

TBM 2025 DRAFT Budget

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2025 DRAFT Budget High Level Commentary

- In 2023, I provided staff and Council with a 22-page list of comments and questions, but received no reply from Council! Not even acknowledgement of my letter from Council members!
- 2025 Draft Budget is still void of Fiscal restraint that was evident in 2023 and 2024. TBM has a spending problem not a new revenue tools problem!
- Start with Council seat reduction to 5 as a starter and symbol of Council's interest in finding savings! Propose a By-law that cuts Council member salaries by 10X any proposed levy increase.
- No evidence of the use of zero-based budgeting tools. Most departments use 2024 budget line as the starting point and ignore 2024 actuals. Also, little effort to set meaningful and measurable performance targets for departments.
- The executive summary speaks to core services but that immediately translates that into a core budget perspective. Services may be core, **but the budget attached to these services is not!!** Once labeled core, Council seems to assume that service delivery modifications to deliver at a lower cost are off the table. They fall within the definition of "committed expenses".
- Inappropriate and unsustainable use of the reserve funds to avoid any staff reductions in market sensitive businesses – Planning, Engineering and Building Departments.

2025 DRAFT Budget High Level Commentary

- Major contributors to the increase is the salaries and benefits increase of 9.4% or \$1.98M. Largest contributor is COLA at \$667 K and Grid update to 60% percentile - \$641 k. Grid update is blamed on the need to attract staff, but this action will only perpetuate a never-ending cycle of adjustments to base costs - We go to 60% - others follow and then we are back to 50% or less and on it goes. Endless constant increases with no performance pay options.
- There is a new “Strategic Initiative“ Department at \$229K? What is that and what is their job?
- New “Urban Forest “ Department on the section “request above the Base” - \$518K!! Why is this a department as opposed to a culture change for all departments to follow?
- No reference to Supplementary Assessment revenue or assessment base at all!!! How can you have a “levy walk” without any discussion of assessment and assessment adjustments? From my calculations, TBM did a good job finding missing assessments – generated approx. \$1M additional tax revenue (already included in total revenue.) Need to highlight the additional revenue this also generated for the County (approx. 50% of the County total Supplementary).

Fiscal Restraint?

- Bank of Canada is using monetary levers (interest rate increases) to dampen economic demand. But why should that demand dampening only be felt in the private sector???
- Governments of all levels now represent over 60+% of GDP, so their control of spending is critical to controlling overall demand and inflation in the economy.
- Why is TBM not showing some fiscal restraint to match the restraint being imposed on taxpayers?
- Setting tax increases to just below a high inflation trend is not showing restraint!

Zero-Based Budgeting

- **Totally abandoned the use of zero-based budgeting – Departments build 2025 Budget on the Approved 2024 Budget with little reference to 2024 actuals and worse, no reference to meaningful and measurable performance measures past or present**
- **What is a proper zero-based budget process:**
 - **IGNORE PRIOR BUDGET!!! START WITH A CLEAN SHEET OF PAPER**
 - Begin by identifying service levels to be provided by departments. Some may be core or mandated but the service level is mandated not the cost to deliver:
 - Requires:
 - detailed listing of service levels and the setting of priorities for each Department,
 - Setting performance standards,
 - Setting of performance monitoring procedures
 - This exercise DOES NOT REQUIRE THE ENGAGEMENT OF CONSULTANTS!!!!
 - Assess various methods to deliver those set service levels:
 - think outside the box,
 - Consider partnering with other municipalities and or the private sector
 - Cost the service delivery model and determine affordability
 - Return to first step if affordability not achieved

Development Engineering Budgeting

- Missed Windfall Phase 6 on the list of projects or files. Generally, TBM do a poor job properly administering all components of a Development Agreement. No one appears to have responsible for active management of these agreements outside of the engineering components. Management of the file is by complaint only it seems at best
- 2024 YTD revenue \$325,948 vs 2024 Budget of \$2,104,944. 2023 actual was \$800,515. So what is supporting the 2025 budget of \$2,048,593? I realize revenue is bumpy but are this budget is not reading the marketplace very well. There is no reference to the fact that this Budget will draw in the Building department reserves to fund this cycle.
- Salaries 2024 YTD \$415,133 so what supports the 2025 budget of \$815,382? Double of salary costs in a stagnant building market??

Staffing Budgeting

- Major contributors to the overall increase is the salaries and benefits increase of 9.4% or \$1.98 million.
- Largest contributor is COLA at \$667 K and Grid update to 60% percentile - \$641 k.
- The grid update is blamed on a need to attract staff, but this is not sustainable. We go to 60%, then others follow and then we are back to 50% or less and on it goes. Endless constant increases with no performance pay options. Performance pay is not even discussed any more!

Consulting Services Budgeting

- Consulting growing from actual 2023 of \$132,902 to YTD \$327,086 (\$1,128,950 budget) to 2025 budget of \$2,457,470!
- These are funded primarily from reserves so while not a drain on the current levy, it is indirectly so because of transfers to fund these reserves past and present. Where did that money come from? It came from a base levy that is now permanent!
- Why are these tasks not internalized? Stop the transition of staff from task performers to task supervisors.

Capital

- Capital soft costs are out of control:
 - Capital Project Management is \$41,565,016 or 38% of the total capital budget. This hides additional soft costs (primarily consulting costs) buried in the other capital costs or prior budgets.
 - Have previous soft costs (engineering) been added to the total capital cost line – are they included or excluded from the “Spend To Date” column on page 118? If not, then the true cost of projects are not properly reported. (see “Thornbury Water Treatment Plant Upgrades – Engineering” on page 118. Will that line be added to the eventual project cost when identified for budgeting?)
- Project timelines/cost to complete:
 - There is no reporting of whether projects are on time and budget
 - What is the cost to complete risk if any, especially for projects that so not yet have shovels in the ground?
- Remember that capital reserves were an in-year budget item in prior budgets (transfers to capital reserves) and tends to “hard wire” base budget costs. Soft cost escalation needs to stop and the trend reversed.