
Multi-Year Budgeting and Pre-Tendering

AMCTO Zone 5 Spring Meeting

April 26, 2024



Multi - Year Budgeting



Multi-Year Budgeting: Legislative Authority



Municipal Act, 2001

Section 291(1)

- ...a municipality may prepare and adopt a budget covering a period of two to five years in the first year to which the budget applies or in the year immediately preceding the first year to which the budget applies

Multi -Year Budgeting: Legislative Authority

Municipal Act, 2001

Section 291(4)

- For the second and each subsequent year to which a multi-year budget applies, the municipality shall, in the year or the immediately preceding year,
 - (a) review the budget for that year;
 - (b) make such changes as are required...;
 - (c) readopt the budget for that year and for subsequent years to which the budget applies.



Multi-Year Budgeting: Legislative Authority

Municipal Act, 2001

Section 291(5)

- Despite subsection (4), if a year to which a budget is being reviewed and changed is a year immediately following a year in which a regular election is held, the budget may only be readopted in the year for which the budget is being reviewed or changed



Multi-Year Budgeting: Why not?

- Perceived loss of flexibility
- Lack of certainty on longer term forecast
- Council decision making limited to their term
- Perception of fear mongering



Multi-Year Budgeting: Why?



Helps council
think beyond
the current
term



More informed
decision making



Holistic
financial
planning



Stabilize tax
levy increases



Increased
financial
sustainability

Multi-Year Budgeting: Why?

Deferred maintenance will come back to bite municipalities

Across the Region of Waterloo in the 2022 municipal election, candidates avoided advocating for fiscal frugality and none of them put their municipality's maintenance deficit as a high priority, writes Peter Woolstencroft

Angry taxpayers are not easy to calm. Simply put, staff will be thinking about the longer term and politicians will be thinking about the here and now, the period before the next election.

Source: The Waterloo Region Record, Feb 22, 2024

Multi-Year Budgeting:

Things to Consider

Operating Budget

Assessment growth

Certainty of grants and other revenue sources (ie OMPF)

Wage or Collective Agreement increases

Provision for new staff

Known or possible legislative changes

Key Budget drivers (waste, winter control, insurance, etc)

Capital induced operating costs

Principal and interest on debt

Multi-Year Budgeting:

Things to Consider

Capital Budget

Asset Management Plan requirements

Development Charge capital program (non-DC sources)

Special Projects / non asset requirements

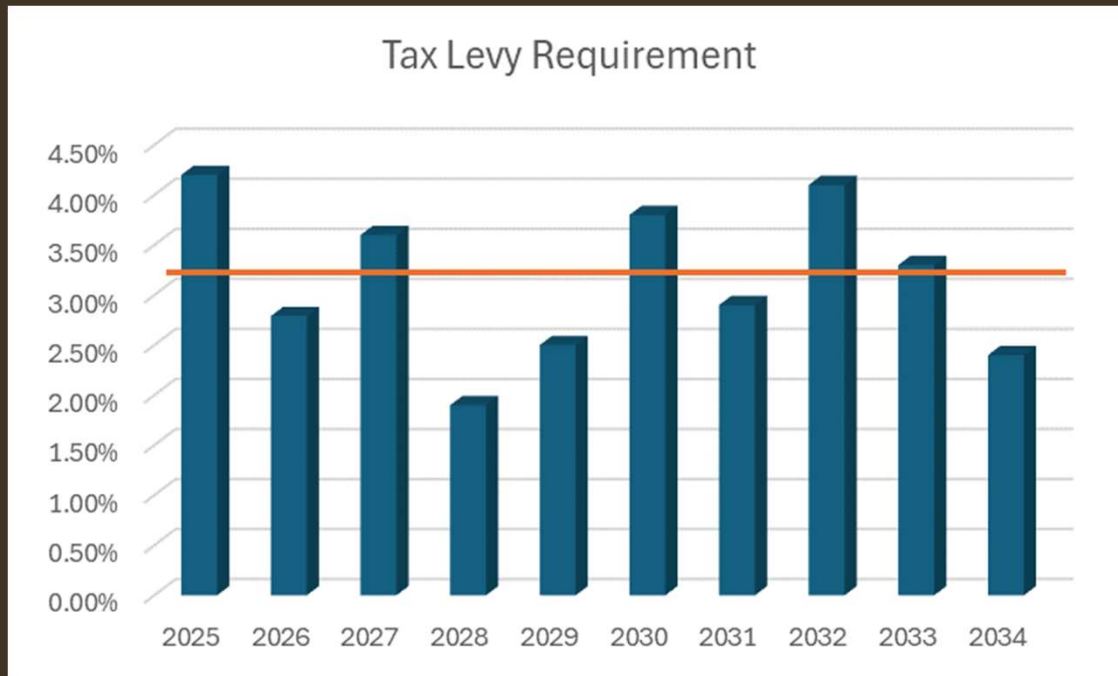
Provincial / Federal Funding (certainty / uncertainty)

Adequacy of reserves

Debt management

Dedicated Infrastructure Levy

Multi-Year Budgeting: Things to Consider



Stabilizing the annual tax levy increase will make the plan more palatable to Council and residents.

Manage fluctuations in tax levy increases through:

- Project timing
- Reserves
- Debt

Multi-Year Budgeting: Other Tools

People (Human Resource) Strategy

- Impacts of growth on staffing
- Technology and process efficiency
- Outsource vs in-house
- Justified through a business case



Multi-Year Budgeting: Other Tools



Reserve Strategy

- How and when reserves are used
- How they get replenished
- Minimums and maximums

Multi-Year Budgeting: Other Tools



Debt Strategy

- Appropriate use of debt
 - useful life of asset
 - generate revenue
 - allocating capital costs over time
- Maximum debt threshold
 - manage competing needs

Multi-Year Budgeting: Best Advice

- It's just a plan
- It's full of assumptions
- It's always subject to change
- It's a decision making tool
- Create a dashboard that Council understands and use it regularly!

ACCOUNTANT:

(Noun) ac·coun·tant

A person who does precision guesswork based on unreliable data provided by those with questionable knowledge.

See also: wizard, sorcerer

Pre-Tendering Process



Pre-Tendering Process

Critical step in the procurement process

Can determine success of project and/or price

Understanding the requirements and analyzing options

Clearly defined statement of work

Mandatory vs provisional items

Choosing the appropriate type of procurement

Pre-qualifications and rosters

Evaluation Criteria

Pre-Tendering: Understanding Requirements



- What problem you are trying to solve
- Differentiate wants from needs
- Lease vs buy
- Generic Specifications (ie tissue vs Kleenex)

Pre-Tendering: Statement of Work

- A statement of work describes the work required and stipulates the deliverables or services required to fulfill the contract
 - Clear and concise
 - Written in a way that will allow for free competition between vendors
 - Written in the imperative mood (demand or require that an action be performed)
 - Nothing should be assumed or left unsaid

Pre-Tendering: Statement of Work



Pre-Tendering: Mandatory vs Provisional Items

- Provisional item means work or a portion of work that may be added or removed from the scope of work
- Provisional items cannot be an item that is required to complete the project
- Often included when there is uncertainty about the sufficiency of the budget



Pre-Tendering: Mandatory vs Provisional

Example

→ Mandatory:

Construction of a 3 metre wide
crushed limestone trail from Here to
There

→ Provisional:

Upgrade trail to asphalt



Pre-Tendering: The Right Type of Procurement



Tender / Request for Quotation (RFQ)

- Municipality knows exactly what they want
- Winning proponent determined by lowest price

Request for Proposal (RFP)

- Municipality is looking for a solution
- Bidder to propose how they will address the need
- Winning proponent determined by defined criteria, with price being one component

Pre-Tendering: Evaluation Criteria

- Choosing the right criteria, and the appropriate weighting for evaluating an RFP or RFPQ is crucial

Evaluation Criteria Characteristics

- Connect to your specific outcome goals, metrics and scope of work
- Give the right balance between multiple priorities
- Provide proponents with sufficient information for a successful response
- Clearly align proposal responses and submittals requested
- Are fair to all proposers, free of bias, consistent, and not overly restrictive

Pre-Tendering: Evaluation Criteria

Things to consider

- ✓ Quality
- ✓ Quantity
- ✓ Servicing
- ✓ Experience
- ✓ Expertise
- ✓ Delivery
- ✓ Warranty
- ✓ Method of Approach
- ✓ Environmental / Social



Pre-Tendering: Pre-Qualification

Request for Pre-Qualification (RFPQ)

Municipality is looking to short list qualified vendors for a specific service, or project

No winning proponent, short listed vendors would be invited to provide quotes and/or placed on a roster



Pre-Tendering: Pre-Qualification

Large Construction Project:



- Allows municipality to evaluate proponents based on experience and expertise before considering price
- Eliminates the risk of a sub-par proponent winning on a low price
- Ensures that the municipality is picking the lowest price from the best contractors

Pre-Tendering: Pre-Qualification

Services:

- Allows municipality to create a roster of qualified vendors
- Useful where the municipality has a recurring need for or service
- Roster use may require 3 quotes or used on an equitable basis



Pre-Tendering: Pre-Qualification

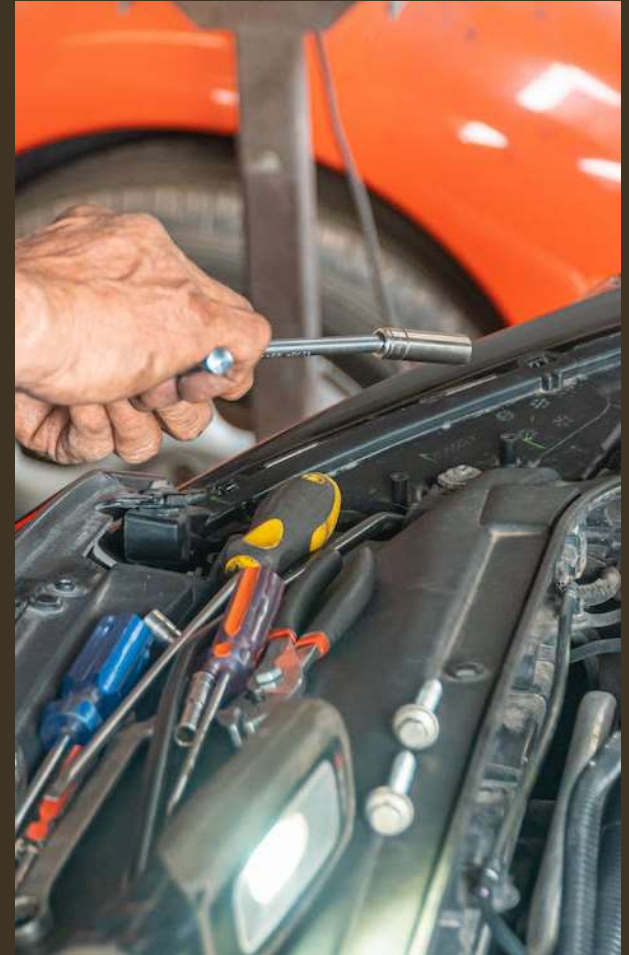
Examples:

Engineering Services

- Staff submit statement of work to firms on roster and award to lowest cost

Mechanic Services

- Generally not feasible to obtain quote
- Staff give work to vendors on roster on an equitable basis



QUESTIONS



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