City Manager’s Office

Budget Outlook – Pressures, Issues & Opportunities

Workshop #2 – 2012 Tax Operating Budget
General Issues Committee
November 17, 2011
1. 2011 Budget Variance Projections & Potential Implications for 2012

2. Additional 2012 Budget Issues and Opportunities

3. 2012 Draft Budget

4. Discussion - 2012 Departmental Priorities

5. Council feedback
2011 Variance Projection and Implications for 2012
## 2011 Budget Projected Variance

<table>
<thead>
<tr>
<th>Service</th>
<th>2011 Budget</th>
<th>2011 Projected Actual</th>
<th>$ Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration – City Manager</td>
<td>$1,209,940</td>
<td>$1,084,940</td>
<td>$125,000</td>
<td>10.3%</td>
</tr>
<tr>
<td>Audit Services</td>
<td>$658,560</td>
<td>$784,289</td>
<td>($125,729)</td>
<td>(19.1%)</td>
</tr>
<tr>
<td>Human Resources</td>
<td>$4,730,630</td>
<td>$4,724,130</td>
<td>$6,500</td>
<td>0.1%</td>
</tr>
<tr>
<td>Legal Services</td>
<td>$2,242,520</td>
<td>$2,492,520</td>
<td>($250,000)</td>
<td>(11.1%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$8,841,650</td>
<td>$9,085,879</td>
<td>($244,229)</td>
<td>(2.8%)</td>
</tr>
</tbody>
</table>

“( )” – Denotes unfavourable variance
2011 Budget Variance Explanation

- Gapping (CMO & HR)
- Rental & Facility Charges (Audit & HR)
- Expert witness fees for Planning matters (Legal)
Implications for 2012

• Major variance items that may have implications for 2012
  
  – Expert Witness Fees
    • This is a risk factor, and the unbudgetted expenditures for the past three years have been:
      • 2009 - $140,438
      • 2010 - $392,622 *
      • 2011 - $261,286 **

* Impact to then net levy was $219k
** YTD – as at November 15, 2011
Additional 2012 Budget Issues & Opportunities
2012 Budget Pressures / Challenges

- Major pressures
  - Employee Related Costs $400k

- Operating impacts from capital *
  - Lease costs for Suite 400 (77 James St N)
    $118k

- Council referred items – potential impact
  - Audit Services

* - Operating impacts from capital are budgeted corporately pending approval
2012 Budget Opportunities

- Budget savings (efficiencies/revenue/cost avoidance)
  - Consulting $ 7,120
  - Contractual $12,780
  - Financial $ 9,500
  - Materials & Supplies $ 5,000
  - Other $ 4,750
2012 Draft Budget
## 2012 Draft Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>2011 Budget*</th>
<th>2012 Draft</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration – City Manager</td>
<td>$1,286,750</td>
<td>$1,299,442</td>
<td>$12,692</td>
<td>1.0%</td>
</tr>
<tr>
<td>Audit Services</td>
<td>$658,560</td>
<td>$696,992</td>
<td>$38,432</td>
<td>5.8%</td>
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<tr>
<td>Human Resources</td>
<td>$4,730,630</td>
<td>$4,802,368</td>
<td>$71,738</td>
<td>1.5%</td>
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<tr>
<td>Legal Services</td>
<td>$2,678,260</td>
<td>$2,821,204</td>
<td>$142,944</td>
<td>5.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$9,354,200</td>
<td>$9,620,005</td>
<td>$265,805</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

*Restated
Discussion – 2012 Budget Priorities
2012 Budget Priorities

• Maintain services with minimal impact to the net levy
• Expand services & service levels provided by Audit
• Advance the Council approved priorities in the SMT Work Plan
  - Strategic Plan
  - improve workforce management and administrative oversight
  - build organizational capacity
  - enhance employee engagement
  - lead Collective Bargaining