



Subject: 2017 Proposed Budget, 2018 – 2022 Financial Plan

APPROVALS:

Linda Ollivier, Director
Elsie Hutton, Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT the 2017 Proposed Operating Budget, 2018 - 2019 Financial Plan, 2017 Proposed Capital Budget and 2018 – 2022 Capital Plan be accepted as the basis for budget discussion and final budget recommendation.

Summary:

The *Municipal Government Act* (MGA) requires that every Alberta municipality approve a budget prior to passing a property tax bylaw. It is advantageous for a municipality to approve a budget prior to the start of the budget year to avoid delays or disruptions in planned activities for the upcoming year.

Background:

The proposed 2017 Budget, 2018 - 2022 Financial Plan has been developed under the theme, 'Maintaining the Foundation for Today and the Future'.

Administration is mindful of the economic climate and changes in the community due to the wildfire. In addition, proposed amendments contained within Bill 21 could seriously impact the Municipality's ability to fund operations and capital infrastructure by placing limits on taxation. Council endorsed the 'Critical Revenue Perspective – Impact of Bill 21 on the Regional Municipality of Wood Buffalo (Taxation and Assessment)' on September 27, 2016. Subsequently, members of Council and Administration have met with key stakeholders to seek a collaborative approach to the Government of Alberta in addressing the concerns arising from the Bill.

Administration has prepared a budget that is responsive and sets the stage for future changes as required. The 2017 budget is based on the allocation of funding aimed at maintaining assets, providing quality core services and construction of capital assets to support municipal operations as identified in the existing 2015 – 2017 Strategic Plan.

The municipal budget allocation model and process continue to evolve and adapt to our ever-changing environment. The budget document includes consolidated operating and capital budget information.

A "Funded" listing of capital projects is provided in Attachment 2. The listing includes projects that have been previously approved in progress that will continue to be delivered in 2017 and onward as well as new projects deemed a priority. Population and/or service level growth-related

capital projects have not been funded and are identified simply as a reference within the budget information package.

For capital projects, each sponsor department prepared the information for consideration by the Capital Projects Steering Committee (CPSC) based on an enhanced business case template. The CPSC reviewed the results of the prioritization matrix to allow allocation of finite resources and based on immediate need.

Attachment 3 includes an “Unfunded” listing of capital projects that we were not deemed required for an immediate need. It is important to note that the ranking is to provide an initial basis for Council deliberations to support their direction.

Mayor and Councillors also had an opportunity to submit specific requests. These requests will be incorporated into the operating budget or ranked according to the project prioritization for capital requests. Subject to four days of Council budget review workshops, discussions and final recommendations, the budget is slated for presentation for Council approval on December 13, 2016, following a month of engagements between Council, residents and Administration. This engagement will be achieved through a number of means:

- Public presentation of the proposed budget during the Council meeting on November 1, 2016;
- Posting of the proposed budget and financial plan on the Municipal website;
- Dedicated email and telephone options for members of the public to engage both Council and Administration; and
- A series of budget workshops between Council and Administration (November 2, 3, 4, & 5, 2016) that will be webcast live for the convenience and information of citizens.

The proposed 2017 Budget, 2018 - 2022 Financial Plan provide base information that will be used to develop the 2017 – 2019 Fiscal Management Strategy (FMS) in 2017. This fiscal strategy update will in turn inform the 2017 property tax bylaw development process. A critical indicator that will set the tone for the development of the FMS and property tax rate bylaw discussions will be the finalization of the assessment roll. Dependent on updated assessment information, further budget amendments may be required and/or property tax options discussed. Administration is currently considering a variety of option to address different scenarios. A balanced solution reached through collaboration with our stakeholders is the desired end state.

Budget/Financial Implications:

The budget philosophy for 2017 is fundamentally different than any other year. Decreasing revenues and adapting to a community that is not experiencing growth require the Municipality to focus on maintaining existing assets and programs/services. Prudent fiscal management requires that undrawn debt scenarios be reviewed to ensure that future years are not negatively impacted. In addition, the risk of assessment appeals and the impact on taxation revenue continues in 2017.

Administration continues to assess personnel requirements as each vacancy is rationalized. To date, the 30 FTE vacancy reduction has been exceeded while reassigning resources to areas that have increased workloads due to the rebuild of the community.

Rationale for Recommendation:

The presentation of the 2017 Proposed Budget, 2018 - 2022 Financial Plan represents Administration's recommendation. The next steps in the budget process include incorporating changes as identified by Council during the proposed four day budget review workshops followed by a presentation of the final budget and financial plan on December 13, 2016 for Council approval.

Strategic Plan Linkage:

Pillar 1 – Building Responsible Government

Attachments:

1. 2017 Proposed Operating Budget, 2018 and 2019 Financial Plan
2. 2017 Proposed Capital Budget (Funded) – November 1, 2016
3. 2017 Proposed Capital Budget (Unfunded) – November 1, 2016