

OFFICE OF THE DCM/CFO

Service Level Review

September 24, 2013

Agenda

1. Program Map & Overview
2. Service Review
 - ✓ Finance & Administration
 - ✓ Corporate Finance
 - ✓ Financial Planning
3. Priority Actions
4. Issues, Challenges & Potential Solutions

Program Map

Office of the DCM/CFO

To ensure effective use of the Corporation's financial resources by providing sound financial management and advice; maintaining financial control; developing and implementing effective financial strategies; and by providing timely, accurate and efficient services to Divisions, Agencies, Council and the public.

Finance & Administration

Financial Management
& Program Support

Organizational
Management
Consulting

Executive Leadership
(DCM/CFO)

Corporate Finance

Investment & Debt
Management

Insurance & Risk
Management

Financial Strategies,
Analysis and Policy
Development

Financial Planning

Financial Planning &
Management

Financial Reporting &
Control

Program Overview

- 2013 Approved Staffing Complement: 125 approved positions (94 Operating and 31 Capital)
- Provide financial leadership, stewardship and oversight of the City's financial and physical resources
- Invest the City's \$5.9 billion investment portfolio
- Manage the City's \$4.8 billion gross and \$2.8 billion net debt portfolio
- Insure \$14.0 billion worth of property
- Annually review, analyze and recommend multi-year Operating and Capital Budgets and Plans that meet affordability targets and Council's established priorities for 47 City Programs and Agencies that:
 - ✓ deliver over 150 services and associated service levels (2013 Tax and Rate Supported of \$10.8 Billion), and
 - ✓ maintain, improve and grow the City's capital infrastructure that support the delivery of City services (2013 Tax and Rate Supported Budget of \$2.9 Billion and 2014 – 2022 Capital Plan of \$21.6 Billion)

Program Overview

- Manage City's development charges system which yields over \$150 million annually
- Manage the City's Budget decision making process including enabling civic engagement activities through multiple channels: Councillor Town Hall meetings, forums, budget website, communications and publications
- Provide financial strategies, analysis and advice on fiscal, operational, service and infrastructure matters that impact the City's financial performance and budgets
- Monitor, control and report on the City's financial performance on a quarterly and as required basis
- Provide corporate financial analysis, risk assessment and policy development on a variety of key strategic initiatives and special projects
 - e.g. casino assessment, transportation revenue tools, monetization of assets, waterfront development & tax and rate financing policy development
- Provide financial management and program support to Internal Services programs

Finance & Administration

Key Service Levels:

Activity	Service Levels			
	2011	2012	2013 Projection	2014 Proposed
Capital & Operating Budget Submission	Annually	Annually	Annually	Annually
Capital & Operating Budget Variance Reporting	Quarterly	Quarterly	Quarterly	Quarterly
Purchasing Document Processing	3-5 business days	3-5 business days	3-5 business days	3-5 business days
Payment Processing	3-5 business days	3-5 business days	3-5 business days	3-5 business days
Time & Attendance Reporting	Bi-weekly	Bi-weekly	Bi-weekly	Bi-weekly

Corporate Finance

Key Service Levels:

Activity	Service Levels			
	2011	2012	2013 Projection	2014 Proposed
Investment Management	1,094 Transactions	1,021 Transactions	968 Transactions	1,150 Transactions
Debt Management	2 debt issues/year 3 credit rating agency reviews	2 debt issues/year 3 credit rating agency reviews	1-2 debt issues/year 3 credit rating agency reviews	1-2 debt issues/year 3 credit rating agency reviews
Insurance & Risk Management	6,413 claims opened 6,239 claims closed	5,189 claims opened 5,183 claims closed	12,000 claims opened 9,000 claims closed	5,700 claims opened 5,700 claims closed
Financial Analysis (Bid Committee)	352 reports reviewed for financial impact/budget \$1.8 Billion	414 reports reviewed for financial impact/budget \$1.3 Billion	360 reports reviewed for financial impact/budget \$1.4 Billion	360 reports reviewed for financial impact/budget \$1.5 Billion
Financial Strategy	Tax, Water, Garbage rates updated annually	Tax, Water, Garbage rates updated annually	Tax, Water, Garbage rates updated annually	Tax, Water, Garbage rates updated annually
Development Charges By-Law	Updated every 5 years	Updated every 5 years	Updated every 5 years	Updated every 5 years

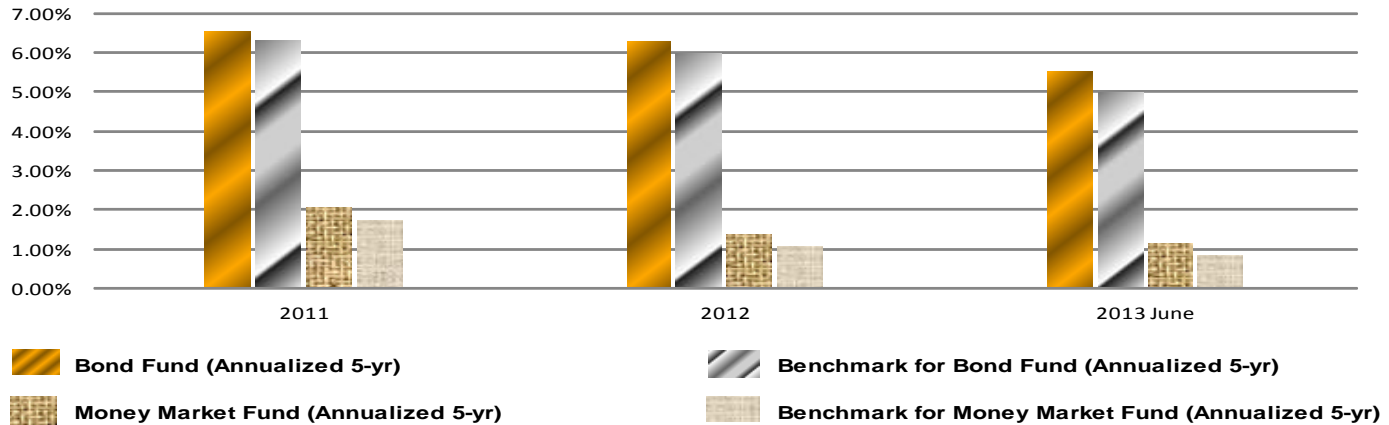
Financial Planning

Key Service Levels:

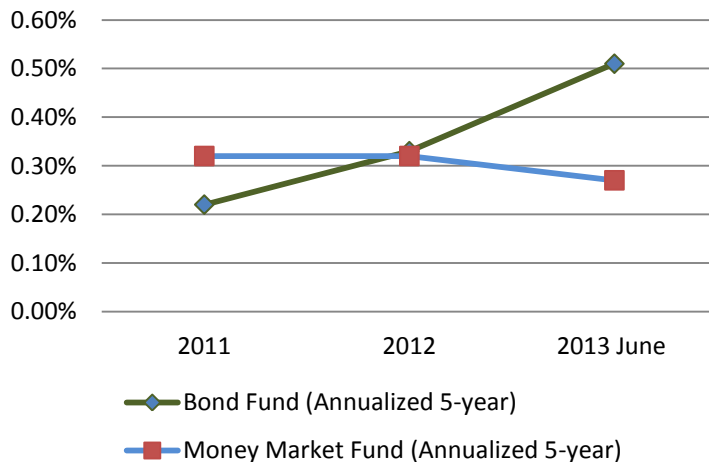
Activity	Service Levels			
	2011	2012	2013 Projection	2014 Proposed
Capital & Operating Budget Council Approval	Annually and in accordance with Council mandates within first quarter of the fiscal year	Annually and in accordance with Council mandates within first quarter of the fiscal year	Annually and in accordance with Council mandates within the 1st month of the fiscal year	Annually and in accordance with Council mandates within the 1st month of the fiscal year
Budget Decision Support	Released at least 24 hours for notes and 7 days for reports prior to Council / Committee meetings 100% of the time	Released at least 24 hours for notes and 7 days for reports prior to Council / Committee meetings 100% of the time	Release at least 24 hours for notes and 7 days for reports prior to Council / Committee meetings 100% of the time	Release at least 48 hours for notes and 7 days for reports prior to Council / Committee meetings 100% of the time
Financial Advice - Intergovernmental and stakeholder relations including media, public & Council	Reports to Committees/Council and responses to stakeholders prepared within prescribed timelines 100% of the time	Reports to Committees/Council and responses to stakeholders prepared within prescribed timelines 100% of the time	Reports to Committees/Council and responses to stakeholders prepared within prescribed timelines 100% of the time	Reports to Committees/Council and responses to stakeholders prepared within prescribed timelines 100% of the time
Capital & Operating Budget Variance Reporting	Quarterly within 45 days of period closing	Quarterly within 45 days of period closing	Quarterly within 45 days of period closing	Quarterly within 45 days of period closing
Financial Reporting & Control	Reviewed 1,576 Reports	Reviewed 1,550 Reports	Review over 1,550 Reports	Review over 1,600 Reports

Performance of City's Investment Funds

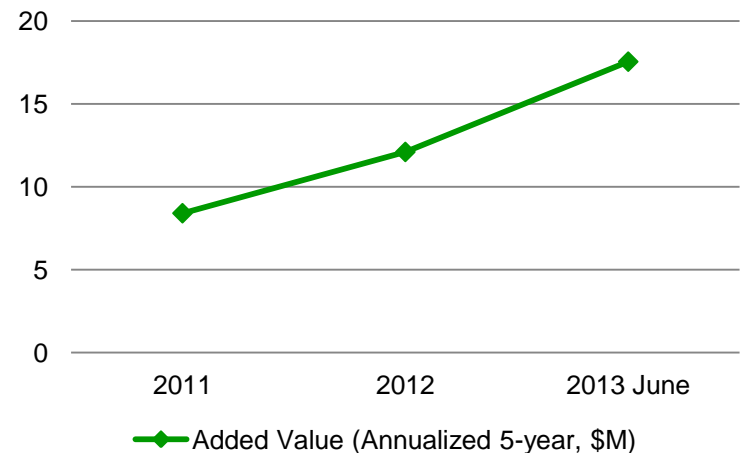
City's Investment Funds' Returns vs Benchmarks Returns



Added Return% Compared to Benchmarks



Total Added Value (vs Benchmarks)



Benchmarks: RBC Dexia 3—Day T-Bill Return Index & RBC Dexia Government Universe Bond Index

Priority Actions

- Deliver a sustainable, balanced 3-Year Operating Budget and a 10-Year Capital Budget and Plan
- Continue implementation of Financial Planning, Budgeting and Reporting System project to transform the City to service-based budgeting, linking funding of services to outcomes
- Complete a comprehensive development charge background study and present revised By-Law for Council consideration and adoption as well as managing the Development Charge program
- Update and expand the Financial Control By-Law to include best and leading practices
- Enhance Councillor and Public engagement in the Budget process
- Undertake financial research and support of large City building projects (e.g. Long Range Transit Plan, Portlands Redevelopment)
- Implement the insurance claims process improvements recommended by the City's Ombudsman for processing third party liability claims under \$10,000

Issues & Challenges

- Completing work on closing the funding gap on the City's operating budget while addressing growing demands for service expansion and escalating costs to deliver current service levels
- Addressing dual impact of rising state-of-good repair backlog and growth demands creating capital funding challenges
- Renewing a long-term financial plan that delivers sustainable service delivery and reliable infrastructure with a modest impact on tax payers
- Enhancing transparency and accountability of the City budget
- Escalating City liability settlements and related costs
- Managing staff attrition in the workforce

Potential Solutions

- Continue streamlining and re-engineering service delivery processes that will reduce the cost structure and maximize non-tax revenue sources
- Develop an updated Long Term Financial Plan to provide insights and recommendations to address long term financial sustainability issues
- Implement service-based and performance focused multi-year planning and budgeting that:
 - ✓ establishes service level priorities to guide the City's budget process,
 - ✓ provides a multi-year fiscal and performance plan for the delivery of City services'
 - ✓ articulates the cost of City services and associated performance information, and
 - ✓ improves accountability to Council and the tax payers regarding City services, their value and the decision making(budget) process for these services.
- Continue to monetize City assets and other non-debt strategies to generate funding for unmet capital needs and to help offset new debt requirements

Potential Solutions

- Lower City insurance claims expenses in the future through:
 - Hiring more internal legal staff to reduce reliance on external litigation costs
 - Better oversight on insurance claims processing
 - Develop proactive risk management strategies to lower claims activity in the future
- Managing staff attrition through proactive staff development and succession planning programs