Winnipeg

CITY OF WINNIPEG POLICY NO. CO-016

POLICY TITLE	ADOPTED BY	EFFECTIVE DATE
Multi-Year Budget	City Council	March __, 2024
ORIGIN / AUTHORITY	**CITY POLICY NO**	**MOST RECENT CONSOLIDATION**
Executive Policy Committee / City Council	CO-016	March 22, 2023

1. Purpose:

The purpose of this policy is to define the approach to be used for multi-year budget and Council approvals.

2. Definitions:

2.1 **"Budget cycle"** means a four-year budget cycle beginning with operating and capital budgets adopted by Council for the second fiscal year following a general election of members of Council as provided for in this Policy.

2.2 **"Budget Working Group"** means the working group of councillors with the functions outlined in this Policy and consists of members of Council appointed by the Mayor.

2.3 **"Capital Budget"** means the annual plan for capital projects to be undertaken by the City, together with the method of financing for each. In accordance with the City of Winnipeg Charter, a capital budget must be prepared and approved for the current year and the subsequent five years (forecast years).

2.4 **"Chief Administrative Officer"** means the individual appointed to that position pursuant to the City of Winnipeg Charter, or an employee of the City to which the Chief Administrative Officer has delegated some or all of the functions assigned to his or her by this Policy.

2.5 **"Chief Financial Officer"** means the individual appointed to that position pursuant to the City of Winnipeg Charter, or an employee of the City to which the Chief Financial Officer has delegated some or all of the functions assigned to him or her by this Policy.

2.6 **"Charter"** means *The City of Winnipeg Charter*, S.M. 2002, c. 39.

2.7 **"Committees"** means the Standing Policy Committees of Council, Executive Policy Committee and Winnipeg Police Board.

2.8 **"Operating Budget"** means the annual plan of the City's services and programs with estimated revenues and expenditures associated with each.

2.9 **"Multi-year Budget"** means the annual operating and capital budgets adopted by Council together with operating budget projections and capital budget forecasts as required by this Policy.

2.10 **"Performance Measures"** mean the data collected, analyzed and/or reported on regarding service delivery performance.

2.11 **"Strategic Priorities Action Plan"** reflects Council's key priorities and actions for their four-year Council term.

2.12 **"OurWinnipeg"** is Winnipeg's 25-year development plan.

3. Policy

3.1 This Policy builds on – but does not supersede - the legislative requirements for the City's budgets. A multi-year budget for a four-year time period beginning in the second fiscal year following a general election of members of Council shall be prepared and adopted by Council. In the first year of a budget cycle, Council shall adopt operating and capital budgets for that year and shall also adopt an operating budget projection for an additional three years and a capital forecast for the next five years, both of which must balance. In the remaining years of the budget cycle, Council must adopt annual budgets on the basis of operating budget projections and capital budget forecasts it previously approved, with adjustments to the projections and forecasts made as provided for in this Policy.

3.2 Legislative requirements for budgets

A. Annual operating budget - subsection 284(1) of the Charter states that before March 31 of each fiscal year, or such later day in the year as may be fixed for that year by the Lieutenant Governor in Council for the purposes of this section, Council must adopt an operating budget for that year.

B. Capital budget and forecast – subsection 284(2) of the Charter states before December 31 of each fiscal year, Council must adopt

a capital budget for that year and a capital forecast for the next five fiscal years.

C. Executive Policy Committee – subsection 62(1) of the Charter states that Executive Policy Committee must formulate and present recommendations to Council respecting budgets.

D. Expenditures – subject to subsection 288(2), subsection 288(1) of the Charter states the City may make expenditures only if they are provided for in the operating budget or capital budget of the City or otherwise approved by Council under the authority of this or any other Act.

E. Subsection 288(2) of the Charter states that, before the City's operating or capital budget for a fiscal year is adopted, Council may authorize expenditures to be made of amounts for operating or capital expenses, not exceeding in total 30% of the expenditures estimated in the City's operating and capital budgets for the previous fiscal year. The Expenditures Before Budget Adoption Bylaw No. 8164/2002 authorizes specific expenditures to be made prior to the adoption of the budget pursuant to this authority.

F. In adopting an operating budget, subsection 285(2) of the Charter states that Council must ensure that the estimated expenditures for a fiscal year do not exceed the estimated revenues for the year.

G. Subsection 286 of the Charter states that the capital budget of the City for each fiscal year and each five-year capital forecast of the City shall include estimates of the amount needed to acquire or construct each of the works proposed in the budget or forecast, and the anticipated sources of the amount needed for each of those works.

H. Subsection 29(1) of the Police Services Act states that to assist the council in developing the municipal budget, the police board must provide the council with:

   i. an estimate of the costs required to operate the police service in the next fiscal year; and

   ii. any additional information that the council considers necessary to enable it to assess the financial requirements of the police service.

I. Subsection 29(2) of the Police Services Act states that council is responsible for establishing the total budget of the police service.

J. Subsection 29(3) of the Police Services Act states that the police board is responsible for allocating the funds that are provided to the police service under the municipal budget.

3.3 In adopting the annual operating and capital budgets in years two to four of the budget cycle, Council must review the operating budget projection and capital budget forecast previously approved for that year, make adjustments to them (if any) in accordance with this Policy, and adopt them as the budget for that year.

3.4 Before adopting a budget in Years 2-4 of the budget cycle, Council may consider adjusting the approved operating projections and capital forecasts for reasons including:

A. **Legislative changes** – new or amended legislation or regulations with a financial impact to the City;

B. **Council direction** – a new Council direction that has been approved since the approval of the multi-year budget or to implement an existing Council policy;

C. **Cost or revenue driver changes** – a corporate or service area budget adjustment as a result of changes in economic or other conditions.

D. **Incremental operational impact of approved capital projects** within the multi-year year budget.

3.5 In-year budget amendments:

A. Operating Budget Amendment Process – Council approval is required to amend the net operating budget amount in the course of the year and to add new programs or remove programs from the budget. The Standing Policy Committee on Finance and Economic Development is authorized to approve the addition of budgeted amounts including reallocation of budgets for a purpose other than that set out in the budget to existing programming so long as the net operating budget amount is not increased.

B. Capital Budget Amendment Process – Only Council can approve any new capital project, whether funded by surpluses from other

projects or by new funding. Any required additional borrowing authority must be approved by the Minister of Finance of the Province of Manitoba and enacted through a by-law of Council. As per By-law 7100/97 clause 37.1 “Reallocation of funds provided in a capital budget in excess of the lesser of $100,000 or 25% of the base budget require the approval of the appropriate Standing Committee.” For departments or services that do not report to a Standing Committee, the Standing Policy Committee on Finance and Economic Development may approve transfers of budgets between existing capital projects. If the transfer is smaller than $100,000 or 25% of the budget being increased (whichever is lesser), the transfer can be approved by the Chief Financial Officer.

3.6 The Chief Financial Officer is authorized to make minor adjustments that are “housekeeping” in nature. These include the following:

A. increases to program expenditures in the operating budget that can be off-set by under-expenditures within the same program including, in limited circumstances, transfers from permanent salary to non-salary expenditures (e.g. expenditures incurred for contractors completing work that would otherwise be the responsibility of an employee whose position is vacant);

B. increases to operating expenditures within a program that are offset by revenues or recoveries directly associated with the expenditure increase;

C. transfers of up to $100,000 of capital project surplus by way of the non-specified account to an existing approved capital project without creating a new project or program. (Note: Tax-supported department non-specified capital accounts accumulate capital budget surplus cash to capital amounts);

D. redistribution of financing sources, including provincial funding, federal gas tax revenue, cash to capital, debt financing and others in accordance with Council-approved borrowing by-laws, provided the total approved capital financing is not exceeded, to ensure the most effective use and timing of financing sources.

E. re-stating the budget subsequent to adoption to reallocate amounts to reflect Council’s ratification of collective agreements, Council’s approval of decisions with budget implications, as well as Corporate cost reduction measures, including efficiency savings and the

impact of any decisions made in relation to vacancy management, if required, on a budget neutral basis.

F. Converting temporary full-time equivalent positions to permanent positions that are offset by increased revenues or recoveries and/or reduction in expenditure amounts.

3.7 In addition to the authority given in section 35.1 of the City Organization By-law, the Chief Administrative Officer is authorized to manage vacancies within City departments and administrative units within the scope of the annual operating budget without affecting the general level of public services as identified in the operating budget or overall civic staff establishment.

4. Budget Process

4.1 The guiding directive of the multi-year budget process is that, over the period of the four-year budget cycle, the City shall maintain a balanced budget.

4.2 In the first year of each multi-year budget cycle, under the oversight of the Budget Working Group, the Chief Administrative Officer shall ensure that the Public Service prepares draft operating and capital budget forecasts for the period of the budget cycle at current service levels subject to clause 4.2B.i below, and presents recommendations to the appropriate Committees and/or Budget Working Group for consideration and discussion.

A. In preparing the draft operating budget projections and capital budget forecasts, the Public Service shall consider the strategic priorities identified by Council and outlined in OurWinnipeg and its associated implementation strategies, as well as corporate and departmental strategic plans and Council's Strategic Priorities Action Plan; and

B. Proposals by the Public Service shall reflect

i. Council's priorities and guidelines which are achievable within the limits of approved budget guidelines that have been determined by the Executive Policy Committee; and

ii. Performance measures aligned to the strategic priorities noted in 4.2.A and relevant to the delivery of services.

4.3 In the first year of each multi-year budget cycle, the Chief Administrative Officer shall ensure that the Public Service considers the Major Capital Project threshold that is to be used over the period of the four-year budget cycle and, if necessary, presents recommendations for increases, decreases or other changes to the Major Capital Project threshold to the appropriate Committees for consideration and discussion.

4.4 The Committees shall consider the recommendations of the Public Service and forward the results of their deliberations and recommendations to the Budget Working Group.

4.5 The Budget Working Group shall consider the recommendations of Committees and/or the budget proposals from the Public Service.

4.6 The Budget Working Group shall propose a preliminary multi-year budget to the Executive Policy Committee, which must table it at a public meeting and forward it to Committees for their consideration of its implications within the areas of their jurisdiction.

4.7 The Executive Policy Committee shall receive and consider recommendations on the preliminary multi-year budget from the Committees and shall recommend the multi-year budget, with or without amendments, to Council for approval.

4.8 In Years 2 to 4 of a budget cycle, the Budget Working Group shall oversee the annual budget review.

4.9 In Years 2 to 4 of a budget cycle, multi-year budget publications or presentations shall be consistent with previous years but shall be flexible to adapt to changing environments and/or direction from Council.

5. Policy Review

This Policy shall be reviewed at a minimum after each budget cycle by the Chief Administrative Officer and be updated as deemed appropriate or required.

6. Responsibilities

6.1 **City Council** has the responsibility for overall budgetary policy and direction, strategic considerations as well as amendment of this Policy. Only City Council has authority to approve the annual operating and

capital budgets as well as operating budget projections and capital budget forecasts.

6.2 **Budget Working Group** shall review submissions from the Public Service and/or Committees as part of the multi-year budget development and annual adjustments and, based on those submissions, shall propose a draft budget to Executive Policy Committee.

6.3 **Executive Policy Committee** shall

A. approve budget guidelines and provide any supplemental direction to Committees and/or Budget Working Group on an annual basis or for the duration of the budget cycle;

B. table the preliminary multi-year operating budget and capital budget (including projections and forecasts); and

C. recommend a budget to Council for adoption.

6.4 **Committees** shall

A. consider presentations by the Public Service within their jurisdictions and provide recommendations for consideration by the Budget Working Group and/or Executive Policy Committee; and

B. hear delegations from the public concerning the areas within their jurisdictions of the budget and make recommendations concerning the preliminary budget to Executive Policy Committee.

6.5 **Chief Administrative Officer** shall oversee the Public Service' participation in the multi-year budget process.

6.6 **Public Service** shall

A. prepare and present to Committees, Budget Working Group, Executive Policy Committee and Council as a whole, long-term forecasts including consideration of OurWinnipeg goals, Strategic Priorities Action Plan, corporate and departmental strategic plans, and performance measures, as background information to Council's preparation of the four-year budgets.

B. provide the necessary analysis and information aligned with Executive Policy Committee budget guidelines and Council direction.