



Committee of the Whole Report

For the meeting of February 4, 2019

To: Committee of the Whole **Date:** January 31, 2019
From: Susanne Thompson, Deputy City Manager/Chief Financial Officer
Subject: Proposed Adjustments to the Draft 2019-2023 Financial Plan

RECOMMENDATIONS

That Council:

1. Provide direction regarding any funding allocations for items identified by the public or through responses to Council's motions passed during budget discussions.
2. Approve surplus funding for the following Council Commitments:
 - a. Citizens' Assembly \$250,000
 - b. South Island Prosperity Project \$220,000
3. Approve the following ongoing allocation of the remaining estimated \$2.174 million new property tax revenue from new development:
 - a. Any ongoing funding needs identified by the public or through responses to Council's motions during budget discussions, as determined by Council
 - b. Ongoing Supplemental Requests
 - i. Asset Management
 1. Asset Management Technician \$85,500
 2. Business Analyst \$102,000
 3. Work Order Administrator \$92,500
 - ii. Service Improvement and Corporate Initiatives
 1. Service Improvement Team (3) \$380,000
 - iii. Recruitment and Retention
 1. Disability Coordinator \$128,500
 2. Talent Specialist \$96,500
 - iv. Youth Initiatives
 1. Youth Leaders in Training Program \$20,000
 - v. Any VicPD ongoing supplementary requests
 - c. Additional Grant Request
 - i. Victoria Civic Heritage Trust 2%, \$2,250
 - d. Any remainder evenly shared between the Buildings and Infrastructure Reserve and the Vehicles and Heavy Equipment Reserve
4. Approve the following one-time allocation of the remaining estimated \$3.725 million 2018 surplus:
 - a. Any one-time funding needs identified by the public or through responses to Council's motions during budget discussions, as determined by Council.

- b. Supplementary Requests:
 - i. Managing Growth and New Development
 - 1. Secretary - Planning \$72,500
 - 2. Secretary - Legislative Services \$72,500
 - 3. Planner – Development Services \$107,250
 - 4. Planner – Parks \$107,250
 - ii. Managing Green Spaces
 - 1. Overnight Sheltering – Support and Clean-Up \$362,000
 - iii. Youth Initiatives
 - 1. Youth Strategy Coordinator \$30,000
 - iv. Any VicPD one-time supplementary requests
- c. Any remainder to the Buildings and Infrastructure Reserve
- 5. Direct staff to replace the Central Park Renewal Plan capital project with Laurel Point Park Planning and Design
- 6. Authorize up to \$4 million be borrowed, under Section 175 of the Community Charter, from the Municipal Finance Authority, for the purpose of vehicle fleet funding, and that the loan be repaid within five years, with no rights of renewal
- 7. Direct staff to bring forward the Five Year Financial Plan Bylaw, 2018, as amended, to the April 11, 2019 Council meeting

EXECUTIVE SUMMARY

The purpose of this report is to seek direction regarding adjustments to the draft 2019-2023 Financial Plan based on the feedback from public consultation before Council gives final approval to the Financial Plan Bylaw prior to May 15 as required by the *Community Charter*.

On December 13, 2018, following review and discussion, Council gave first reading of the 2019 Financial Plan Bylaw indicating preliminary approval and signalling to the public that Council had an opportunity to review the draft prior to commencing public consultation. The opportunity to provide feedback on the draft financial plan concluded on January 20, 2019. In addition to requesting feedback on the content of the entire draft Financial Plan, the City also sought feedback on how to allocate the 2018 surplus and the 2019 new property tax revenue from new development. Council directed staff to bring forward options, upon completion of public consultation, for the use of new property tax revenue from new development, 2018 surplus, and funding options for supplementary budget requests (Appendix A) and an additional grant request (Appendix B). During the budget meetings, Council approved shifting the Overnight Sheltering supplemental request from on-going funding to one-time funding. The ongoing supplementary requests now total \$905,000 and one-time requests total \$751,500.

The new property tax revenue from new development is estimated at approximately \$3.5 million. However, the amount available from this revenue is \$2.174 million as Council has already allocated \$500,000 to the Buildings and Infrastructure Reserve, \$239,000 to repay the Buildings and Infrastructure Reserve for the tenant improvements at the new library branch in James Bay, \$250,000 for 2 FTE's for the Strategic Real Estate Division, \$114,000 (\$90,000 plus pension, benefits and employer costs) for the Mayor's Office Support, and \$223,000 for two new positions for the Climate Action program. This new property tax revenue is likely to change before it is finalized due to assessment appeals that property owners file with BC Assessment. The final amount will not be known until the end of March.

The 2018 year-end is not yet complete, but the surplus (one-time revenue) is estimated at \$4.5 million. Council has already approved \$50,000 for the Victoria 2020 Francophone Games, \$55,000 for the 55+ Games BC 2021 and \$200,000 for the Medical Services Plan Premiums. In addition, Council commitments for a Citizen's Assembly up to \$250,000 and \$220,000 for the South Island Prosperity Project, should Council approve the funding from surplus, leaves a remaining balance of \$3.725 million to allocate.

Through the financial planning process, Council sets services levels and makes difficult funding decisions between competing priorities, including determining the merit of supplementary budget funding requests. Should Council wish to fund any supplementary requests, the ongoing requests are recommended to be funded by new development property tax revenue, and the one-time requests are recommended to be funded by 2018 surplus.

Three separate reports form part of today's agenda that will provide information for Council's review in preparation for the budget meetings scheduled in February. One report provides information in response to the Council Motions and draft Strategic Plan actions, and two separate reports summarize the consultation results from the survey, Town Hall and Summit. A summary of the public input will be included in the final Financial Plan.

The online survey shows that 50% of respondents indicated they were moderately or very satisfied with value for tax dollars, with 51% agreeing with the proposed 2.85% tax increase for City operations, 34% felt the increase should be reduced, and 15% felt the increase should be higher to address additional services or service levels. The majority or 63% of respondents indicated the Employer Health Tax should be funded from tax revenue from new development, 22% recommended a property tax increase and 15% suggested that the City cut current services levels. In terms of surplus, the highest response was to invest some surplus in reserves and some in new initiatives (50%), followed by saving for future infrastructure investment (41%) and investing in new initiatives (9%). For new property tax revenue from new development, the majority (52%) indicated a preference to save for future infrastructure investment, followed by a reduction to the tax increase (44%) and to invest in new initiatives (34%).

Any adjustments approved by Council will be incorporated into the 2019-2023 Financial Plan and the Five Year Financial Plan Bylaw, which is scheduled to be given second and third readings, and adoption in April once the final assessment data has been received from BC Assessment.

Tax notices will be sent out once the financial plan and tax rate bylaws have been adopted by Council.

PURPOSE

The purpose of this report is to seek direction regarding adjustments to the draft 2019-2023 Financial Plan based on the feedback from public consultation before Council gives final approval to the Financial Plan Bylaw prior to May 15 as required by the *Community Charter*.

BACKGROUND

Section 165 of the *Community Charter* requires that a financial plan be approved annually following public consultation as required by section 166. The financial plan must be approved before the tax rate bylaw is approved, and before May 15 as required by section 197.

The draft 2019 Financial Plan was developed based on Council's direction for a maximum tax increase of inflation plus 1% plus the cost of the new Provincial Employer Health Tax, as well as the City's Financial Sustainability Policy as the guiding document for budget development. Budgets were developed to maintain existing services and service levels; staff's recommendations on service level changes are presented as supplementary budget requests for Council's consideration.

The draft operating budget totals \$244.7 million and the draft capital budget totals \$118 million for 2019. The proposed budgets would result in an overall increase in property taxes of 4.30%, (2.85% for City operations and 1.45% for the Provincial Health Tax) combined with utility user fee increases, the total is 3.76% for the average residential property.

On December 13, 2018, Council passed the following motions, for which direction is sought today:

- Direct staff to bring forward options for the use of the remainder of new property tax revenue from new development (non-market change) upon completion of public consultation
- Direct staff to bring forward options for the use of 2018 surplus upon completion of public consultation
- Direct staff to bring forward options for funding supplementary budget requests upon completion of public consultation
- Direct staff to bring forward options for funding increased grant requests upon completion of public consultation

After detailed review and discussion, Council gave first reading to the Financial Plan Bylaw on December 13, 2018 prior to commencing public consultation that took place through an online survey and a Town Hall/eTown Hall part way thorough December and January. Building on the activities and tools used during the 2018 financial planning process, the process for 2019 included summary materials in print and online, the budget simulator, the property tax estimator and the budget video explaining municipal budgets. Three separate reports are part of today's meeting agenda which outline the results of the consultation and provide information in response to budget motions passed to-date and Strategic Plan actions.

ISSUES & ANALYSIS

Available Funding

New Property Tax Revenue from New Development (Non-Market Change)

Non-market change revenue is new property tax revenue resulting from new development that the City will be collecting on an ongoing basis each year. The Financial Sustainability Policy, as amended by Council in 2015, recommends that \$500,000 of new property tax revenue resulting from new construction be transferred to reserves.

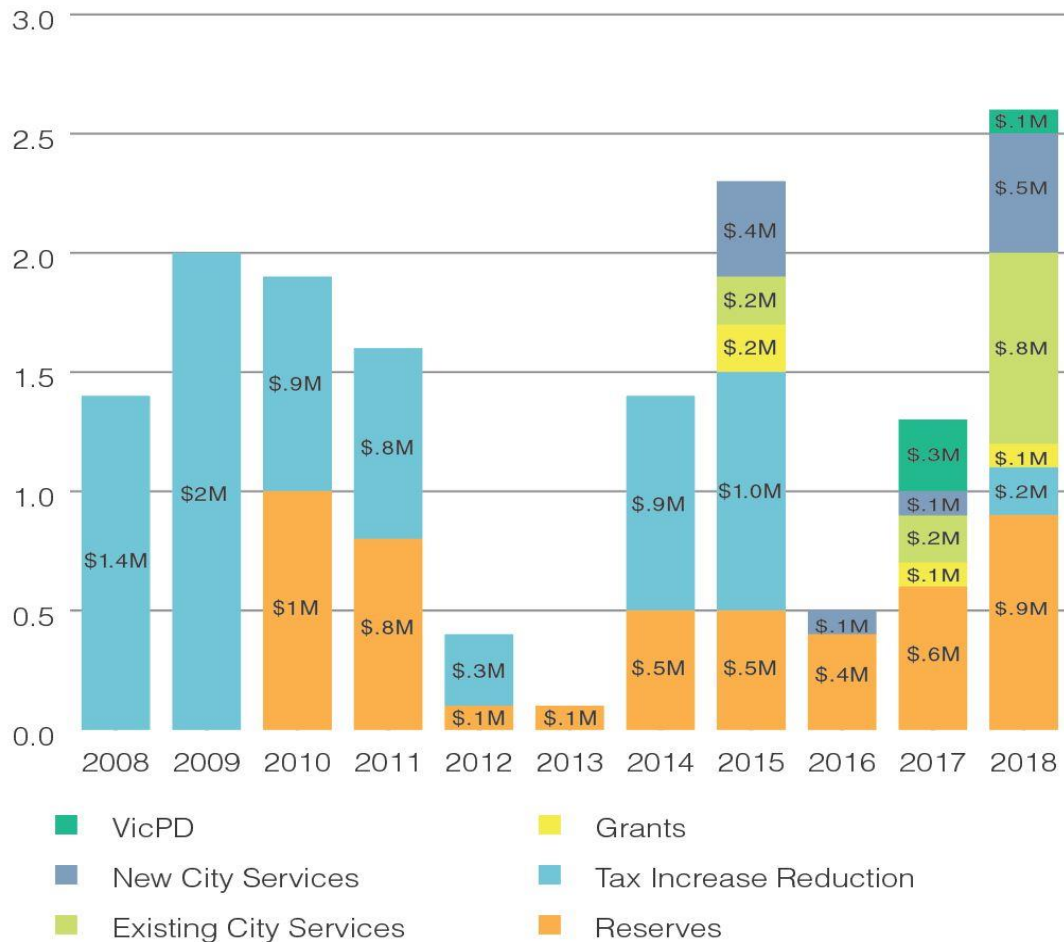
The most recent estimate is \$3.5 million, though this new estimate is likely to change again due to assessment appeals filed by property owners before the assessment roll is finalized in March. Council has already approved allocating \$500,000 to the Buildings and Infrastructure Reserve, \$239,000 to pay back the Buildings and Infrastructure Reserve for the new library branch in James Bay, \$250,000 for 2 FTE's for the Strategic Reals Estate Division, \$114,000 (including pension, benefits and employer costs) for the Mayor's Office Support, and \$223,000 for two new positions for the Climate Action program leaving \$2.174 million available to allocate.

The remaining estimated new property tax revenue from new development is equivalent to an approximate 1.7% reduction to the tax increase.

Over the last decade, Council has used the majority of the new tax revenue for capital investment (savings in reserves) and reducing the annual tax increase. Only a portion of this new revenue has been used to fund new services as illustrated in the graph below:

Assessment Growth (Non Market Change) Allocation

2008 to 2018



The following table outlines the allocation of new property tax revenue from new development for the last five years:

2014		2015		2016		2017		2018	
Reduce Property Tax Increase	\$868,845	Reduce Property Tax Increase	\$1,000,000	Real Estate Function	\$60,000	Police Budget	\$277,000	Buildings and Infrastructure Reserve	\$885,286
Buildings and Infrastructure Reserve	\$500,000	Buildings and Infrastructure Reserve	\$500,000	Buildings and Infrastructure Reserve	\$365,000	Buildings and Infrastructure Reserve	\$250,000	James Bay Library Operating	\$345,000
Total	\$1,368,845	Community Garden Volunteer Grants	\$36,000			Accessibility Reserve	\$250,000	James Bay Library Capital	\$198,000
		Interdisciplinary Team	\$300,000			Real Estate Function	\$135,000	Property Tax Decrease	\$197,234
		Downtown Community Centre Funding	\$50,000			Tree Care	\$128,000	Fire Prevention Officer	\$121,000
		Increase Community Centre Funding	\$100,000			Greening of Fleet	\$61,722	Police Civilians	\$114,814
		Solid Waste Garbage Collection and Waste Separation	\$55,000			New Gymnasium - 950 Kings Rd	\$49,000	Transportation Planner	\$104,000
		Village Centre Beautification (Banners)	\$10,000			Arts and Culture Support	\$25,000	Park Planner	\$103,000
		Traffic Calming	\$100,000			Community Garden Volunteer Coordinator	\$6,000	Building Project Administrator	\$99,000
		Sidewalk Maintenance Upgrades	\$80,000			Distribution of Mulch to Community Garden Operators	\$6,000	Sustainability Waste Management Engineer	\$99,000
		Real Estate Function	\$101,000			Victoria Heritage Foundation Grant	\$5,125	Correspondence Coordinator	\$87,000
		Total	\$2,332,000	Total	\$425,000	Victoria Civic Heritage Trust Grant	\$2,153	Graphic Design Support	\$81,000
						Medallion Challenge Trophy	\$500	Parks Natural Areas Support	\$63,000
						Total	\$1,195,500	Festival Investment Grant	\$50,000
								Community Garden Program	\$15,000
								Victoria Heritage Foundation	\$10,716
								Food Systems North Park Neighbourhood Association	\$6,000
								Victoria Heritage Trust	\$2,186
								Victoria Community Association Network Grant	\$900
								Community Garden Volunteer Coordinator Grants Inflation	\$864
								Total	\$ 2,583,000

2018 Surplus

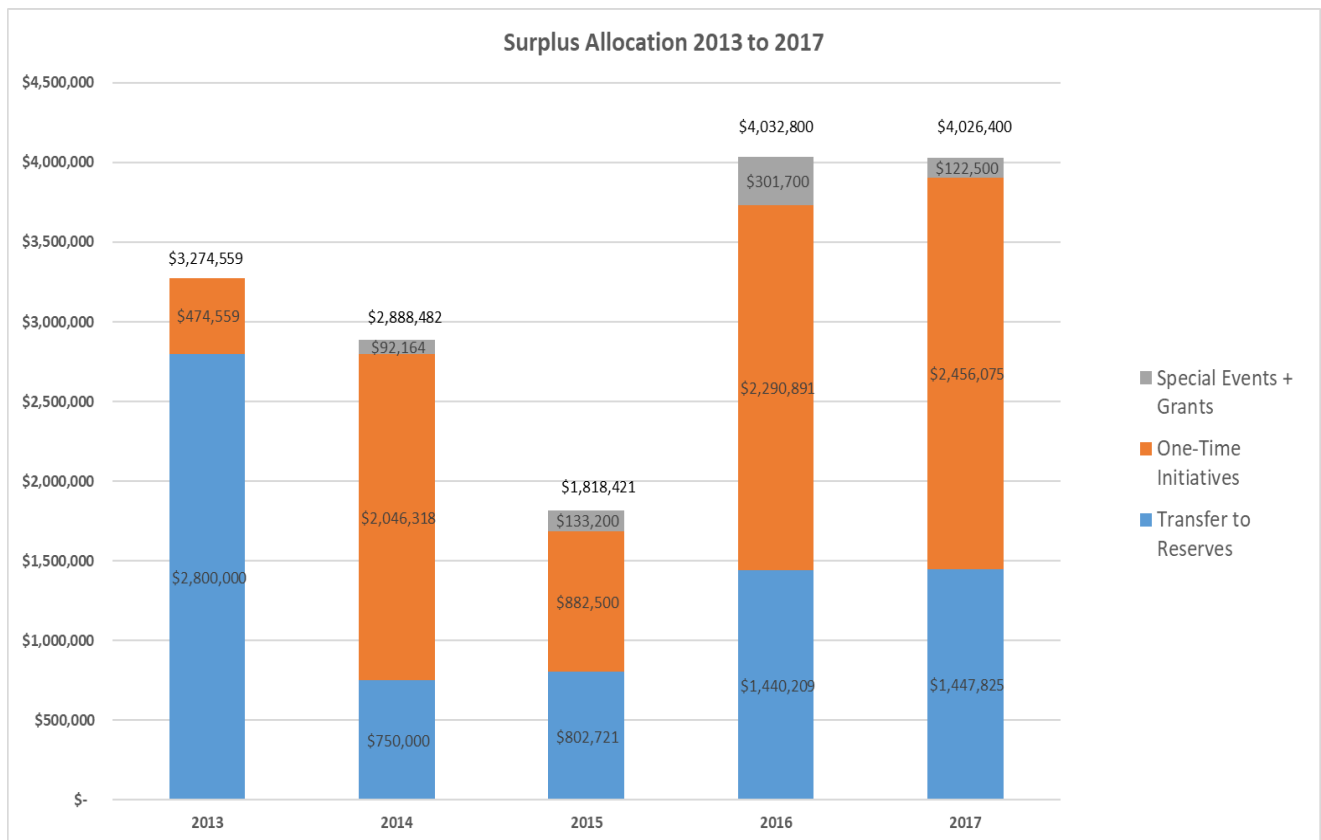
Surplus is one-time funding arising from the previous year's expenditure budgets being underspent or revenue budgets being exceeded, or a combination of the two. The Financial Sustainability Policy provides that prior year surplus can be used for one-time expenditures and/or is transferred to infrastructure reserves. The reason for this policy is to ensure that ongoing expenditure requirements are funded by ongoing revenues, not surplus which cannot be counted on annually.

To illustrate this rationale, the following very simplistic example shows that the increase is not eliminated, but rather deferred to the following year:

	Year 1 Municipal Taxes for Average Household	Year 2 Municipal Taxes for Average Household	Year 3 Municipal Taxes for Average Household
Taxes to pay for ongoing costs without current year increase		\$ 2,300	\$ 2,350
Current year tax increase needed to fund ongoing costs		\$ 50	\$ 50
One-time reduction using surplus		\$ (20)	\$ -
Tax bill	\$ 2,300	\$ 2,330	\$ 2,400
Tax increase \$		\$ 30	\$ 70
Tax increase %		1.30%	3.00%

The 2018 surplus is estimated at \$4.5 million primarily as a result of higher than expected revenues in parking, higher revenues for the Victoria Conference Centre, savings due to vacancies, and unspent contingency. As part of the report on 2018 Financial Statements coming to Council in April, finalized details about the 2018 surplus will be provided. Council has already approved one-time allocations of \$50,000 for the Victoria 2020 Francophone Games, \$55,000 for the 55+ Games BC 2021 and \$200,000 for the Medical Services Plan Premiums. Should Council fund the Citizens' Assembly (\$250,000) and the South Island Prosperity Project (\$220,000) through surplus, the remaining balance will be \$3.725 million.

The following graph table outlines the surplus allocation for the past five years:



2013		2014		2015		2016		2017	
Buildings and Infrastructure Reserve	\$ 2,800,000	Victoria Housing Reserve	\$ 750,000	Buildings and Infrastructure Reserve	\$ 552,721	Buildings and Infrastructure Reserve	\$ 1,440,209	Buildings and Infrastructure Reserve	\$ 482,609
Additional staffing to expedite planning applications	\$ 350,000	Buildings and Infrastructure Reserve	\$ 500,000	Parks Overnight Sheltering Support and Clean-Up	\$ 313,000	Accelerated Local Area Planning (2018-2019)	\$ 500,000	Vehicles and Heavy Equipment Reserve	\$ 482,608
Active Transportation Projects	\$ 124,559	Accessibility Capital Fund	\$ 250,000	Accessibility Capital Fund	\$ 250,000	South Island Prosperity Project (SIPP)	\$ 220,000	Greenways Acquisition Fund Reserve	\$ 482,608
Total	\$ 3,274,559	Emergency Management	\$ 250,000	Crosswalk Projects	\$ 200,000	Vulnerable Population Pilot Project	\$ 204,891	Victoria Housing Strategy Implementation	\$ 250,000
		Parks Master Plan	\$ 250,000	Arboriculture (Urban Forest Mgmt Plan Implementation)	\$ 128,500	Parks Overnight Sheltering	\$ 200,000	South Island Prosperity Project	\$ 220,000
		Expediate Local Area Plans	\$ 200,000	Cultural Plan	\$ 116,000	Parks Infrastructure	\$ 158,000	Mental Health Integration	\$ 216,575
		UBCM Conference	\$ 155,000	Senior Parks Planner	\$ 103,000	High Risk Tree Removal	\$ 150,000	Overnight Sheltering – Support & Clean Up	\$ 200,000
		Centennial Square Washroom Upgrades	\$ 125,000	Real Estate Function Consulting	\$ 100,000	Canada 150 Festivities	\$ 150,000	Neighbourhood Transportation Management	\$ 180,000
		Dallas Road Split Rail fence	\$ 125,000	Broad Street Mall Repairs	\$ 15,000	Songhees and Esquimalt First Nations Long House	\$ 110,000	High Risk Tree Removal	\$ 150,000
		Strategic Objectives Account (unallocated)	\$ 109,318	Sidewalk Power-Washing	\$ 15,000	Parks Planning Temporary Support	\$ 103,000	Heritage Planner (2 year term)	\$ 120,000
		Storage-Homeless Persons' Belongings	\$ 45,000	India Mela and Dragon Boat Society 80% FIG Grants	\$ 11,200	Victoria Housing Strategy Implementation	\$ 100,000	Engagement Advisor	\$ 109,000
		Concrete and Brick Pavers Intersection Maintenance	\$ 37,000	Traffic and Parking Improvements	\$ 8,000	Correspondence Coordinator	\$ 87,000	Downtown Public Realm Plan Implementation	\$ 105,000
		Strategic Plan Grants - additional funding	\$ 36,164	City of Victoria Youth Council Additional Request	\$ 6,000	Install Symbol of Lekwungen People	\$ 75,000	Community Benefit Hub (2 year)	\$ 100,000
		Western Canada Music Awards Grant	\$ 25,000	Total	\$ 1,818,421	Adaptive Management Framework	\$ 55,000	Downtown sidewalk cleaning & snow removal	\$ 99,500
		Strategic Plan Grants (unspent 2014 Greenways)	\$ 25,000			Temporary Moveable Child Friendly Play Feature In Centennial Square	\$ 50,000	Parks Arboriculture	\$ 97,000
		Island Transformations Railway Crossing Study	\$ 4,000			City Studio (2018-2019)	\$ 50,000	Speed Reader Boards	\$ 85,000
		VCAN Support	\$ 1,100			Public Works Master Plan	\$ 50,000	International Ice Hockey Federation World Junior Hockey Championship	\$ 70,000
		VCAN Support 2016 - First 6 Months	\$ 900			Seasonal Special Events Traffic Control Support	\$ 50,000	Secretary Planning	\$ 67,000
		Total	\$ 2,888,482			Solid Waste Management Strategy	\$ 50,000	Condition Assessment Pilot Project	\$ 60,000
						City's Truth and Reconciliation Commission Calls to Action Task Force	\$ 50,000	Inclusion Policy and Program	\$ 60,000
						Car Free Day (2018-2020)	\$ 45,000	Environmental Performance Audit	\$ 50,000
						Development Services Temporary Support	\$ 42,000	Professional Certification/Project Management	\$ 50,000
						Zoning Updates	\$ 30,000	Witness Reconciliation Program	\$ 50,000
						Youth Strategy	\$ 30,000	Accessibility Framework	\$ 40,000
						2017 Canadian Capital Cities Organization Annual Conference	\$ 20,000	Traffic Signal Timing Update Study	\$ 40,000
						Temporary installation of table tennis and chess tables in Centennial Square	\$ 11,000	Pioneer Square Archaeological Reporting	\$ 37,000
						Victoria Community Association Network	\$ 1,200	Extra Bridge Coverage	\$ 30,000
						Fairfield Community Centre - Insurance Administration	\$ 500	Single-Use Checkout Bag Regulation	\$ 30,000
						Total	\$ 4,032,800	Youth Strategy Liaison	\$ 30,000
								Youth Leaders in Training Program	\$ 20,000
								Step Code Implementation	\$ 10,000
								Ending Violence Association of BC	\$ 2,500
								Total	\$ 4,026,400

Annual Gas Tax Funding

The City receives annual funding from the Federal Government through their gas tax program. Each year, the amount received is transferred to the City's Gas Tax Reserve which Council approves allocations from through the annual capital plan. For 2015 to 2018, Council allocated funding for the David Foster Harbour Pathway implementation, storm drain brick main replacement, LED streetlight replacement, and new bike lanes in priority areas. The unallocated balance is currently \$3.289 million.

The City is required to report annually through the Union of BC Municipalities on which projects have been funded using gas tax and the Gas Tax Agreement outlines which types of projects are eligible. There are a number of capital projects that would qualify for this funding including the Bicycle Master Plan and David Foster Harbour Pathway. Staff are not proposing any allocation

from this reserve at this point since those programs are already funded to align with staff capacity. However, subsequent to the Climate Action workshop, initiatives identified may align with this funding source and staff will report back at that time.

Funding Considerations for Council

Council Commitments

On July 12, 2018, Council approved spending up to \$250,000 to establish a Citizens' Assembly to explore the costs, benefits and disadvantages of the amalgamation between the District of Saanich and the City of Victoria. During the 2018 election this question was asked with the electors voting in favour.

Council has committed funding for the South Island Prosperity Project. The annual funding of \$220,000 has been through surplus for the past three years.

The recommended funding source for these items is surplus.

Supplementary Requests and Additional Grant Request

The draft Financial Plan includes proposed funding to maintain existing services and service levels. Proposed service level changes are brought to Council as supplementary requests and summaries are attached as Appendix A. The annual financial planning process involves making difficult decisions between competing priorities. Council sets service levels and allocates funding to the approximately 200 services and over 200 capital projects the City provides through this process as well as determines the merit of each supplementary request.

A direct award grant organization, the Victoria Civic Heritage Trust is requesting a 2% or \$2,250 increase. This request is attached as Appendix B.

Should Council wish to fund any of these, the recommended funding for ongoing requests is new property tax revenue from new development, and surplus for one-time requests. Alternatively, Council could consider a tax increase as a funding source.

The table below outlines the estimated remaining balances for new property tax revenue from new development and surplus, in addition to the supplemental requests put forth by staff and the additional grant request.

Requests	2019 Ongoing	2019 One-Time
Estimated Funding Available	\$2,174,000	\$3,725,000
Supplemental Requests		
Asset Management		
Asset Management Technician	\$85,500	
Business Analyst	\$102,000	
Work Order Administrator	\$92,500	
Managing Growth and New Development		
Secretary - Planning		\$72,500
Secretary – Legislative Services		\$72,500
Planner – Development Services		\$107,250
Planner - parks		\$107,250
Service Improvement and Corporate Initiatives		
Service Improvement Team (3)	\$380,000	
Managing Public Green Spaces - Sheltering		
Overnight Sheltering – Support & Clean Up *Note 1		\$362,000
Recruitment and Retention		
Disability Coordinator	\$128,500	
Talent Specialist	\$96,500	
Youth Initiatives		
Youth Leaders in Training Program	\$20,000	
Youth Strategy Coordinator		\$30,000
Total Supplemental Requests	\$905,000	\$751,500
Victoria Civic Heritage Trust	\$2,250	

Other Considerations for the 2019 Financial Planning Process

A draft policy on Conflict of Interest Matters have been prepared (Appendix C) which outlines the procedures for Council to seek legal advice related to conflict of interest matters and the terms of reimbursement. If Council chooses to add this new budget, it is recommended that \$10,000 be funded from new property tax from new development.

Capital Budget Adjustment

Council has directed a change in the approach to delivering the Crystal Pool and Wellness Centre Replacement Project, shifting the proposed site from Central Park to the parking lot next to the City's arena. As outlined to Council during those discussions, the Financial Plan is proposed to be updated to shift the funding (\$80,000) from the Central Park Renewal Plan to the planning and design for Laurel Point Park.

Victoria Police

In addition to the above requests, as part of the financial planning process, VicPD put forward requests for additional funding – some ongoing and some one-time. The VicPD 2019 provisional budget presented to Council on November 27, 2018 is attached in Appendix D.

Remaining Funding

As outlined during the 2019 financial planning process, three asset areas require additional funding to maintain current service levels: roads, facilities, and fleet. In addition, the Climate Leadership Plan presented to Committee of the Whole on January 31, 2019, identified several opportunities for facilities, transportation and fleet. Therefore, it is recommended that any remaining funding, once Council has approved funding for any supplementary requests or Strategic Plan actions, be transferred to the Buildings and Infrastructure Reserve and the Vehicle and Heavy Equipment Reserve.

Borrowing Authority from Municipal Finance Authority

In the next five years, there are a number of larger aging vehicles that are scheduled for replacement, totalling approximately \$4 million. As identified in the November 2018 report on the draft financial plan, there is a funding gap for fleet. Staff have identified a funding option that would increase capacity to narrow that gap – namely short-term borrowing through the Municipal Finance Authority at a very low interest rate (approximately 2.7%). This would free up reserve funding that could, among other things, enable electrification of the fleet in the nearer-term. This short-term borrowing option requires a Council resolution providing authorization to staff to initiate. The City has used previous iterations of this MFA program in the past, specifically for very large purchases.

Public Consultation Input and Council Motions

During the budget and strategic plan meetings in November and December, Council passed a number of motions requesting additional information. Responses to these are also part of today's agenda, as are the reports summarizing the feedback from public consultation.

It is recommended that Council provide direction to staff to address the public feedback and any actions regarding the information provided in response to the Council motions passed during and after the strategic plan and budget discussions.

Some motions Council passed during budget deliberations provided direction for staff to action and some related to Council advocacy; these will be actioned or tracked. Some will be reported back on as part of future year budget processes; these are listed in Appendix E.

For Council's awareness, staff is intending on hiring 12 permanent FTE's for underground utilities using existing ongoing funding. This would increase the FTE count to 828.03. This is being actioned based on staff's interpretation of the following motion:

"That Council adopts the policy that the FTE count indicated in the Financial Plan for each department / division / business unit is approximate, meaning that the FTE count will not be

interpreted in a restrictive manner to prevent in-house delivery of services, subject to expenditures not exceeding the maximum budgeted amount for the relevant department / division / business unit.”

The discussion at Committee was regarding *temporary* hiring of staff, however, the motion does not specify this. Therefore, staff are bringing this to Council’s attention to ensure alignment with the intent of Council’s motion. Should Council wish that all permanent FTE additions be approved by Council, clarifying direction to that effect would accomplish this.

Next Steps

The following table outlines the remaining timeline for this year’s process.

Tentative Dates	Task
February 4, 5, 6, 11 and 12, 2019 Committee of the Whole	Present consultation results and seek direction on changes to financial plan.
April 11, 2019 Committee of the Whole	Final report on financial plan including incorporated changes; report on 2019 tax rates.
April 11, 2019 Council	Second and third reading of financial plan bylaw; first, second and third reading of tax bylaw.
April 25, 2019 Council	Adoption of financial plan bylaw and tax bylaw

Respectfully submitted,

Jo-Ann O’Connor
Deputy Director of Finance

Susanne Thompson
Deputy City Manager/Chief Financial Officer

Report accepted and recommended by the City Manager: _____

Date: _____

- Appendix A: Supplementary Operating Budget Requests
- Appendix B: Additional Grant Request
- Appendix C: Draft Policy - Obtaining Legal Advice on Conflict of Interest Matters by Council
- Appendix D: 2019 Police Provisional Budget
- Appendix E: Future Years Motions