TOTAL REVENUE	**8.608**	**6.077**	**6.119**	***0.042***	***1%***	***1***	**6.123**	**6.123**	**6.123**
SALARIES & BENEFITS	8.054	8.517	8.491	*(0.026)*			8.551	8.736	8.923
SERVICES	0.279	0.393	0.344	*(0.049)*			0.315	0.315	0.315
MATS PARTS & SUPPLIES	0.062	0.074	0.074	-			0.074	0.074	0.074
ASSETS & PURCHASES	0.014	0.019	0.019	-			0.019	0.019	0.019
GRANTS, TRANSFERS & OTHER	0.603	0.595	0.601	*0.006*			0.607	0.604	0.604
RECOVERIES	(1.580)	(1.257)	(1.375)	*(0.118)*			(1.415)	(1.420)	(1.423)
TOTAL OPERATIONAL EXPENDITURES	**7.432**	**8.341**	**8.154**	***(0.187)***	***-2%***		**8.151**	**8.328**	**8.512**
DEBT & FINANCE CHARGES	-	-	-	-			-	-	-
TRANSFER TO CAPITAL	-	-	-	-			-	-	-
TOTAL EXPENDITURES	**7.432**	**8.341**	**8.154**	***(0.187)***	***-2%***	***2***	**8.151**	**8.328**	**8.512**
Mill Rate (Contribution) / Support	**(1.176)**	**2.264**	**2.035**	***(0.229)***			**2.028**	**2.205**	**2.389**

Year over Year Variance Explanations – Corporate Finance

Year over year (increase) / decrease	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
1) *Revenue change due to the following:*				
- Miscellaneous adjustments	0.042	0.004	0.000	0.000
Net Revenue Change	**$ 0.042**	**$ 0.004**	**$ -**	**$ -**
2) *Expenditure change due to the following:*				
- Increase / (decrease) in salaries and benefits	$ (0.026)	$ 0.060	$ 0.185	$ 0.187
- Increase in recoveries from Reserves, for investment mgmt. fees	$ (0.113)	$ (0.038)		
- Miscellaneous adjustments	(0.048)	(0.025)	(0.008)	(0.003)
Net Expenditure Change	**$ (0.187)**	**$ (0.003)**	**$ 0.177**	**$ 0.184**

Operating Budget – Corporate Finance

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection	Total
Options to Achieve Operating Budget Target:					
a. Eliminate positions (4 FTEs)	(0.258)	(0.342)	(0.355)	(0.364)	(1.319)
b. Eliminate Performance Measurement (1 FTE) and membership in MBN Canada		(0.134)	(0.163)	(0.166)	(0.463)
c. Increase recoveries from Reserves, for investment management fees	(0.112)	(0.150)	(0.150)	(0.150)	(0.562)
Total Options to Achieve the Target	**(0.370)**	**(0.626)**	**(0.668)**	**(0.680)**	**(2.344)**
EPC Recommended Target to Balance	**(0.271)**	**(0.483)**	**(0.699)**	**(0.891)**	**(2.344)**
Variance	**(0.099)**	**(0.143)**	**0.031**	**0.211**	**-**

a. FTE Reduction in each of Corporate Controller's Division, Financial Planning and Review, and Materials Management. Impact includes: Annual capital review/capital closure process will no longer be performed, Annual Closed Projects will no longer be reported to SPC Finance, ability to troubleshoot and undertake Peoplesoft Finance system enhancements will be reduced and limited.

b. Eliminating the membership in MBNCanada and the FTE associated with performance reporting will cease the publishing of Volume 1 (effective 2022 budget). This would reduce the department's ability to provide relevant context for budget decision making and report on the city's performance in terms of benchmarking against other municipalities. Also, the compilation and reporting of the citizen satisfaction survey will have to be transferred to another department (potentially Customer Service and Communications).

c. Increasing the recoveries from Reserves by 5 basis points, from 40 basis points to 45 basis points.

Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management / Options to Achieve the Target – Corporate Finance

2020 Draft Operating Budget

	2019 Adopted Budget	2020 Draft Budget*	Increase / (Decrease)	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*
Full Time Equivalents *(number of FTEs)*	90.84	87.59	(3.25)	85.76	85.59	85.59
Salaries & Benefits *(in millions of $)*	$ 8.517	$ 8.491	$ (0.026)	$ 8.551	$ 8.736	$ 8.923
Vacancy Management included in Salaries & Benefits *(in millions of $)*	*$ (0.205)*	*$ (0.215)*	*$ (0.010)*	*$ (0.218)*	*$ (0.221)*	*$ (0.225)*

* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating budget target

Operating Budget – Corporate Accounts

Corporate Accounts includes budgets for general revenue and corporate expenses/savings that are not attributed directly to any other public or internal service, including:

- Unconditional grants from the Province of Manitoba
- Provincial payroll tax and offsetting support grant from the province
- Revenue from sale of Winnipeg Hydro and utility/SOA dividends
- Tax-support for Transit
  - As reported in Transit budget presentation
- Debt and finance charges not attributable to any other City service
- Corporate risk management
- Transfer from/to reserve to balance four year multi-year budget
- Corporate efficiencies

Performance Measurement – Human Resource Services

Recruit & Retain Skilled & Diverse Workforce	2016	2017	2018
Employee Turnover Rate < 2 years	1.87%	1.80%	2.16%
Employee Turnover Rate 2-10 years	1.79%	1.75%	2.18%
Employee Turnover Rate >10 years	0.30%	0.36%	0.25%
Workplace Diversity – Women	30.40%	30.19%	29.90%
Workplace Diversity – Indigenous Persons	9.10%	8.86%	9.71%
Workplace Diversity – Visible Minorities	12.40%	13.40%	14.98%
Workplace Diversity – Persons with Disabilities	2.50%	2.48%	2.76%
Average Age of City Employees / Average Years of Service	41.8 / 12.0	41.7 / 11.6	41.9 / 11.6

Labour Relations	2016	2017	2018
Number of Grievances	87	144	214
External consulting/arbitration costs	$61,648	$97,048	$107,168

Safe & Healthy Workforce	2016	2017	2018
Sick time usage per annual average headcount (in hours)	71.61	72.39	75.13
Number of lost time injuries/100 workers/year	6.5	7.3	7.4
Number of Workers Compensation claims	1,203	1,343	1,296
Total Workers Compensation costs	$8.23M	$8.34M	$10.59M

Operating Budget – Human Resource Services

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2018 Actual	2019 Budget	2020 Draft Budget	*Year over Year Increase / (Decrease)*	%	*Exp. No.*	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
SERVICE AND OTHER	-	-	-	-			-	-	-
TOTAL REVENUE	**-**	**-**	**-**	**-**		***1***	**-**	**-**	**-**
SALARIES & BENEFITS	5.172	5.095	5.078	*(0.017)*			5.088	5.201	5.313
SERVICES	1.171	1.170	0.873	*(0.297)*			0.872	0.872	0.872
MATS PARTS & SUPPLIES	0.081	0.074	0.074	-			0.074	0.074	0.074
ASSETS & PURCHASES	0.028	0.019	0.017	*(0.002)*			0.017	0.017	0.017
GRANTS, TRANSFERS & OTHER	0.584	0.596	0.642	*0.046*			0.642	0.644	0.645
RECOVERIES	(0.938)	(0.899)	(0.787)	*0.112*			(0.799)	(0.814)	(0.831)
TOTAL OPERATIONAL EXPENDITURES	**6.098**	**6.055**	**5.897**	***(0.158)***	***-3%***		**5.894**	**5.994**	**6.090**
DEBT & FINANCE CHARGES	-	-	-	-			-	-	-
TRANSFER TO CAPITAL	-	-	-	-			-	-	-
TOTAL EXPENDITURES	**6.098**	**6.055**	**5.897**	***(0.158)***	***-3%***	***2***	**5.894**	**5.994**	**6.090**
Mill Rate (Contribution) / Support	**6.098**	**6.055**	**5.897**	***(0.158)***			**5.894**	**5.994**	**6.090**

* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating target.

Year over Year Variance Explanations – Human Resource Services

(in millions)

Year over year (increase) / decrease	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
1) *Revenue change due to the following:*				
N/A				
Net Revenue Change	**$ -**	**$ -**	**$ -**	**$ -**
2) *Expenditure change due to the following:*				
- Increase / (decrease) in salaries and benefits	$ (0.017)	$ 0.009	$ 0.114	$ 0.111
- Decrease in professional services due to transfer of Employee Assistance Program budget to Departments	$ (0.281)			
- Decrease / (increase) in recoveries	$ 0.112	$ (0.012)	$ (0.016)	$ (0.016)
- Miscellaneous adjustments	0.028		0.002	0.001
Net Expenditure Change	**$ (0.158)**	**$ (0.003)**	**$ 0.100**	**$ 0.096**

Operating Budget – Human Resource Services

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2020 Draft Budget *	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*	Total
Options to Achieve Operating Budget Target:					
a. Eliminate 2.5 positions	(0.196)	(0.299)	(0.306)	(0.315)	(1.116)
b. Reduction in various non-salary accounts	(0.022)	(0.022)	(0.022)	(0.022)	(0.088)
c. Eliminate land line telephone for employees with City cell phone	(0.002)	(0.003)	(0.003)	(0.003)	(0.011)
Total Options to Achieve the Target	**(0.220)**	**(0.324)**	**(0.331)**	**(0.340)**	**(1.215)**
EPC Recommended Target to Balance	**(0.135)**	**(0.253)**	**(0.361)**	**(0.466)**	**(1.215)**
Variance	**(0.085)**	**(0.071)**	**0.030**	**0.126**	**-**

a. Reduction of 2.0 FTE will have negative impact on the department resulting in the loss and cost of exiting employed people. An inability to fill the Diversity & Inclusion Coordinator position will prevent the startup of an employment based Diversity Program. The reduction of 0.5 FTE in Labour Relations can be accommodated but will impact support to the LR team and departments.

b. Reduction in various operating accounts will provide increased pressure on the department to deliver required service within budget but can be accommodated

c. Elimination of telephone land lines for City cell phone holders can be accommodated with limited impact

Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management / Options to Achieve the Target – Human Resource Services

2020 Draft Operating Budget

	2019 Adopted Budget	2020 Draft Budget*	Increase / (Decrease)	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*
Full Time Equivalents *(number of FTEs)*	50.25	47.38	(2.87)	46.88	46.88	46.88
Salaries & Benefits *(in millions of $)*	$ 5.095	$ 5.078	$ (0.017)	$ 5.088	$ 5.201	$ 5.313
Vacancy Management included in Salaries & Benefits *(in millions of $)*	*$ (0.183)*	*$ (0.213)*	*$ (0.030)*	*$ (0.216)*	*$ (0.219)*	*$ (0.223)*

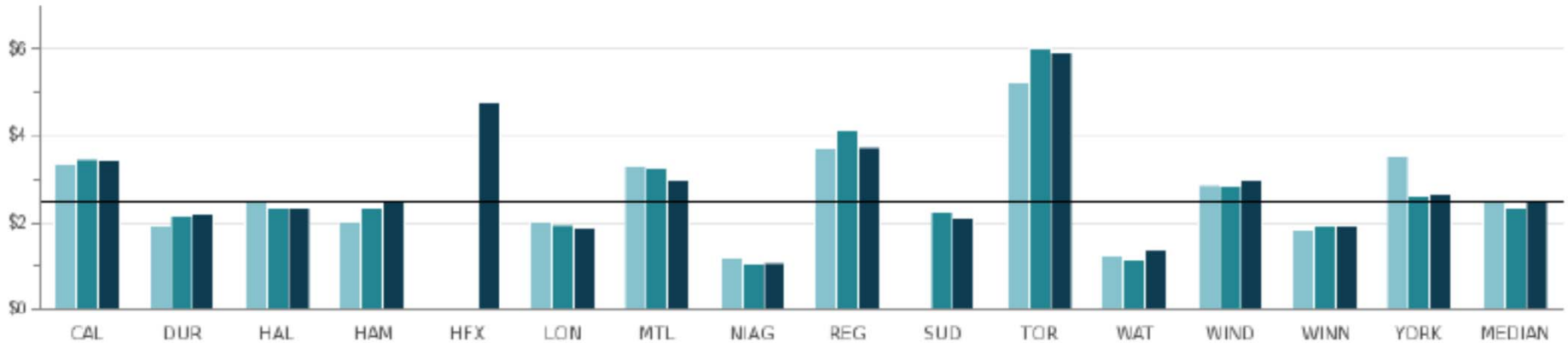
* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating budget target

Performance Measurement – Legal Services

MBN Canada

Fig. 17.1 In-House Legal Operating Cost per $1,000 Municipal Operating and Capital Expenditures

This measure represents the operating cost to provide in-house legal services. Council direction on budgets, tax rates, collective bargaining, etc., will impact the total municipal spend, which in turn will impact the reported total municipal operating and capital expenditures. This can cause fluctuations in year-over-over results, even if total in-house costs remain stable.



2015	$3.35	$1.92	$2.45	$2.03	N/A	$2.01	$3.31	$1.17	$3.68	N/A	$5.27	$1.24	$2.88	$1.83	$3.53	$2.45
2016	$3.47	$2.16	$2.33	$2.35	N/A	$1.93	$3.27	$1.03	$4.14	$2.22	$6.03	$1.15	$2.83	$1.92	$2.63	$2.34
2017	$3.42	$2.20	$2.34	$2.46	$4.79	$1.88	$2.98	$1.06	$3.72	$2.12	$5.94	$1.35	$3.00	$1.89	$2.65	$2.46

Source: LEGL252 (Efficiency)

Operating Budget – Legal Services

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2018 Actual	2019 Budget	2020 Draft Budget	*Year over Year Increase / (Decrease)*	*%*	*Exp. No.*	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
GOVERNMENT GRANTS	-	-	-	-			-	-	-
SERVICE AND OTHER	0.640	0.475	0.475	-			0.475	0.475	0.475
TOTAL REVENUE	**0.640**	**0.475**	**0.475**	**-**	***0%***	***1***	**0.475**	**0.475**	**0.475**
SALARIES & BENEFITS	2.894	3.031	3.728	*0.697*			4.050	4.164	4.255
SERVICES	0.171	0.272	0.559	*0.287*			0.476	0.376	0.304
MATS PARTS & SUPPLIES	0.068	0.086	0.086	-			0.087	0.087	0.087
ASSETS & PURCHASES	0.009	0.002	0.009	*0.007*			0.002	0.002	0.002
GRANTS, TRANSFERS & OTHER	0.207	0.208	0.225	*0.017*			0.237	0.237	0.237
RECOVERIES	(0.109)	(0.140)	(0.146)	*(0.006)*			(0.148)	(0.151)	(0.154)
TOTAL OPERATIONAL EXPENDITURES	**3.240**	**3.459**	**4.461**	***1.002***	***29%***		**4.704**	**4.715**	**4.731**
DEBT & FINANCE CHARGES	-	-	-	-			-	-	-
TRANSFER TO CAPITAL	-	-	-	-			-	-	-
TOTAL EXPENDITURES	**3.240**	**3.459**	**4.461**	***1.002***	***29%***	***2***	**4.704**	**4.715**	**4.731**
Mill Rate (Contribution) / Support	**2.600**	**2.984**	**3.986**	***1.002***			**4.229**	**4.240**	**4.256**

* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating target.

Year over Year Variance Explanations – Legal Services

(in millions)

Year over year (increase) / decrease	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
1) *Revenue change due to the following:* (No year over year change in revenue)				
Net Revenue Change	**$ -**	**$ -**	**$ -**	**$ -**
2) *Expenditure change due to the following:*				
- Increase in salaries and benefits	$ 0.697	$ 0.322	$ 0.114	$ 0.091
- Increase/(decrease) in consulting services	0.281	(0.089)	(0.100)	(0.073)
- Miscellaneous adjustments	0.024	0.010	(0.003)	(0.003)
Net Expenditure Change	**$ 1.002**	**$ 0.243**	**$ 0.011**	**$ 0.015**

Operating Budget – Legal Services

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of $	2020 Draft Budget *	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*	Total
Options to Achieve Operating Budget Target:					
a. Reduce external legal services	-	(0.057)	(0.123)	(0.185)	(0.365)
Total Options to Achieve the Target	**-**	**(0.057)**	**(0.123)**	**(0.185)**	**(0.365)**
EPC Recommended Target to Balance	**-**	**(0.057)**	**(0.123)**	**(0.185)**	**(0.365)**
Variance	**-**	**-**	**-**	**-**	**-**

Implications of the Recommended Target to Balance Operating Budget – Legal Services

- An increase in FTEs in Legal Services in 2020 will allow for a reduction in the budget for external counsel during the four year budget cycle.
- In extraordinary circumstances, additional budget requests for external counsel services may be necessary.

Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management / Options to Achieve the Target – Legal Services

2020 Draft Operating Budget

	2019 Adopted Budget	2020 Draft Budget*	Increase / (Decrease)	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*
Full Time Equivalents *(number of FTEs)*	29.17	30.67	1.50	32.17	32.17	32.17
Salaries & Benefits *(in millions of $)*	$ 3.031	$ 3.728	$ 0.697	$ 4.050	$ 4.164	$ 4.255
Vacancy Management included in Salaries & Benefits *(in millions of $)*	*$ (0.082)*	*$ (0.085)*	*$ (0.003)*	*$ (0.086)*	*$ (0.087)*	*$ (0.089)*

* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating budget target

Operating Budget Summary

1.Recommended target – 4 year budget

- For Chief Administrative Offices, Corporate Finance, and Human Resource Services: EPC recommended target is 0% over 2019, with legal services allocation = -1.2% for 2020, and -1.5% for 2021.
- Corporate Accounts – no target provided
- Legal Services –budget increase in 2020, 0% thereafter.

(in millions of $)

	2019 Approved Budget	2020 Projection (from 2019)	**2020 Draft Budget**	**2021 Draft Projection**	**2022 Draft Projection**	**2023 Draft Projection**
Expenditure Budget*	23.71	24.06	**24.33**	**24.57**	**24.84**	**25.23**
EPC Recommended Expenditure Target			**24.63**	**24.84**	**24.74**	**24.76**
Variance (Shortfall from Target)			**(0.30)**	**(0.27)**	**0.10**	**0.47**

* Note: Draft budget and projections include the options to achieve the EPC recommended targets to balance.

Questions?