

Subject: 2021 - 2023 Fiscal Management Strategy**APPROVALS:****Jamie Doyle**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT the 2021 – 2023 Fiscal Management Strategy, dated May 11, 2021, be accepted as information.

Summary:

The 2021 - 2023 Fiscal Management Strategy (FMS) provides a high-level overview of the Municipality's operating and capital needs for the current year and the next two years. The FMS is being presented as information and guidance as Council considers the 2021 Property Tax Rate Bylaw. In addition, the FMS continues to build on the Municipality's principles of predictability, stability, and transparency in managing its financial resources and communication with residents.

Background:

In January 2018, Council of the Regional Municipality of Wood Buffalo (Municipality) approved a Strategic Plan that will guide the Municipality from 2018- 2021. Embodied within the Strategic Plan is a key strategic priority titled Responsible Government. Fiscal Responsibility and Council adoption of a fiscal strategy are identified as a key initiative.

For 2017, the Municipality introduced a zero-based budgeting methodology, evaluating every expenditure. This budget method focuses on understanding the costs of providing programs and services with a continued emphasis on finding savings and efficiencies. Property tax revenue has decreased by \$328M since the 2016 budget.

The 2021 - 2022 FMS does not include defined approaches for some aspects of the strategy due to the research required and a deeper understanding of the variables that will impact future strategies.

- Asset Management (AM) Project - As the AM Project progresses, the Municipality will be in a better position to identify future funding requirements to maintain and/or rehabilitate assets. Current plans are premised on the age of infrastructure as opposed to condition; therefore, it is difficult to quantify resources required until

further progress is made. This information will also directly impact the development of a financial reserve strategy.

- Taxation Stabilization - Determine vulnerability of the assessment base to mitigate the impact on property taxation revenue. Due to changes in the *Municipal Government Act (MGA)*, s358(1) Maximum Tax Ratio, limitations will impact the Municipality's ability to raise sufficient tax revenue for unanticipated expenditures; therefore, there will be an increased focus on financial reserves to provide supplemental funding during these situations. Significant progress has been made to reduce the taxation ratio. The initial taxation ratio in 2016 was 18.3:1. Due to a combination of changes in the assessment base and budget reductions, as a result of zero-based budgeting, the taxation ratio at first reading of the 2021 Tax Rate Bylaw is 7.30:1.

Budget/Financial Implications:

The 2021 - 2023 Fiscal Management Strategy includes budget information that was previously approved by Council that incorporates the strategies discussed in the attachment.

Rationale for Recommendation:

The 2021 - 2023 Fiscal Management Strategy will provide a sustainable financial strategy to meet the short- and mid-term needs of the Municipality. It aligns with the 2018 - 2021 Strategic Plan.

Strategic Priorities:

Responsible Government

Attachments:

2021 - 2023 Fiscal Management Strategy