

# Frequently Asked Questions

## What is a multi-year budget?

The *Municipal Act, 2001* authorizes a municipality to prepare and adopt a budget covering a period of two to five years. The Municipality of Chatham-Kent has chosen to utilize a four-year period.

Rather than approving a budget annually, Council approves budgets for the next four years, subject to annual re-adoption, to establish funding in support of achieving Council's Strategic Plan.

## What is the benefit of a multi-year budget versus a single year budget?

- Provides clarity to short-term decisions and the impact they have on the organization long-term;
- Alignment of longer-term goals and objectives with longer-term funding plans;
- Greater certainty is provided to taxpayers/residents about the future direction of taxes and the timing of implementation of the Council approved Strategic Plan;
- Improved accountability and transparency over spending plan changes; and
- Prioritization principles aligned with service delivery principles that include:
  - Risk profile,
  - Degree and speed of implementation,
  - Balancing competing needs across various strategic areas of focus, and
  - Impact to the community.

## Can Council or administration add or remove budget requests in each year of the multi-year budget?

Yes, in years 2 to 4, changes can be made to the budget, however a new budget item(s) should meet one of the 3 criteria outlined below in order to be added.

- a) New or Changed Regulation – A new or changed legislation or regulation with a financial impact to the municipality.
- b) New Council Direction – A new Council direction that has transpired after the approval of the multi-year budget.
- c) Cost or Revenue Driver – A corporate or service area budget adjustment as a result of changes in economic conditions.

## If a budget item is added in an update year, how will it be accounted for/funded? How are we accounting for contingencies?

In the event a change in the subsequent budget years is necessary, efforts will be made to identify other available funding sources first. If there are no available funding sources, there is the potential to use the Tax Rate Stabilization Reserve. A percentage of the budget sets aside funds that go into a Tax Rate Stabilization reserve, with the intent that if unpredicted budget items are needed in years 2 to 4 of the budget, it can be utilized to help offset a tax impact. If sufficient funding isn't available, it would be presented as a budget amendment that would require tax funding and an increase to the approved budget. Likewise, if unexpected funding is received, it can be used to offset budget amendments or decrease the approved budget.

## How will the budget process accommodate the unknown of provincial and/or federal funds year over year?

When unexpected changes in provincial and federal funding and regulations impact the budget, efforts will be made to identify other available funding sources and potential use of the Tax Rate Stabilization Reserve before increasing the approved tax funded budget.

## How will labour costs be forecasted?

Based on collective agreements and industry trends we will be able to predict future labour costs.

## How will CPI be forecasted?

Initial implementation of a multi-year budget will require forecasting and assumptions to be made based on the information available. There are a number of economic models that predict the direction of the economy and Chatham-Kent will rely on these as a starting point, such as the Bank of Canada Monetary Policy Reports.

## How will large projects be captured? For example, a new City Hall or funding to the hospital.

Large projects are currently being forecasted over multiple years, as the funding for these projects are substantial and require long-term financial planning. Multi-year budgeting can improve this process as it will be easier to see a large project's budget impact over a Council term. Capital projects such as a new City Hall or arena upgrades are captured within the Asset Management Plan (AMP).

## How will the public be able to provide input into the draft budget?

The public will be able to provide input through budget surveys, Let's Talk, interactive community consultations, and deputations to the Budget Committee.

## How will a multi-year budget benefit operational projects?

Budgeting for operational projects in years 2, 3 or 4 of the multi-year budget will allow for more efficient planning of resources. Multi-year budgets allow for the implementation of long-term projects in alignment of Council's strategic priorities.

## How will the multi-year budget positively impact the community?

Greater certainty is provided to taxpayers and residents about the future direction of taxes and the timing of implementation of the Council-approved Strategic Plan. The multi-year budget will allow for preparation and forecasting of potential community requests. It allows for the prioritization of tasks and resources needed to efficiently deliver services to the community that align with Council's strategic direction.