

Budget Review Committee 2023/24

Finance

Presented by: Finance
Presented to: CEO/CFO
Date: August 9, 2022



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Agenda

1. Strategic Highlights & Strategic Objectives 2023/24 thru 2025/26
2. Operating Expense Budget Request
3. Staffing Budget Request
4. Additional items
 - *Corporate Services & Capital Budget*
5. Questions

Finance- Strategic Highlights & Strategic Objectives

- Continued implementation of IFRS17 – effective for 2023/24
- Restructuring the Finance Division to include two new directorates:
 - Financial Planning & Analysis
 - Finance Transformation
- Increase capability in forecasting & financial planning
- Ongoing Nova support
- Prepare for ERP replacement
- Cityplace retail repositioning

Budget Highlights:

- *Requesting 11 new FTE positions within the division to support Nova, IFRS, & Finance transformation*
 - *3 Directors (FP&A, Transformation, Reg Affairs)*
- *Significant reduction in Moneris processing charges*
- *Continuation of Phase 1 CityPlace redevelopment work*

Budget 2023-24

Expense Budget



Finance – 2023/24 Expense Budget Changes

Finance Division	2022/23 Budget	2023/24 Budget Changes	2023/24 Budget Request
Salaries & Overtime	10,965,921	2,405,960	13,371,881
Corporate Benefits	41,094,983	131,251	41,226,234
Sub-total Compensation Expenses	52,060,904	2,537,211	54,598,115
Data Processing	64,260	-7,506	56,700
Special Services	2,985,200	760,552	3,745,752
Building Expenses	8,657,090	-8,813	8,648,277
Printing, Stationery & Supplies	108,920	-37,192	71,728
Postage	4,495,655	317,231	4,812,886
Regulatory/Appeal Expenses	4,337,792	-10,160	4,327,632
Travel & Vehicle Expenses	-194,683	131,704	-62,979
Grant in Lieu of Taxes	1,927,525	3,485	1,931,010
Furniture & Equipment	370,284	75,028	445,312
Merchant, Credit & Debit Card & Bank Fees	10,637,622	-1,213,769	9,423,853
Miscellaneous	1,625,094	1,554	1,626,648
Depreciation of Capital Investment	5,398,684	344,955	5,743,639
Grand Total	92,474,347	2,894,280	95,368,627

Finance – 2023/24 Expense Budget Significant Line Items

Account	2022/23 Base Budget	2023/24 Budget Change	2023/24 Budget Request	Key Items
Salaries & Overtime	10,965,921	2,405,960	13,371,881	<ul style="list-style-type: none"> 11 net new positions as described in subsequent slides (9 perm/2 term)
Corporate Benefits	41,094,983	131,251	41,226,234	<ul style="list-style-type: none"> Proposed Corporate benefits will increase based on the additional FTE requests Overall corporate benefits by type have remained consistent with prior year
Special Services	2,985,200	760,552	3,745,752	<ul style="list-style-type: none"> IFRS 17 Support ~\$400K for Actuarial/IFRS support work., and Corporate capital tax. \$1M increase to build capacity within Finance function.
Postage	4,495,655	317,231	4,812,886	<ul style="list-style-type: none"> Based on current usage and run-rates
Merchant, Credit & Debit Card & Bank Fees	10,637,622	(1,213,769)	9,423,853	<ul style="list-style-type: none"> Continue work with Moneris and the bank to draw down fees. Revised calculation as budget was higher than planned in previous years. Bank to bank channels will be increased to further decrease fees
Depreciation of Capital Investment	5,398,684	344,955	5,743,639	<ul style="list-style-type: none"> Function of previous accumulation

Budget 2023-24 Staffing Budget



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Finance - 2023/24 Staffing Changes

Normal Operations:

Subdivision/ Department	2022/23 Approved Budget	2023/24 Budget Request	2024/25 Budget Request	2025/26 Budget Request	Increase / (Decrease) from 2022/23 Approved Budget	2023/24 Perm FTE	2023/24 Term FTE
Corporate Controller							
Financial Reporting	12	13	13	12	1	12	1
Accounting Services	32	35	35	35	3	33	2
Financial Operations	12	13	14	14	1	13	-
Corporate Controller	6	11	11	11	5	11	-
Budgeting & Project Accounting	10	11	11	11	1	11	-
Total - Corporate Controller	72	83	84	83	11	80	3
Corporate Services							
Premises & Administrative Services	19	17	17	17	-2	17	-
Corporate Services	7	10	10	10	3	10	-
Asset Management	8	8	8	8	-	8	-
Total - Corporate Services	34	35	35	35	1	35	-
Regulatory Affairs	3	4	4	4	1	3	-
Subrogation	37	35	32	29	-2	35	-
Value Management	3	3	3	3	-	3	-
Grand Total	149	160	158	154	11	157	3

FTE Change details explained on the slides that follow

Finance- 2023/24 Additional FTE's

Summary of FTE Requests:

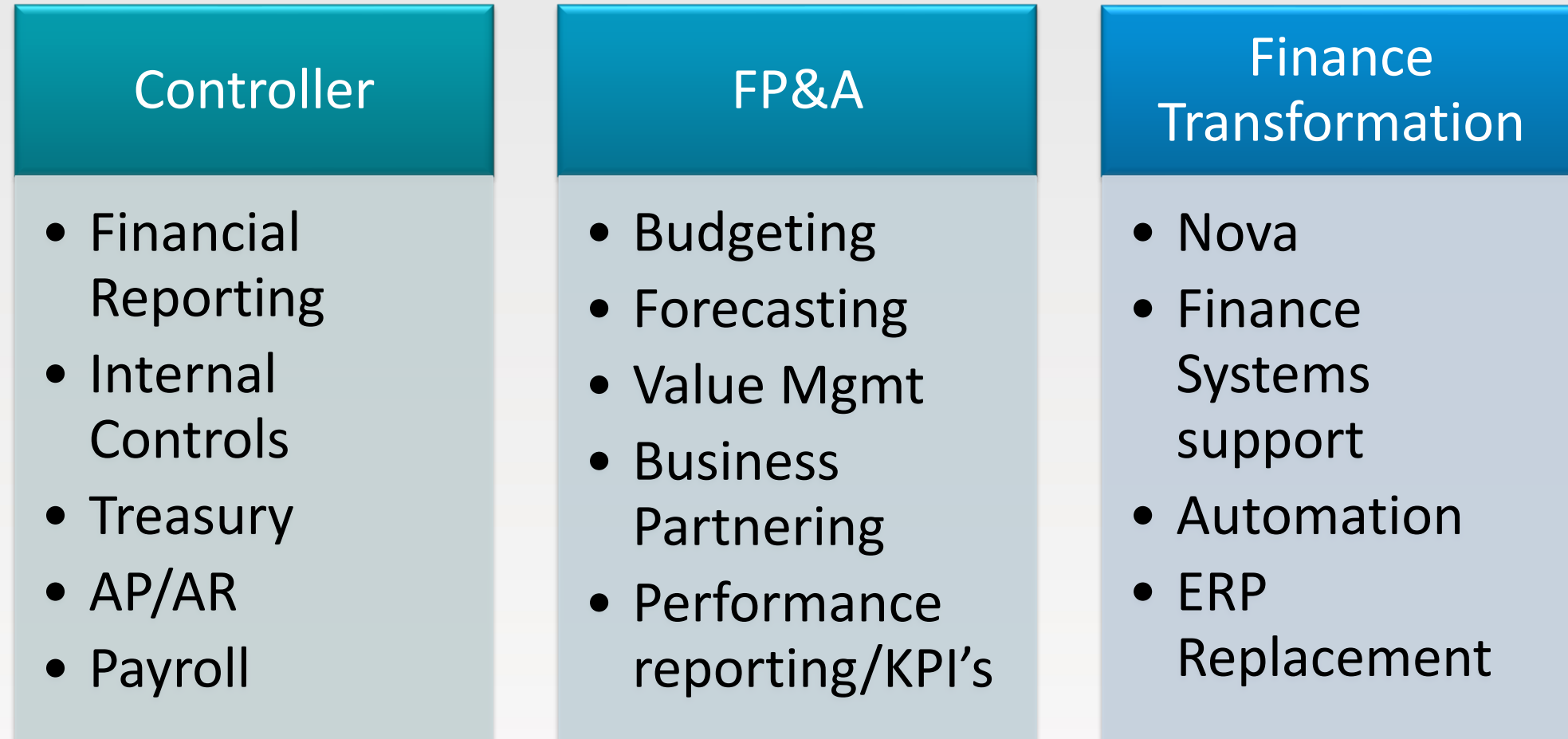
# FTE	Department	Position
+1.0	Financial Reporting	<ul style="list-style-type: none"> Accountant required for IFRS 17/Nova transition in build up of the required financial models and the required model calculation changes. Capacity for automation services within financial reporting/succession planning.
+3.0	Accounting Services	<ul style="list-style-type: none"> Controls Analyst to build and grow the Level 1/2/3 controls reporting. The controls analyst will serve the overall financial controls of the organization. 2 term payroll to perform retro-calculations for collective bargaining [6 months].
+1.0	Financial Operations	<ul style="list-style-type: none"> Nova related reporting requirements and gatherings for billing streams. This will be a term position overall and will be used to build R2/R3.

Finance- 2023/24 Additional FTE's

Summary of FTE Requests:

# FTE	Department	Position
+5.0	Corporate Controller	<ul style="list-style-type: none"> Finance Transformation: <ul style="list-style-type: none"> Director FP&A, Director Transformation, Manager FP&A, Analysts x2
+1.0	Budgeting & Project Accounting	<ul style="list-style-type: none"> Additional Finance business Partner
+1.0	Corporate Services	<ul style="list-style-type: none"> Net new Sustainability Coordinator
+1.0	Reg Affairs	<ul style="list-style-type: none"> New Director of RA given legislation to streamline process has not materialized

Finance Future State



Subrogation

Summary of FTE Requests:

		2023 FTE Baseline	2023 FTE Adj	2023 FTE Budget Request	2024 FTE Budget Request	2025 FTE Budget Request
Subrogation - 2023/24 FTE Budget						
	TOTAL	37.00	(2.00)	35.00	32.00	29.00

- Elimination of two vacant positions through attrition in 23/24 budget
- Anticipated future efficiency gains due to legislation changes (Claims Dispute Tribunal and streamlined recovery for insureds in breach) in 24/25+
- Opportunities for automation and best practices to be explored

Operating Expense Summary – Departmental

	2022/23 Approved Previous year Budget	2023/24 Submitted Budget	2023/24 Approved Budget	Notes
(038) Corporate Services	296,078	387,000		Increase (Ongoing) <ul style="list-style-type: none"> • \$75K Contractor Safety • \$100K Safety Mgmt System • \$96K Ergo • \$25K for Net Zero Plan • \$91K Misc dept budget
(005) Admin Services	4,729,068	5,009,002		Increase <ul style="list-style-type: none"> • Departments initiating special mailouts • Overtime costs – following MGEU with On Call and after-hours projects - Does not include Amort, Compensation
(072) Asset Mgmt (less depreciation)	23,589	29,435		Increase <ul style="list-style-type: none"> • Additional projects after hours • Depreciation of Furniture and Wall Systems
Depreciation	542,265	693,917		-- Does not include Amort, Compensation
Total	5,526,790	6,119,354		

Operational Expense Summary – Fleet Vehicles, Equipment & Buildings

	2022/23 Approved Previous year Budget	2023/24 Submitted Budget	2023/24 Approved Budget	Notes
Corporate – Travel & Fleet Vehicles	1,488,857	937,738		<ul style="list-style-type: none"> - # of fleet vehicles Decreased from 136 to 130 in 2022/23 (Savings on parking and insurance) - Travel expenses are now managed by the individual departments (-490K) (Also in fleet: 1 skid steer; 7 trailers; 3 misc equipment)
Corporate – Equipment	9,000	0	0	- No planned equipment purchases
Premises (Buildings)	16,255,801	16,856,780		<ul style="list-style-type: none"> - 300K increase associated to snow removal - Security costs moved under operational budget

Breakdown of Building Operations Budget

Account	2022/23 Approved Previous year Budget	2023/24 Submitted Budget	2023/24 Approved Budget	Detail
Buildings Basic Operations	3,997,860	4,741,710		This part of budget stays stable in order to run the buildings <ul style="list-style-type: none"> - Snow removal increase - Security Budgets moved under operations
Major Projects	400,000	425,000		<ul style="list-style-type: none"> - 50K King Edward bathroom remodel - 28K St. Mary's Garage flr repairs - 20K Portage Refresh - 22K Beausejour Refresh - 210k Plessis Asphalt repairs - 15K Pembina reconfig - 80K Arborg Roof repairs
Monthly Parking	-303,750	-303,750		-
Downtown Biz	99,000	86,400		- Square footage reduction
CAM/Tax	3,798,580	3,658,931		- Reduced CAM costs – cityplace
Property / Business Tax	2,388,175	2,299,450		- Includes 460,650 for Main Interest Expense
Security	966,000	1,114,000		- Guards located at City Place; Main SC; Plessis PDC
Special Services	246,500	218,000		Breakdown on next page

Special Services Account

Account	2022/23 Approved Previous year Budget	2023/24 Submitted Budget	2023/24 Approved Budget	Detail
Plessis Bldg B	100,000	100,000		- Building use analysis (One time cost not implemented 2022)
Bldg (110, 118, 120)	76,100	47,600		- Bldg Appraisals (every 5 years)
cityplace	39,500	2,500		- Material Levy; misc
Plessis Compound	45,400	45,900		- Soils & water testing and Fire Protection
Multiple bldgs		22,000		- Waste Audits
Total	246,500	218,000		

Capital Summary

	2022/23 Approved Previous year Budget	2022/23 Reforecasted Budget	2023/24 Submitted Budget	2023/24 Approved Budget	Notes
Capital – Buildings	9,283,956	14,784,559	5,596,457		- Buildings only - Includes Space Plan 22/23 – \$13,997,590
Capital – Fleet	526,678	526,678	507,589		*fleet detail on following slide
Total Directorate Budget	9,708,134	15,311,237	6,104,046		

Fleet Breakdown

The Fleet requirements are driven by operational needs:

Service Delivery (32% of Fleet):

- Driver Education
- DX
- Driver Training

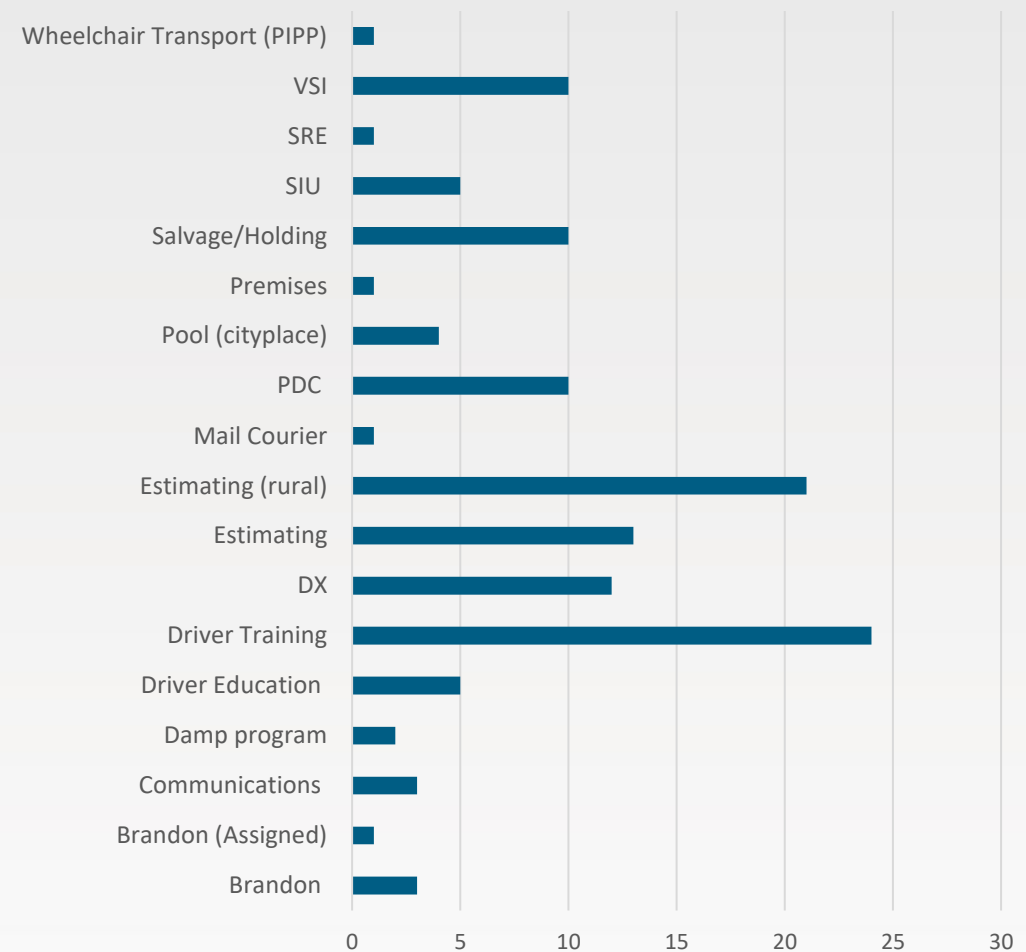
Physical Damage (14% of Fleet):

- VSI
- Research Estimatrics (PDC)

Physical Damage Claims (46% of Fleet):

- Estimating
- SIU
- Salvage

Fleet Allocation



Cityplace Capital Summary

	2023/24 Submitted Budget	Notes
Cityplace non recoverable structural	\$1,777,533	Includes Roof Replacement
Cityplace non recoverable equipment	\$2,122,059	Includes building automation, sprinkler projects, Chiller, Heating and Cooling Coil replacement
Cityplace modernization projects	\$4,714,938	Mall Repositioning project (Phase 1 approved \$7.48)
Cityplace Tenant Fit up	\$3,866,728	-MPI space plan -5 th and 6 th floor tenants
Totals	\$12,481,259	

FTE Budget

	2022/23 Approved Previous year Budget	2023/24 Submitted Budget	2023/24 Approved Budget	Notes
(038) Corporate Services Safety & Security	7	8		Net new Sustainability Coordinator
(005) Admin Services: Premises Warehouse & Mailroom	19	17		2 Reallocated back to (072)
(072) Asset Management	8	10		Reallocated 2 positions back from (005)
Total Directorate Budget	34	35		

Corporate Services Key Initiatives



CITYPLACE ASSET MANAGEMENT

- **cityplace repositioning strategy**
- **Workplace 2.0 (cityplace space plan)**

SAFETY, SECURITY & ENVIRONMENT

- **Sustainability Strategy**
- **Workplace Safety & Health Program**

PREMISES/ADMINISTRATIVE SERVICES

- **Fleet Optimization**
- **Facilities Utilization Analysis**
- **Workspace 2.0 Analysis (all facilities)**

Questions?



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