



CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: August 9, 2011	
SUBJECT/REPORT NO: 2012 Budget Process & Draft Timeline (FCS11050) (City Wide)	
SUBMITTED BY: Roberto Rossini, General Manager Finance & Corporate Services	PREPARED BY: T. Hewitson (905) 546-2424 ext 4159
SIGNATURE:	

RECOMMENDATION:

That FCS11050, “2012 Budget Process and Draft Timeline”, be received for information.

EXECUTIVE SUMMARY

The 2012 budget process and draft timeline are submitted for Council’s information.

For the past two years, the tax budget process has consisted of the following structure:

- Step 1. Budget process, directions, guidelines = at General Issues Committee;
- Step 2. Departmental presentations and budget submission = at Standing Committees;
- Step 3. Final deliberations = at General Issues Committee / Council.

Feedback provided to staff by Councillors with respect to the current tax budget process has been mixed. Some Councillors indicate a preference for the current process as it provides an opportunity for the standing committee responsible for a program area to vet the budget submission prior to deliberation at GIC. Others see this step in the process as having little value added (rarely does a standing committee change a budget

before forwarding it to GIC), as it creates a disjoint of information and results in delaying approval of the budget.

An alternative process suggested by some Councillors and consistent with the process utilized for a number of years post-amalgamation, is to conduct all of the budget process at GIC. This process is seen as more inclusive and likely to result in a shorter approval timeline.

For Council's information, staff have prepared the associated timelines for both the current budget process and an alternative budget process (refer to Appendix "A" of report FCS11050). The first, Process "A", is a timeline based on the existing budget process which utilizes standing committees. By receiving this report for information, the existing budget process utilizing standing committees would be maintained for the 2012 tax operating budget. The alternative, Process "B", is a timeline based on a process utilizing GIC throughout.

The Rate and Capital budget processes have always utilized GIC and staff are not proposing any changes for the 2012 budget.

Staff are proposing a few refinements to the tax budget process for 2012 as follows:

- Earlier start date compared to 2011 when the election and labour relations strategy delayed commencement of the budget.
- Draft budget workshops be planned prior to committee deliberations. These workshops will be an opportunity for staff to present budget and supporting information typically requested by committee during the process. Council will have the opportunity to provide feedback on budget issues.
- Allocating two GIC meetings for Boards and Agencies to present their budgets. Previously only one meeting was scheduled resulting in difficult logistics for participants and often deferrals of presentations.
- Approval by March 31, 2012 utilizing the existing process (Process "A") or February 29, 2012 utilizing the alternative process (Process "B")

With respect to timeline, Appendix "A" of report FCS11050 identifies, at a high level, the process calendar for both the existing and alternative processes. The rate and capital (tax & rate) deliberations will be in December 2011, about a month earlier than the 2011 process. The tax operating budget will start with a Fall workshop, draft information dissemination in December 2011 as well as a second workshop. We would then proceed to Standing Committee in January (or GIC if the alternative process is directed). Public delegations and Boards & Agency presentations are scheduled for January as well. Approval of the tax budget is expected in late March utilizing the current budget process (Standing Committee).

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: N/A

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND (Chronology of events)

Prior to 2008, the City utilized Committee of the Whole (CoW) for all budget deliberations. A review of the process led to a change, with Budget Steering Committee and standing committees being incorporated. For the 2010 & 2011 budget, the budget steering committee was removed from the process and those responsibilities being referred to CoW.

POLICY IMPLICATIONS

There are no policy implications related to the recommendations within this report.

RELEVANT CONSULTATION

Staff have consulted with Council, Clerks and the operating departments in developing the process and timeline for the 2012 budget.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

2012 Proposed Budget Process

As indicated, staff have received feedback from Councillors and senior staff with respect to debriefing the 2011 budget process and suggestions for the 2012 budget process. Feedback was mixed, with some supporting the current process of submitting budgets to standing committee while others supported a return to the GIC focused tax budget process.

Prior to 2008, all budget discussion occurred at GIC. The process was often long and required many GIC meetings. In revising the process in 2008, it was hoped that the tax budget could be approved in a more expedient manner, with a reduction in meeting requirement and earlier approval. In 2008 and 2009, a budget steering committee was

utilized along with standing committees. In 2010 and 2011, the budget steering committee was removed from the process.

During the period 2008 to 2011, the revised process has not resulted in any material change in number of meetings or approval date. It is likely that the challenges faced while utilizing the CoW/GIC process prior to 2008 were not necessarily related to the process, but rather other factors such as a reliance on provincial one-time funding announcement and budgets that had a very high tax impact when submitted.

The following table highlights the pros and cons of the current budget process (“A”) and the alternative process (“B”):

Process	PRO	CON
Current Process “A” – Utilize GIC for budget guidelines/ standing committee for initial review and deliberations/ GIC for finalization	<ul style="list-style-type: none"> ○ Standing Committee members, who may be more aware of program issues for their program areas, get first opportunity to vet budget. ○ Could allow for more detailed discussions at standing committee 	<ul style="list-style-type: none"> ○ While budget info is provided to all Councillors (not just those on committee), information provided verbally to standing committee and related discussion would be missed by those not attending the standing committee meeting ○ Information requests are often repeated at each standing committee ○ Standing committees rarely amended budgets before forwarding to GIC
Alternative process “B” – Utilize GIC throughout the process	<ul style="list-style-type: none"> ○ More inclusive. All Councillors get same information at the same time ○ Less repetition of discussion that often occurs at each standing committee ○ Direction / information requests are not repeated as often occurs at standing committees ○ Likely earlier approval 	<ul style="list-style-type: none"> ○ No opportunity for standing committee responsible for a program to have detailed review of budgets ○ Larger quorum required may impede logistics of scheduling additional meetings if required ○ Could result in longer meeting times

2012 Proposed Budget Schedule

The proposed budget schedule for 2012 is identified in Appendix “A” to report FCS11050.

An added feature proposed for the 2012 budget process is to have operating budget workshops prior to formal deliberations. These operating budget workshops (similar to those held for the capital budget) would be used to discuss specific budget issues, topics, services, pressures, etc. identified as priorities by Councillors.

Information requests, which are normally dealt with at GIC or Standing Committees could also be handled through the workshops. These additional information requests typically deal with employee related costs, consulting, contracting and discretionary spending. This information would also be made available to all of Council and public that were not able to attend the workshops through the City’s network and/or website.

The rate and capital budget processes are expected to continue, similar to previous years, and is projected to be completed by December, 2011.

Staff will work with Clerks to incorporate the required budget meetings into the 2012 Committee Calendar expected to go forward in October, 2011. The proposed budget timeline is attached as Appendix A to this report FCS11050.

ALTERNATIVES FOR CONSIDERATION:

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Appendix “A” to this report FCS11050 identifies an alternative to the exiting budget process. Staff could be requested to investigate other alternatives and report back.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ More innovation, greater teamwork, better client focus
- ◆ Council and SMT are recognized for their leadership and integrity

Financial Sustainability

- ◆ Financially Sustainable City by 2020

APPENDICES / SCHEDULES

Appendix “A” – Proposed 2012 Budget Timeline.

Draft 2012 Budget Timeline**EXISTING PROCESS "A" – GIC / Standing Committee / GIC / Council**

Item	Projected Timeline
2012 Budget Process Report	July (2011)
2012 Tax Budget Guidelines & Outlook	September
2012 Tax Capital Workshops	September
2012 Tax Operating Workshop	October
2012 Tax User Fees & Transit Day	November
2012 Rate Budget	December
2012 Tax Capital Budget	December
2012 Tax Operating Budget	
Overview Presentation	December
Distribution of Draft Document(s)	December
Department workshops	December
Budget Submission	January (2012)
Boards & Agencies presentations	January
Public Delegations	January
Standing Committee deliberations	January / February
GIC Deliberations	February / March
Council Approval	March

ALTERNATIVE PROCESS "B" – GIC / Council

Item	Projected Timeline
2012 Budget Process Report	July (2011)
2012 Tax Budget Guidelines & Outlook	September
2012 Tax Capital Workshops	September
2012 Tax Operating Workshop	October
2012 Tax User Fees & Transit Day	November
2012 Rate Budget	December
2012 Tax Capital Budget	December
2012 Tax Operating Budget	
Overview Presentation	December
Distribution of Draft Document(s)	December
Department workshops	December
Budget Submission	January (2012)
Boards & Agencies presentations	January
Public Delegations	January
GIC Deliberations	January / February
Council Approval	February