



Service Based Budgeting

Aligning resources with results

FINANCIAL SERVICES | November 20, 2023

Today's objective:

- » Service based budgeting overview
- » Gain familiarity with new approach
- » Guidance for 2024 budget process



What is service based budgeting?

- Budget is created around services, rather than departments & divisions
- Highlights the net cost of providing a service & what it would cost to increase service levels



Why service-based budgeting?

Members of the public are increasingly holding municipalities accountable for the cost of services provided. These services and associated service levels are determined through Council's priorities, and the City's strategic plan.

Benefits for Council and Citizens

- Enhanced accountability and transparency
- Better communication of where tax dollars are being spent and for what outcome
- Greater clarity of services offered to the community & their associated costs
- Council establishes the endorsed level of service & associated investment



More focused budget deliberations

- What are our service standards?
- What are the costs of regulated service standards?
- What service levels do our citizens want?
- Are they prepared to pay for desired service levels?
- If we reduced service levels, what are the savings and impacts?

Expected outcomes - 2024

- Quantifies the cost to deliver a service
- Link service costs to key performance indicators
- Increases transparency and citizen understanding of investments tied to outcomes
- Enhanced governance focused on output & Council priorities
- Set baseline for 2025 and beyond

2024 Preliminary Budget

December 4 – Regular Council Meeting

- Macro environment
- Financial health indicators
- Budget 2024 overview

December 7 – Budget Deliberations Meeting

- Budget presentations
- Detailed request review





Notable differences from prior year

- Greater emphasis on the budget as a whole
- Budget asks bundled to move service levels
- Focus on enhance vs maintain service levels
- Initial Linkage of budgets to KPI's
- Less priority 2 requests presented

Services

Community Services:

- » Services provided directly to the community.

Enabling Services:

- » Services provided internally to enable the community service to be provided to the community.



Community Services

- » Airport
- » Arts & Culture
- » Community Development
- » Community Safety & Bylaw
- » Development Planning
- » Development Services
- » Fire Services
- » Governance & Leadership
- » Parks
- » Parking
- » Partnerships Office
- » Police Services & RCMP
- » Solid Waste & Landfill
- » Sport & Recreation
- » Stormwater & Flood Protection
- » Transit
- » Transportation
- » Wastewater Utility
- » Water Utility



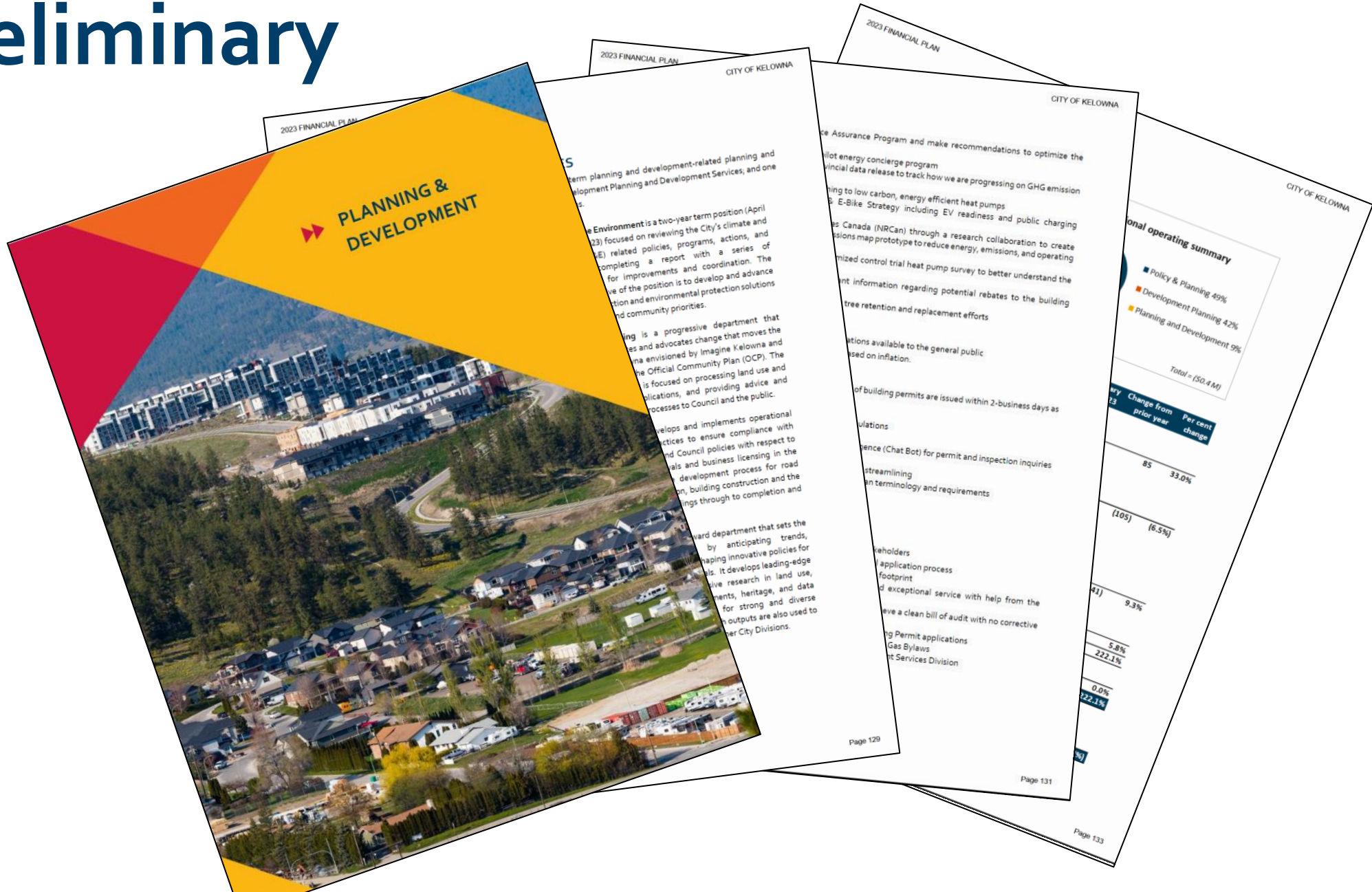
Enabling Services

- » Administration
- » Building Services
- » Communications
- » Financial Services
- » Fleet Services
- » Human Resources
- » Information & Technology Services

- » Internal Construction Delivery
- » Legislated Services
- » Real Estate
- » Risk Management
- » Senior Leadership
- » Strategy & Performance



2023 Preliminary



▶▶ PLANNING & DEVELOPMENT



2023 FINANCIAL PLAN
CITY OF KELOWNA

... term planning and development-related planning and Development Planning and Development Services; and one ...

... Environment is a two-year term position (April 2023) focused on reviewing the City's climate and (E) related policies, programs, actions, and completing a report with a series of improvements and coordination. The objective of the position is to develop and advance environmental and environmental protection solutions and community priorities.

... is a progressive department that anticipates and advocates change that moves the City forward as envisioned by Imagine Kelowna and the Official Community Plan (OCP). The department is focused on processing land use applications, and providing advice and recommendations to Council and the public.

... develops and implements operational policies to ensure compliance with Council policies with respect to permits and business licensing in the development process for road construction, building construction and the building process through to completion and

... ward department that sets the vision by anticipating trends, developing innovative policies for the City. It develops leading-edge research in land use, heritage, and data analysis for strong and diverse outputs are also used to support City Divisions.

Page 129

2023 FINANCIAL PLAN
CITY OF KELOWNA

... Assurance Program and make recommendations to optimize the pilot energy concierge program

... vidual data release to track how we are progressing on GHG emission

... ing to low carbon, energy efficient heat pumps

... E-Bike Strategy including EV readiness and public charging

... es Canada (NRCan) through a research collaboration to create emissions map prototype to reduce energy, emissions, and operating

... mized control trial heat pump survey to better understand the

... ent information regarding potential rebates to the building

... tree retention and replacement efforts

... tions available to the general public

... sed on inflation.

... of building permits are issued within 2-business days as

... ulations

... gence (Chat Bot) for permit and inspection inquiries

... streamlining

... n terminology and requirements

... eholders

... application process

... footprint

... d exceptional service with help from the

... ve a clean bill of audit with no corrective

... g Permit applications

... Gas Bylaws

... t Services Division

Page 131

2023 FINANCIAL PLAN
CITY OF KELOWNA

Quarterly operating summary

Category	Change from prior year	Per cent change
Policy & Planning	49%	
Development Planning	42%	
Planning and Development	9%	
Total = (\$0.4 M)		

Value	Per cent change
85	33.0%
(105)	(6.5%)
41	9.3%
5.8%	
222.1%	
0.0%	
22.1%	

Page 133

2024 Preliminary

- » Our goal & community benefit
- » Our customers
- » Our partners
- » What we deliver
- » Our key objectives
- » Our guiding plans

► DEVELOPMENT PLANNING

LED BY: DIVISIONAL DIRECTOR, PLANNING & DEVELOPMENT SERVICES

Our goal & community benefit:

Our goal is to provide land use planning and growth-related direction to our community. The Official Community Plan (OCP) focuses on slowing the outward growth of Suburban Neighbourhoods, this protects our rural/agricultural lands and environmentally sensitive areas while reducing the amount of new infrastructure that is needed to service growth. Urban Centres are prioritized for residential and mixed-use growth.

Our customers:

- Developers, Architects, Engineers, and Planners
- Builders and contractors
- Property owners
- Residents

Our partners:

We partner with internal City departments including Development Services, Real Estate Services, Parks Planning. We partner with external partners including the Urban Development Institute, Canadian Home Builders Associations, Utility Providers, and residents' associations.

What we deliver:

We review and process land use and development permit applications and provide advice and information on planning processes to Council and the public. We also promote, implement and advocate for change that moves the City towards the Kelowna envisioned by Imagine Kelowna and the policy direction of the OCP.

Our key objectives:

- Review various applications related to land use change and form and character analysis against Council endorsed regulations and policies.
- Maintain and update regulations, policies, and processes to ensure a streamlined and efficient development application process.
- Prioritize Council, Corporate and Divisional such as Affordable Housing, Protecting Agriculture and Climate/Environment.

Our guiding plans:

- Official Community Plan
- Zoning Bylaw
- Subdivision and Development Servicing Bylaw
- Development Cost Charge Bylaw
- Development Application Fees Bylaw
- Development Application and Heritage Procedures Bylaw



2024 Preliminary

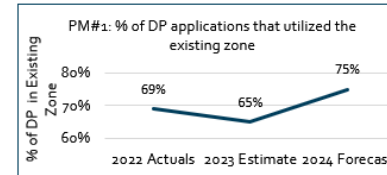
» Performance measures

Measuring Performance:

Performance Measure 1

% of DP applications that utilized the existing zone

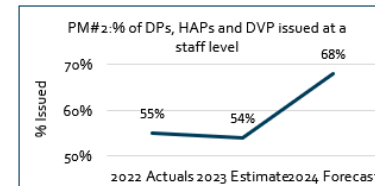
The planning, permitting and construction of buildings require us to balance efficient process and growth management. Development planning pre-zones areas of the city which decreases the process for applicants and directs growth and higher density to areas that support the vision in the Official Community Plan.



Performance Measure 2

% of DPs, HAPs and DVP issued at a staff level

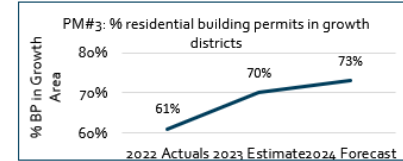
To promote efficient operations and timely permit issuance we regularly review that decisions are made at the appropriate level. Permits issued at a staff level are made for more routine and less complex decisions so that higher complexity and impact decisions can be scheduled for Council decisions more quickly.



Performance Measure 3

% residential building permits in growth districts

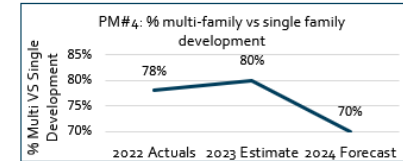
While the OCP provides growth estimates in different areas of the city, development can take place faster or slower than expected based on market trends. Monitoring this rate of growth in our Urban Center helps to make informed decisions about investments in things like transportation and utility servicing, as well as when to initiate Urban Centre Plans.



Performance Measure 4

% multi-family vs single family development

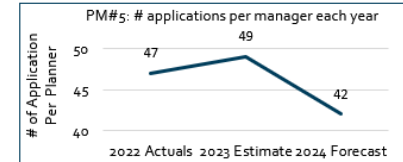
A resilient community has a wide variety of housing options available to meet the needs of residents at different price points and different life stages.



Performance Measure 5

applications per urban planner/file manager yearly

The city must balance efficient processes with outcomes that are important such as alignment with growth plans, building codes and safety. Urban planning applications per planner provides insight into our ability to balance speed, quality of review and support to the applicant.



2024 Preliminary

» 2024 Activities by Council and Corporate priority

2024 Activities: by priority

Crime & Safety

- Not applicable.

Affordable Housing

- Implement Infill Options housing program.
- Implement provincial legislation related to housing.

Homelessness

- Support City/Community sheltering initiatives

Transportation

- Support the review of Transit Supportive corridors for additional land use density.

Agriculture

- Prioritize enforcement efforts for non-farm uses on agricultural lands.
- Explore opportunities to support and house farm labor.

Climate & Environment

- Implement EV charging regulations.
- Support the development of a "Climate Lens" to review land use change applications.

Our People

- Implement projects related to Divisional Strategic Plan and Council/Corporate Priorities.

Digital Transformation

- Continue implementation and business expansion of KAI chatbot to Planning applications.
- Implement Cityworks LLP.

Active Financial Management

- Monitor Development Application Fee bylaw to ensure updated bylaw is functioning as intended.
- Monitor density bonus programs and fine tune as necessary.
- Review financial impact of Business License Bylaw update.

Base Business

- Continue to identify and act on opportunities to streamline the development application process for housing delivery.



2024 Preliminary

- » 2023 Key accomplishments
- » Continuous improvements

2023 Key accomplishments:

- Housing approvals met or exceeded projected housing needs for gross number of units.
- Reviewed and updated Development Application Fees Bylaw.
- Completed Zoning Bylaw amendment package aimed at fine-tuning Zoning Bylaw.
- Reduced number of amendments to Official Community Plan.
- Implemented density bonus program leading to significant contributions to both the Housing Opportunities Reserve Fund and the Streetscape Improvement Fund.
- Supported work on the Infill Options project.
- Implemented Development Variance Permit delegation process.

Continuous Improvements:

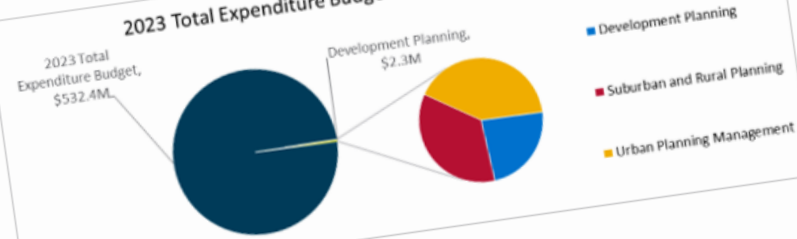
- Updated/streamlined Council reporting template.
- Implemented a delegated DVP program to speed up some development application types.
- Supported the creation of the KAI Chatbot.
- Supported work on City Works PLL project.
- Improved/updated landscape enhancement standards.

2024 Preliminary

- » Expenditure budget comparison
- » Current year objectives related to budget
- » Operating budget
 - » Split by revenue and expenditure types
 - » Including enabling allocation

Budget overview: Net operating budget

2023 Total Expenditure Budget Breakdown



2023 Service level objectives

Description of the specific objectives for the current year

Operating budget needed to achieve results:

	Actual 2021	Revised 2022	Annualized Budgets	Maintaining Service	Enhancing Service	Preliminary 2023
Revenue budget:						
Property tax	1,263	1,626	20	(105)		1,521
Fees and charges	877	798				818
Grant	300	250	(250)			0
Other revenue			(230)	(105)	0	0
Transfers from reserve	2,441	2,674				2,339
Total revenue budget						2,152
Expenditure budget:						
Salaries and wages	2,004	2,486	(230)	(103)		187
Material and other	160	189	(0)	(2)		0
Contract services						0
Debt service		277				0
Transfers to reserve			(230)	(105)	0	0
Enabling allocation	2,441	2,674				2,339
Total Expenditure budget						2,339

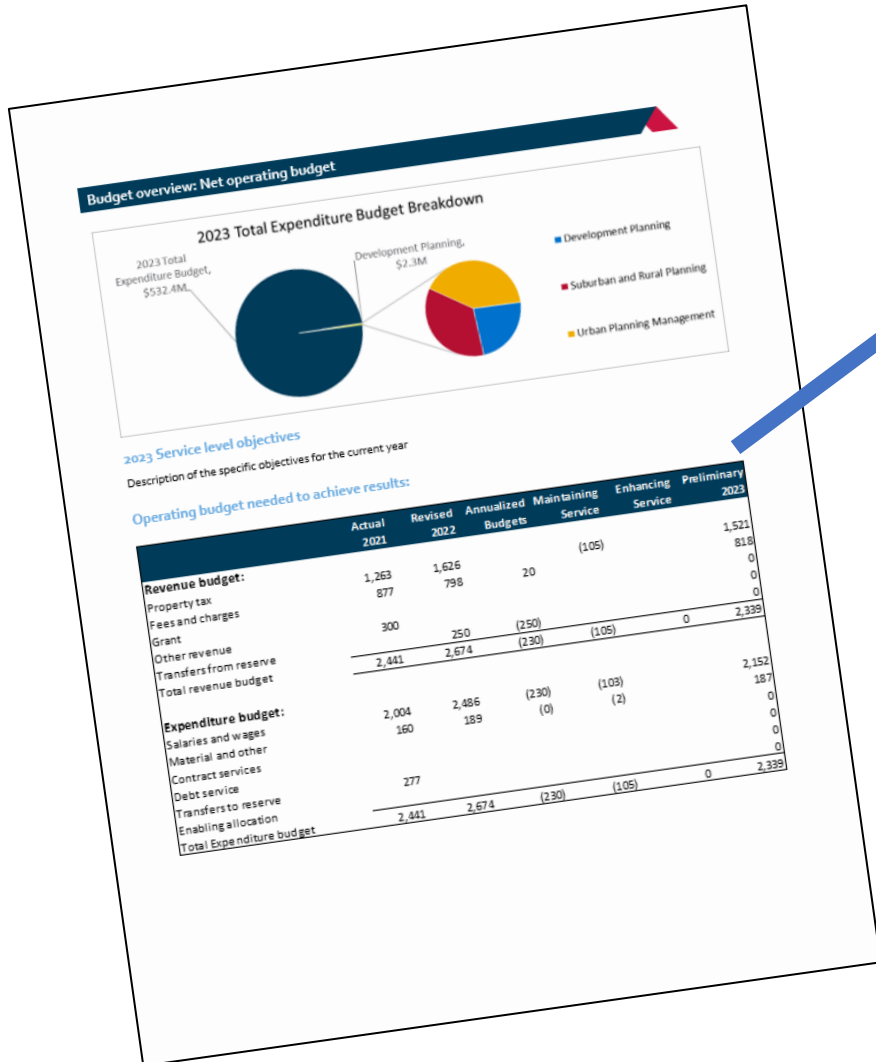
Actual 2021	Revised 2022	Annualized Budgets	Maintaining Service	Enhancing Service	Preliminary
3.0	3.0				
-	-				
12.3	17.0	-2.0	-1.0		
15.3	20.0	(2.0)	(1.0)		

Expenditure by type



2024 Preliminary

Operating budget needed to achieve results:



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Debt service						0
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Development Planning

Service budget overview

Development Planning

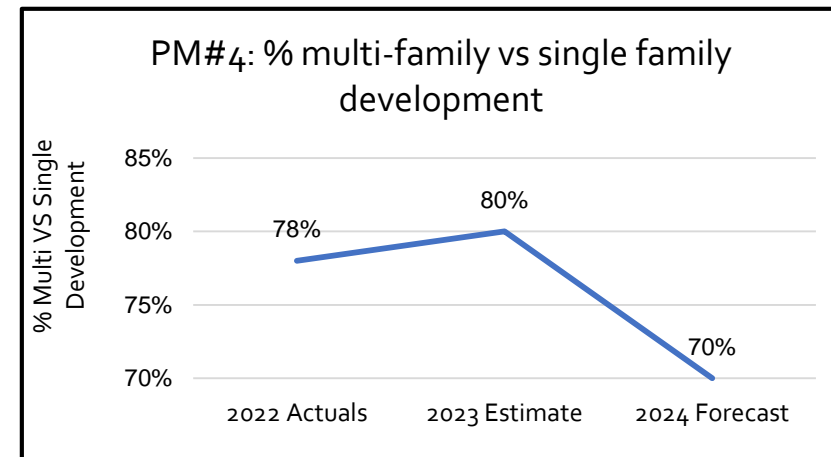
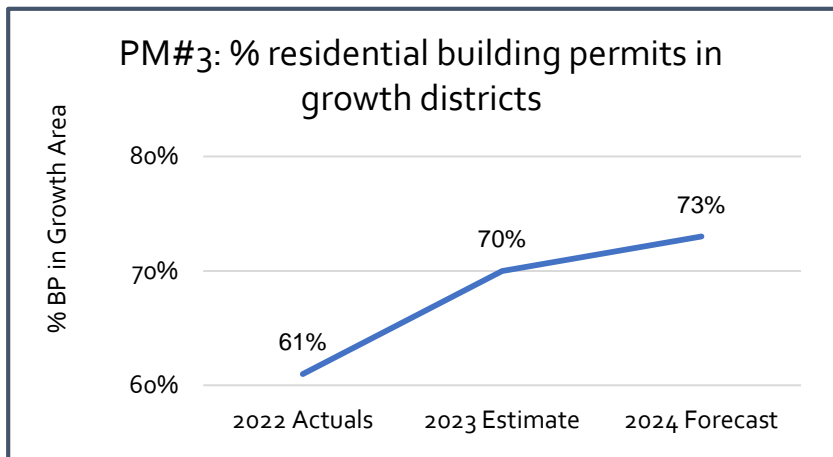
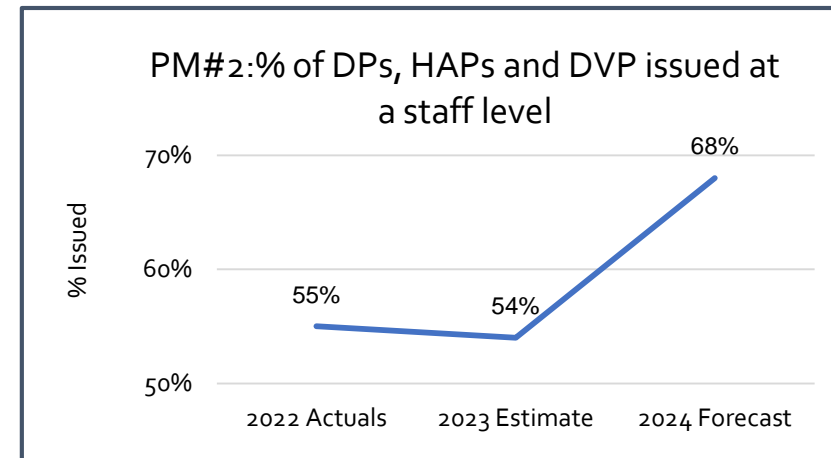
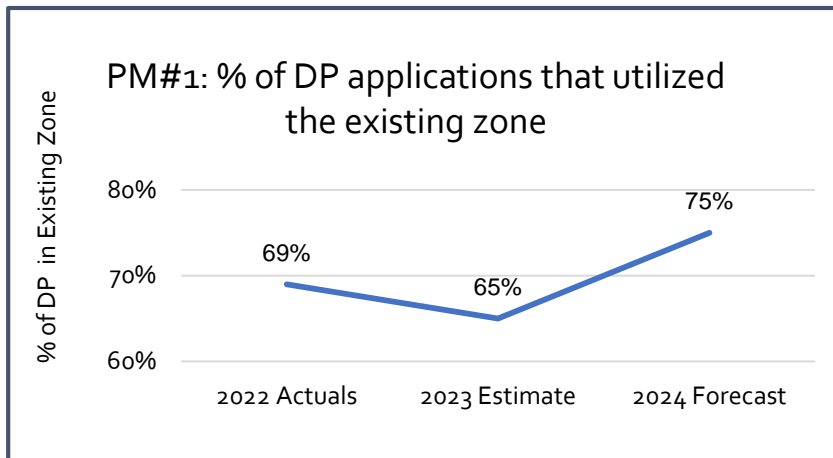
▶ Key accomplishments

- Housing approvals met or exceeded projected housing needs for gross number of units
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▶ Continuous improvement

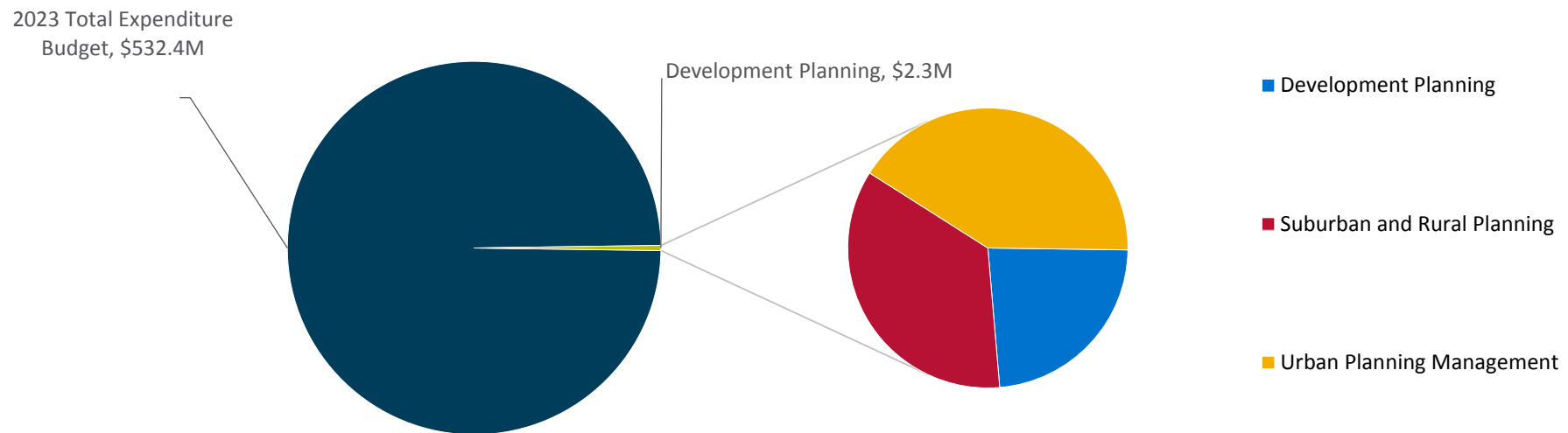
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Development Planning Performance Measures



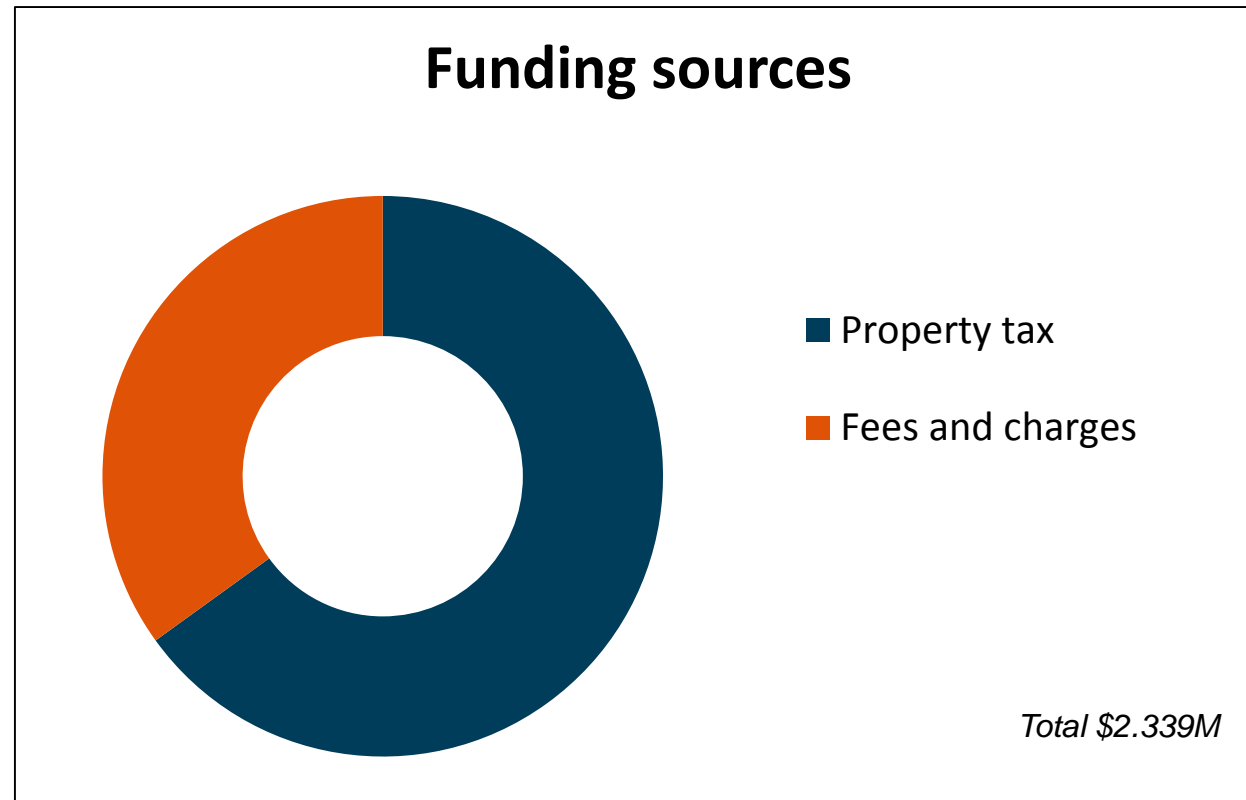
Development Planning Expenditure budget

2023 Total Expenditure Budget Breakdown



Development Planning

Budget overview



Development Planning

Budget overview

Annualization of previously approved budget requests

2022 Revised budget	\$2.674 M
2021 & 2022 Adjustments	(\$0.230) M
2023 Starting budget	\$2.444 M

► Drivers for change:

- Removal of 2022 one-time budgets
- Removal of 2022 carryover budgets
- Annualization of 2021 & 2022 operating requests

Development Planning

Budget overview

2024 Recommended budget

2024 Starting budget	\$2.444 M
Maintaining current service level	(\$0.105) M
	\$2.339 M
Enhancing service level	\$0.000 M
	\$2.339 M

▶ Drivers for change:

- Service area staff re-organization
- *Driver behind enhanced service level budget requests*

Questions