



2020 To 2023 Preliminary Operating and Capital Budgets

Innovation, Transformation and Technology



Standing Policy Committee on Innovation and Economic Development March 16, 2020

Agenda

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 - Other Important Capital Budget Information
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Strategic Objectives, Priorities and Performance Measurement

Strategic Objectives

- Establish Enterprise Architecture framework and support corporate strategic planning
- Establish enterprise-level transformation agenda and demonstration projects / outcomes
- Formalize technology architecture and strategy to enable corporate performance and coordinated, citizen-centric service
- Create sustainable management systems that support and enable business-driven innovation and execution
- Establish sustainable, optimum capacity across departments that enables innovation, cross departmental collaboration, and improved outcomes
- Ensure efficient and effective delivery of technology and innovation services to support ongoing business requirements

Key Priorities

- Maintain existing technology supporting critical service delivery across City
- Establish Enterprise Architecture capability to ensure optimum service delivery across City
- Creation of innovation capability and execution of highest value innovation opportunities

Strategic Objectives, Priorities and Performance Measurement

Performance Measurement

Year	2016	2017	2018
Number of Website Visits	22.7 million	23.3 million	20.1 million
Percentage of Service Level Agreements Achieved	97%	98%	97%
Number of Open Data Datasets	n/a	114	126
Number of Managed Workstations	5,943	6,625	6,877
Number of Email Accounts	7,677	8,261	8,624
Number of Technology Service tickets addressed	29,596	30,023	31,854
Percentage of scheduled computer network available during business hours	99.945%	99.960%	99.800%
Number of pieces of mail processed	3.1 million	3.3 million	3.2 million
Number of Innovation ideas received [A] [B]	28	17	52
Number of Innovation projects initiated [A] [B]	11	9	19
Number of staff trained in Innovation Engineering [C]	0	0	20

[A] In 2016 and 2017 the number is related to the Innovation Capital Fund (City Clerks).

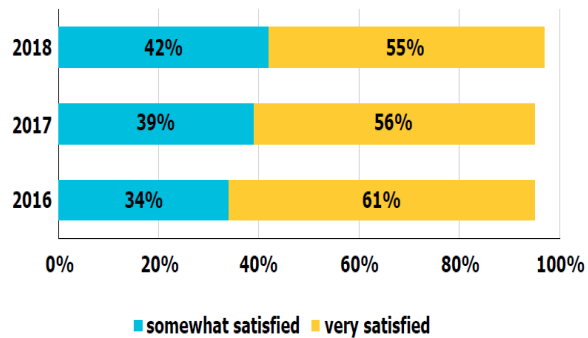
[B] In 2018 the number is a combined Innovation Capital Fund (City Clerks) and Innovation Strategy Program (Innovation, Transformation and Technology).

[C] Innovation Engineering training is a new activity that began in 2018.

Strategic Objectives, Priorities and Performance Measurement

Performance Measurement

City Department's Satisfaction with Services (2018)

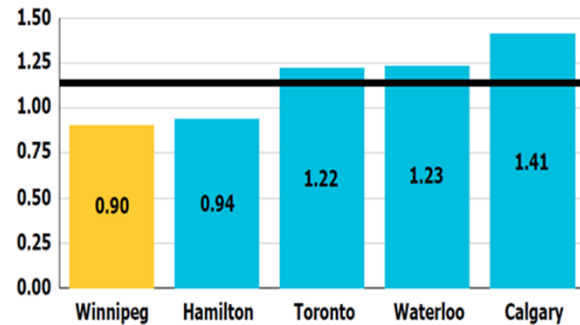


Client satisfaction continues to remain high based on ongoing survey results.

	2015	2016	2017	2018
Total Satisfied	95%	95%	95%	97%

Source: Innovation, Transformation and Technology Client Survey

Devices per Municipal FTE (2017)



The number of computing devices is an indication of the level of automation within city services, with Winnipeg being lower than other cities.

	2013	2014	2015	2016	2017
Wpg. Trend	0.77	0.88	1.12	0.99	0.90

Source: Municipal Benchmarking Network of Canada (INTN205)

Strategic Objectives, Priorities and Performance Measurement

Departmental Service Highlights

Innovation, Transformation and Technology

Service Detail		2018	2019	2020	2021	2022	2023
Sub-services (in millions of \$)		Actual	Budget	Prelim Budget	Projection	Projection	Projection
Innovation	Revenue	-	-	-	-	-	-
	Operating expenses	0.501	2.066	2.206	0.929	(0.304)	(1.496)
	Transfer to Capital	-	-	-	-	-	-
		0.501	2.066	2.206	0.929	(0.304)	(1.496)
Information Technology	Revenue	0.146	0.146	-	-	-	-
	Operating expenses	17.293	19.698	19.850	20.441	20.972	21.535
	Transfer to Capital	-	-	-	-	-	-
		17.147	19.552	19.850	20.441	20.972	21.535
Enterprise Transformation	Revenue	-	-	-	-	-	-
	Operating expenses	2.204	3.349	4.383	5.493	5.787	5.882
	Transfer to Capital	-	-	1.660	1.190	1.358	1.346
		2.204	3.349	6.043	6.683	7.145	7.228
Mill Rate Support/(Contribution)		19.852	24.967	28.099	28.053	27.812	27.267

Strategic Objectives, Priorities and Performance Measurement

Key projects

Innovation Strategy Program (self funded)

- Establish culture of innovation, delivering quantified efficiencies and improvement of city-wide services

Smart Cities Program (self funded)

- Investment in foundational capabilities required to meet evolving needs of a growing city

Enterprise Content Management (self funded)

- City-wide document and workflow management for significant service efficiency, speed, and quality improvements

Security Program Enhancements (tax-supported)

- Vital protection from growing cyber threats through training, process improvement, and technology

Technology Renewal (tax-supported)

- Minimum technology investment required to maintain existing business applications and systems

2020 Preliminary Operating and Capital Budgets

1. Operating Budget – Annual year over year budget growth rates (%) based on 2019 expenditures

	2020	2021	2022	2023	4-Year Average
EPC Target to balance the budget	(1.2)%	(0.3)%	0%	0%	(0.4)%
Operating Options Presented to Committee in Fall 2019	(2.4)%	(0.4)%	0.9%	0.3%	(0.2)%
Preliminary Budget	1.4%	(3.0)%	(3.2)%	(3.0)%	(1.9)%

2. Cash to Capital Funding Levels

	2020	2021	2022	2023	2024	2025
Presented to Committee in Fall 2019	-	1,190	1,358	1,346	1,293	1,181
Preliminary Budget	1,660	1,190	1,358	1,346	1,293	1,181

Operating Budget (Departmental)

2020 Preliminary Operating Budget and 2021 to 2023 Budget Projections in millions of \$	2018 Actual	2019 Budget	2020 Preliminary Budget	Year over Year Increase / (Decrease)	%	Exp. No.	2021 Projection	2022 Projection	2023 Projection	4 year Average % Change
SERVICE AND OTHER	0.146	0.146	-	(0.146)						
TOTAL REVENUE	0.146	0.146	-	(0.146)	-100%	1	-	-	-	-25%
SALARIES & BENEFITS	14.673	16.719	17.756	1.037			18.145	18.556	18.938	
SERVICES	2.583	2.745	2.837	0.092			3.012	3.200	3.384	
MATS PARTS & SUPPLIES	3.354	4.313	3.737	(0.576)			3.967	3.934	4.012	
ASSETS & PURCHASES	0.648	0.534	0.448	(0.086)			0.503	0.513	0.519	
GRANTS, TRANSFERS & OTHER	1.128	0.828	0.941	0.113			0.931	0.931	0.932	
TRANSFERS TO COMPUTER, CRITICAL SYSTEMS AND SUPPORT RESERVE	0.638	1.212	1.301	0.089			1.082	1.164	1.247	
RECOVERIES	(4.608)	(4.212)	(4.570)	(0.358)			(5.871)	(7.226)	(8.582)	
TOTAL OPERATIONAL EXPENDITURES	18.416	22.139	22.450	0.311	1%		21.769	21.072	20.450	-1.9%
DEBT & FINANCE CHARGES	1.582	2.974	3.989	1.015			5.094	5.382	5.471	
TRANSFER TO CAPITAL	-	-	1.660	1.660			1.190	1.358	1.346	
TOTAL EXPENDITURES	19.998	25.113	28.099	2.986	12%	2	28.053	27.812	27.267	2.2%
Mill Rate (Contribution) / Support	19.852	24.967	28.099	3.132			28.053	27.812	27.267	
Total Operational Expenditures (before capital related expenditures) Year over Year % Change					1.4%		-3.0%	-3.2%	-3.0%	-1.9%
Total Expenditures Year over Year % change					11.9%		-0.2%	-0.9%	-2.0%	2.2%

Year over Year Variance Explanations

(in millions)

Year over year (increase) / decrease	2020 Preliminary Budget	2021 Budget Projection	2022 Budget Projection	2023 Budget Projection
1) <i>Revenue change due to the following:</i>				
- Decrease in inter-fund transfers - now recorded as inter-fund recoveries	\$ 0.146	\$ -	\$ -	\$ -
Net Revenue Change	\$ 0.146	\$ -	\$ -	\$ -
2) <i>Expenditure change due to the following:</i>				
- Increase (Decrease) in transfer to Capital	\$ 1.660	\$ (0.470)	\$ 0.168	\$ (0.012)
- Increase in debt and financing charges	1.015	1.106	0.288	0.089
- Increase in salaries and benefits	1.037	0.389	0.411	0.382
- Increase (Decrease) in computer Software	(0.622)	0.266	(0.038)	0.074
- Increase in recoveries largely due to efficiency savings	(0.212)	(1.301)	(1.355)	(1.356)
- Increase in inter-fund recoveries - previously recorded as transfer revenues	(0.146)	-	-	-
- Miscellaneous adjustments.	0.254	(0.036)	0.285	0.278
Net Expenditure Change	\$ 2.986	\$ (0.046)	\$ (0.241)	\$ (0.545)

Operating Budget Options

Options Presented to SPC vs. Preliminary Budget	Total 4-year Proposal	Total 4-year Preliminary Budget	Explanation
a. Reduction of operating expenses due to elimination of capital projects: Tait radio upgrade, Smart Cities, Enterprise Content Management and Email Archiving	(4.262)	(2.310)	All eliminated except for Enterprise Content Management Project, which will now be funded by the return on investment of the project
b. Reduction of FTE's due to the elimination of capital projects: Smart Cities, Enterprise Content Management and Email Archiving	(3.495)	(0.673)	All FTE's eliminated except for those relating to Enterprise Content Management, which will now be funded by the return on investment of the project
c. Change to 3rd Party PeopleSoft support	(2.200)	(2.200)	Included in preliminary budget as presented
d. Net reduction of FTE's within multiple service areas	(2.384)	(0.318)	1 FTE eliminated, other positions are now being funded by the return on investment of the Innovation Strategy Program
e. Efficiency savings through Innovation/transformation and business application rationalization	(0.575)	(0.575)	Included in preliminary budget as presented
f. Miscellaneous reduction in operating expenses	(0.343)	(0.343)	Included in preliminary budget as presented
g. Increase in recoveries due to return on investment efficiencies, net of additional cash to capital	-	(8.500)	Service implications: significant efficiencies will need to be achieved to meet this target, relates to the expected return on investment of the Enterprise Content Management System and Innovation Strategy Program.
	(13.259)	(14.919)	

Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management

2020 - 2023 Preliminary Operating Budget

	2019 Adopted Budget	2020 Preliminary Budget	Increase / (Decrease)	2021 Budget Projection	2022 Budget Projection	2023 Budget Projection
Full Time Equivalents <i>(number of FTEs)</i>	161.77	166.48	4.71	167.23	166.98	166.98
Salaries & Benefits <i>(in millions of \$)</i>	\$ 16.7	\$ 17.7	\$ 1.0	\$ 18.1	\$ 18.6	\$ 18.9
Vacancy Management included in Salaries & Benefits <i>(in millions of \$)</i>	\$ (0.550)	\$ (0.551)	\$ (0.001)	\$ (0.557)	\$ (0.567)	\$ (0.576)

FTE Reductions by 2023 In Comparison to 2019 Budgeted FTEs

	2023
Elimination of Vacant Positions	(3.00)
Elimination of Filled Positions	-
Total positions eliminated	(3.00)
Other FTE changes:	
Additional positions added in prior years budgets	10.21
Transfer to City Clerks	(2.00)
Total FTE change	5.21

Other Important Operating Budget Information

Preliminary Budget Recommendations

- W. That Council authorize the Chief Financial Officer to:
- i. allocate operational savings realized from Innovation projects within this four-year operating budget and approved in 2018 or 2019, to individual departments and Special Operating Agencies with the prior approval of the department(s) in which the project was implemented; and
 - ii. allocate any new operational efficiencies realized within the Innovation, Transformation and Technology Department within this four-year operating budget as a portion of the return on investment required to self-fund the Innovation Strategy and Smart Cities capital programs up to a maximum annual program value of \$2 million.

Capital Budget

List of Capital Projects:

	2019 Adopted	2020 Preliminary Budget	Forecast					6-Year Total
			2021	2022	2023	2024	2025	
1 Innovation Strategy	1,000	1,360	750	500	250	-	-	2,860
2 Smart Cities Innovation Program	1,000	1,000	750	500	250	-	-	2,500
3 Communications Systems Branch Facilities	174	-	-	-	-	-	-	-
4 Enterprise Computing Initiatives	1,026	1,962	2,091	1,172	1,103	574	1,956	8,858
5 Information Security Initiatives	365	136	194	140	144	199	776	1,589
6 E-Mail Archiving	484	-	-	-	-	-	-	-
7 Enterprise Content Management	1,102	1,100	-	-	-	-	-	1,100
8 Communications Network Infrastructure	298	385	395	1,184	923	476	447	3,810
9 Microsoft Office License Evergreen	1,375	711	-	633	-	802	-	2,146
10 Printing Graphics & Mail Services Asset Renewal	-	-	350	-	-	-	-	350
11 Microsoft Development Network Software Renewal	247	-	-	231	-	-	253	484
12 Disaster Recovery Gap Mitigation Phase 1	954	-	-	-	-	-	-	-
13 PeopleSoft Enhancements	892	-	-	-	-	-	-	-
14 Geographic Information System Aerial	-	-	161	-	-	-	187	348
15 Tait Radio Replacement	1,902	-	-	-	-	-	-	-
16 Corporate VoIP Phone System	-	-	160	-	-	-	-	160
17 Intake Program	534	122	100	100	100	100	-	522
TOTAL CAPITAL PROJECTS	11,353	6,776	4,951	4,460	2,770	2,151	3,619	24,727

2020 Capital Budget Changes from Targets (all funding sources)

	2020	2021	2022	2023	2024	2025	Total
Forecast adopted by Council in 2019 and Initial 2020 submission	11,524	9,567	9,094	7,723	7,450	9,443*	54,801
Reductions to Achieve EPC Capital Targets	(8,208)	(6,116)	(5,634)	(5,453)	(5,299)	(5,824)	(36,534)
Options Added Back through ROI Model	3,100	1,500	1,000	500			6,100
Re-budget of prior year surplus	360						360
Preliminary Budget	6,776	4,951	4,460	2,770	2,151	3,619	24,727

* Not part of Forecast adopted by Council.

	2020	2021	2022	2023	2024	2025	Total
Reductions to Achieve EPC Capital Targets	(8,209)	(6,116)	(5,634)	(5,452)	(5,299)	(5,824)	(36,534)
Reductions of prior year projects to achieve EPC targets	(11)	(1,059)	(2,102)	(925)	(858)	(2,438)	(7,393)
EPC Targets	(8,220)	(7,175)	(7,736)	(6,377)	(6,157)	(8,262)	(43,927)
Options Added Back through ROI Model	3,100	1,500	1,000	500			6,100
Capital Budget Savings Options included in Preliminary Budget	(5,120)	(5,675)	(6,736)	(5,877)	(6,157)	(8,262)	(37,827)

Capital Budget Options

Options Presented to SPC vs. Preliminary Budget	Total 6-year Proposal	Total 6-year Preliminary Budget	Explanation
a. Eliminate capital funding for Innovation Strategy and Smart Cities programs	(22,000)	(17,000)	Some funding for these programs remain with the intention to fund them going forward with efficiencies they generate as a return on investment
b. Reduce projects to minimum funding level to maintain baseline service level: Enterprise Computing Initiatives, Information Security Initiatives, Communications Network Infrastructure, Microsoft Office Evergreen, Printing Graphics & Mail Services Asset Renewal, Microsoft Development Network Software Renewal, Geographic Information System Aerial Imagery Renewal, Corporate VoIP Phone System and Intake Program.	(5,644)	(5,644)	Budget reduction included in the 6-year program.
c. Cancel Enterprise Content Management project	(1,223)	(123)	Project has been scaled back, funding is expected to be paid back through future efficiencies the project should generate.
d. Cancel PeopleSoft Enhancements	(5,293)	(5,293)	Budget reduction included in the 6-year program. PeopleSoft will be maintained via 3rd party support.
e. Cancel Tait Radio Replacement	(2,374)	(2,374)	Budget reduction included in the 6-year program.
f. Cancel prior years projects to allocate unspent funds to future years projects including: Enterprise Content Management, Enterprise Computing Initiatives, Tait Radio Replacement, Innovation Strategy Program, PeopleSoft, Email Archiving, Information Security, CSB Facilities	(7,393)	(7,393)	Budget reduction included in the 6-year program.
Total Adjustments	(43,927)	(37,827)	

Capital Forecast to Preliminary Budget Reconciliation

ATTACHMENT TO THE PRESENTATION (APPENDIX 1)



Microsoft Excel
Worksheet

Other Important Budget Information

- Reinstating Enterprise Content Management, Smart Cities Program, and Innovation Strategy Program requires the department to achieve aggressive Return on Investment targets to fund the programs and repay the initial capital expenditures.

Return on Investment Model to Fund Key Expenditures (Capital and Operating)					
	2020	2021	2022	2023	4 year Total
Operating Expenses Added Back (millions)					
Enterprise Content Management (salary and non-salary)	\$ 932	\$ 1,269	\$ 1,280	\$ 1,293	\$ 4,774
Key Innovation and IT Positions (salary)	\$ -	\$ 325	\$ 688	\$ 1,053	\$ 2,066
Total	\$ 932	\$ 1,594	\$ 1,968	\$ 2,346	\$ 6,840
Return on Investment Model (Reduction of Expenditures)					
Enterprise Content Management	\$ -	\$ (500)	\$ (1,000)	\$ (1,500)	\$ (3,000)
Smart Cities and Innovation Strategy Program	\$ (250)	\$ (750)	\$ (1,250)	\$ (1,750)	\$ (4,000)
Key Innovation and IT Positions	\$ -	\$ (250)	\$ (500)	\$ (750)	\$ (1,500)
Total	\$ (250)	\$ (1,500)	\$ (2,750)	\$ (4,000)	\$ (8,500)
Annual impact to operating budget	\$ 682	\$ 94	\$ (782)	\$ (1,654)	\$ (1,660)
Capital Added Back (millions)					
Enterprise Content Management	\$ 1,100				\$ 1,100
Smart Cities and Innovation Strategy Program	\$ 2,000	\$ 1,500	\$ 1,000	\$ 500	\$ 5,000
Total	\$ 3,100	\$ 1,500	\$ 1,000	\$ 500	\$ 6,100
Financing Required - 10 years					
Debt and Finance Charges on 'loan' amount	\$ 80	\$ 260	\$ 410	\$ 500	\$ 1,250

Questions?