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)* |

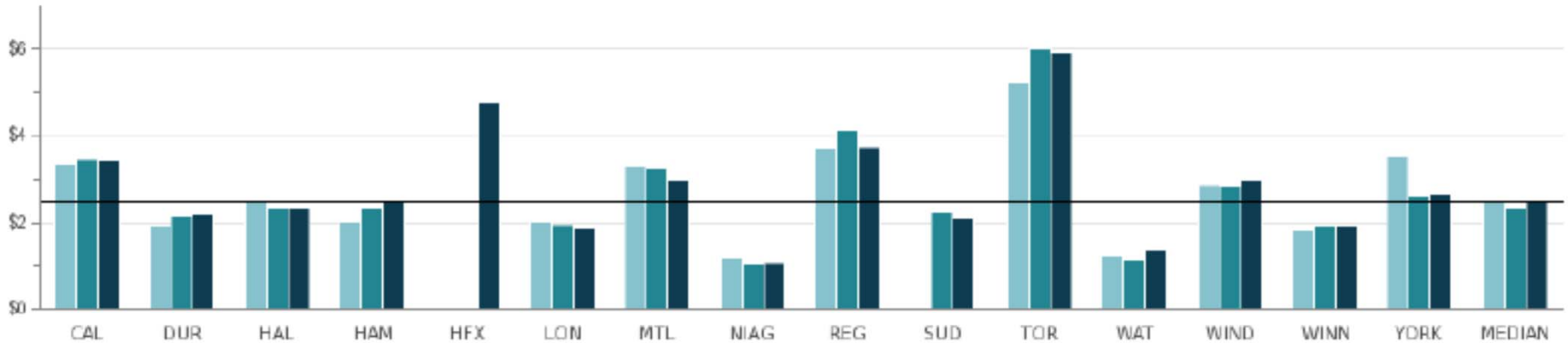
* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating budget target

# 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?