

REPORT
Office of the Chief Administrative Officer
Finance

To: Mayor Johnstone and Members of Council
Date: May 8, 2023

From: Lisa Spitale
Chief Administrative Officer
File:

Harji Varn
Director of Finance

Item #: 2023-304

Subject: Approach for Budget 2024 Engagement & Budget Timelines

RECOMMENDATION

THAT Council endorse the Engagement Objectives outlined in this report, and

THAT Council endorse the 2024 Budget Timelines and associated 2024 Budget Engagement Approach as outlined in this report, including online engagement on Be Heard and targeted workshops with underrepresented groups.

PURPOSE

This report presents a recommended approach for community engagement on the City's 2024 Budget, planned within a budget and engagement best practice timeline.

BACKGROUND

On November 14, 2022, Council onboarding and orientation sessions commenced for the new Council. Due to the onboarding, the annual Five Year Financial Plan and Budget timelines were shifted to allow for comprehensive and effective Council onboarding.

On April 24, 2023, Council adopted the Five Year Financial Plan, which included the approval of the 2023 annual Budgets and associated rates.

The shifting of the annual budget timelines did have an impact on community engagement to help inform the 2023 Budget, and staff worked to draw on community input from the 2022 and 2021 budget processes in order to develop the 2023 Budget.

Throughout the Budget 2023 process, staff heard Council's desire to engage the community in the budget process, and to encourage participation from more voices and seldom-heard voices in the engagement.

On April 3, 2023, Council passed the following resolution:

Be it resolved that early in the 2024 budget process, community engagement staff lead a structured consultation including an online survey component with the goal to involve a representative sample of the community in determining priority areas for future capital budget spending. Be it further resolved on the aforementioned motion no decision be made regarding the Growing Community Fund until a report back to Council on the engagement consultation Process.

BUDGET TIMELINES & APPROACH

The 2024 Budget timelines are based on a budget best practice approach, which aims to have the Draft Five Year Financial Plan to Council before the New Year, working collaboratively with Council and incorporating community feedback. The Draft Five Year Financial Plan includes the annual Budget and associated Utility and Property Tax Revenue Rate Increases.

In order to be successful in incorporating the results of community engagement, staff acknowledge that time is of the essence with less than eight months to complete the full 2024 Budget cycle. The timelines will need to allow time to:

- conduct engagement;
- analyze the input and report back on engagement;
- develop the draft Utility, Capital and Operating Budgets that incorporate community input;
- conduct workshops with Council on each of these three budgets;
- prepare the comprehensive draft budget; and
- provide an opportunity for public comment on the draft budget as required by legislation.

The table below outlines the estimated key dates around the 2024 Budget, which incorporates the public feedback and Council input via open Council workshops:

Date	Description
8-May-23	2024 Budget Engagement Framework & Timelines
11-Jun-23	Quarter 1 Operating & Capital Performance Report
11-Sep-23	Quarter 2 Capital & Operating Performance Report
28-Aug-23	2024 Engagement Results: What We Heard Report
16-Oct-23	2024 Capital Budget - Open Council Workshop
30-Oct-23	Quarter 3 Capital & Operating Performance Report
6-Nov-23	**2024 Utility Budget Workshop - Open Council Budget
6-Nov-23	2024 User Fees (Three Readings)
20-Nov-23	**2024 Proposed Service Enhancements & Tax Rates Options
27-Nov-23	**2024 Operating General Fund Budget - Open Council Budget
27-Nov-23	2024 User Fees (Adoption)
27-Nov-23	2024 Utility Rates (Three Readings)
11-Dec-23	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Presentation)
11-Dec-23	2024 Utility Rates (Adoption)
13-Dec-23	2024 DRAFT Budget & 5 Year Bylaw post on City Website/Paper
8-Jan-23	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Three Readings)
29-Jan-23	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Adoption)
26-Feb-23	Quarter 4 - Capital Carryforward Adjustment Report - Prelim Y/end

** Special Council Meetings

Key Engagement Principles

In recent years, public engagement on the City’s budget has taken place in the fall. Moving forward, to align with the budget best practice timelines, staff recommend that community input be gathered *before* City departments begin drafting their budgets. This demonstrates authentic engagement and gives staff the best opportunity to consider and incorporate community input into their draft budgets. This timeline means engagement results must be tabulated and shared with staff across the organization by August at the latest.

Public engagement best practice also suggests that active engagement (collecting input) should not take place in July and August, given that many residents take vacations out of town during this time, and generally community members’ attention is more likely focused on recreation and outdoor activities during the summer months.

Given these principles, staff are working towards a budget engagement best practice timeline to have all active engagement completed before the end of June each year.

Staff will be working towards this goal for the 2025 Budget, and are proposing an approach for the 2024 Budget engagement to largely meet this timeline.

Engagement Objectives

Engagement planning begins with setting objectives for the engagement process. Objectives outline what we are planning to achieve through the engagement process, and point the way forward for the questions we want to ask the public. These objectives are then the foundation for planning all engagement activities (techniques).

Working collaboratively with the Senior Management Team, Public Engagement staff have developed the following objectives for the 2024 Budget Engagement:

1. To inform New Westminster residents and business operators about:
 - a. the context for the City's 2024 budget: Council's new strategic priorities; financial sustainability principles; existing plans, policies and strategies; streams of revenue (Growing Community Fund), etc.
 - b. highlights from the 2023 budget
 - c. Budget 101-level overview: where their tax dollars go, difference between operating, capital and utility budgets, etc.
 - d. constraints and trade-offs in shifting budget priorities – i.e. limited staff capacity to deliver projects, balancing responding to today's requests with planning and saving for the future, etc.
2. To seek input from New Westminster residents and business operators on their level of support for Council's strategic priorities as a guiding principle for how the City's budget is structured and how funds are allocated.
3. To seek feedback on residents' and business' level of support for the City's financial principles, and its efforts to balance meeting the needs of today with planning for the future.
4. To seek input on how residents and businesses would rate the overall value they receive for their tax dollars.
5. To ask residents' and business' tax increase tolerance for 2024 – as it relates to service levels and inflation. (Note: this same question was asked in the 2021 and 2022 budget surveys)
6. To seek input on residents' and business' preferences for measures to balance the City's budget – i.e. reduce or cut services, increase taxes, increase fees, combination of taxes and fees, etc.
7. To seek residents' and business' input on priorities for future capital spending, within different categories of capital projects – i.e. priorities within the different types of transportation projects, priorities within new facilities and facility improvements, priorities within parks and recreation capital projects, etc.

Objective 7 responds to Council’s April 3rd motion to involve the community in helping to identify priorities for future capital spending. Staff are seeking Council’s endorsement of the engagement objectives as outlined.

Budget 2024 Engagement Approach

To achieve the Engagement Objectives outlined above, including responding to Council’s April 3rd motion, staff are recommending the following engagement activities for the 2024 Budget:

1. Be Heard New West project page and Online Survey: June 2023

Finance and Public Engagement staff will work collaboratively to develop a Be Heard project page similar to those from [Budget 2022](#) and [Budget 2021](#). The page will include a variety of information, in different formats, and an online survey. Depending on the specific engagement questions developed as directed by the objectives, additional tools such as a discussion forum may be used to collect input.

The survey will be promoted through a variety of methods, including: social media posts (both paid and unpaid), a Be Heard email newsletter to more than 3,500 subscribers, the CityPage e-newsletter and newspaper notices, etc.

Staff’s goal is to launch the project page and online survey in early June, and the active engagement would run for a minimum of three weeks.

2. Targeted Outreach and Workshops with Under-Represented Groups: June-August 2023

In response to Council’s request for a “representative sample” to be a goal of Budget 2024 engagement, staff’s recommended approach is targeted outreach to demographics that we know are underrepresented in our current Be Heard New West membership. Primarily, this includes renters and racialized community members. Youth (age 19 and under) are also underrepresented on Be Heard; however, staff suggest that youth not be included as a target group for Budget 2024 engagement given the constrained timelines and the timing of engagement in relation to the school year. If desired, reaching youth can be a focus of future budget engagement activities.

Public Engagement staff will reach out through existing relationships and leverage other networks through community partners and non-profits to invite renters and racialized community members to workshops or other small-group sessions. Honorariums would be offered for participants.

It is important to note this activity will *not* result in a representative sample for the Budget 2024 engagement; please see the section below for more information.

This method of engagement is relationship-based, and therefore is resource intensive and takes time. Given this, staff suggest that the targeted outreach and small-group workshops continue through June, July and early August to give time for this work. While July and August are not ideal timing to conduct active engagement, this approach will still allow engagement results to be shared with staff (and Council) prior to departments developing their draft budgets.

In addition to the engagement activities outlined above, staff are exploring potential methods to more actively include community members in the Council Budget Workshops that are anticipated for October and November 2023. We will continue exploring this opportunity and provide an update to Council in the coming months.

Council's Request for a "Representative Sample"

Council's April 3rd motion includes the goal of reaching a representative sample for the 2024 Budget engagement. Staff would like to clarify that public engagement is not designed to result in a representative sample, and therefore this is not a realistic goal. Public engagement is designed as participation by choice: the project sponsor (in this case, the City) does its best to communicate the decision to be made, how it may impact people, and how they can share their input. Once people have this information, they must opt-in to participate.

A separate process is required to reach a representative sample – namely, public opinion research. Public opinion research, such as the work delivered by Ipsos, Angus Reid, and similar polling firms, is distinct from public engagement.

The City has hired polling firms for such research from time to time – most recently, to conduct a representative sample customer satisfaction survey by telephone for New Westminster Electric. Public Engagement and Finance staff have discussed the possibility of conducting public opinion research as part of the City's annual budget process, as some other cities do. These polls are typically focused on customer satisfaction for City services overall, and staff recommend that the City starts to build this into our budget process with polling supplementing public engagement every few years or so.

More work is needed to develop a recommended process that includes polling for Council's consideration, and this will also result in a budget request to hire an external polling firm. In staff's experience, polling starts at approximately \$15,000 for a short questionnaire and a sample size of approximately 500 residents and 200 business operators. Staff's suggestion is to work towards including public opinion research in next year's budget process for the 2025 Budget.

In the meantime, the 2024 Budget Approach outlined above includes targeted outreach to increase participation by under-represented groups and help provide more diverse perspectives in the conversation. Again, this will not achieve a representative sample.

However, this approach helps the City move towards more balanced representation, which staff believe is aligned with the spirit of Council's motion.

Suggested Approach for Next Year

The Senior Management Team recognizes that budget best practice timelines for the 2024 City Budget, and key engagement principles, mean that there is limited time to conduct public engagement for the next budget. The approach outlined above is ambitious and will be challenging for staff; however, staff believe the outlined activities can be achieved as described.

Moving forward, the Finance team will continue working towards the best practice of budget timelines and approach, and engagement planning will begin earlier and be integrated into best practice timelines.

Finance and Public Engagement staff recommend that public opinion research (polling) be incorporated into the budget process next year for Budget 2025, in addition to public engagement, and staff will be including a budget request for this work in the next budget. In addition, staff will explore other ways to build on the public engagement approach outlined above to potentially include additional engagement activities in next year's process.

FINANCIAL IMPLICATIONS

Specific to public engagement around the 2024 Budget, staff are estimating \$4,000 for external spends, which would include honorariums and refreshments for the targeted outreach workshops. Funding is available within the 2024 Approved Public Engagement Operating Budget.

Staff are also forecasting cross-departmental efforts to support with the public engagement and to incorporate and prepare for Council budget workshops in the fall. This will be managed with existing staff workplans and will be led by the Financial Services and Public Engagement teams.

As outlined above, staff expect to include a budget request in the 2024 Budget for public opinion research as part of the Budget 2025 process.

INTERDEPARTMENTAL LIAISON

The Senior Management Team has discussed this approach and supports the achievable approach as outlined in this report.

OPTIONS

The following are options for Council's consideration:

1. That Council endorse the Engagement Objectives outlined in this report, and
2. That Council endorse the 2024 Budget Timelines and associated 2024 Budget Engagement Approach as outlined in this report, including online engagement on Be Heard and targeted workshops with underrepresented groups.
3. Provide alternate direction to staff.

Options #1 and #2 are recommended.

APPROVALS

This report was prepared by:
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This report was reviewed by:
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This report was approved by:
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