

2017 Proposed Operating Budget

Maintaining the Foundation for
Today and the Future

November 29, 2016

Presenters: Elsie Hutton, CFO
Linda Ollivier, Director of Financial Services

2017 Budget Development Work Plan

- Work Plan accepted by Council – September 13, 2016
- Budget Presentation to Council – November 1, 2016
- Council Budget Review Workshops rescheduled to discuss the proposed 2017 Budget – November 28 – December 3, 2016
- Budget presentation to Council for consideration – December 13, 2016

2016 Budget Update

- Third quarter status update indicates a deficit
- 2016 Budget reductions of \$30M
- 30 vacant FTE reduction
- All 2016 tax rates established at 2% less than 2015 rates
- Wildfire tax relief program estimated at \$3.4M
- Other relief programs
- No penalties on unpaid 2016 property taxes until January 2017

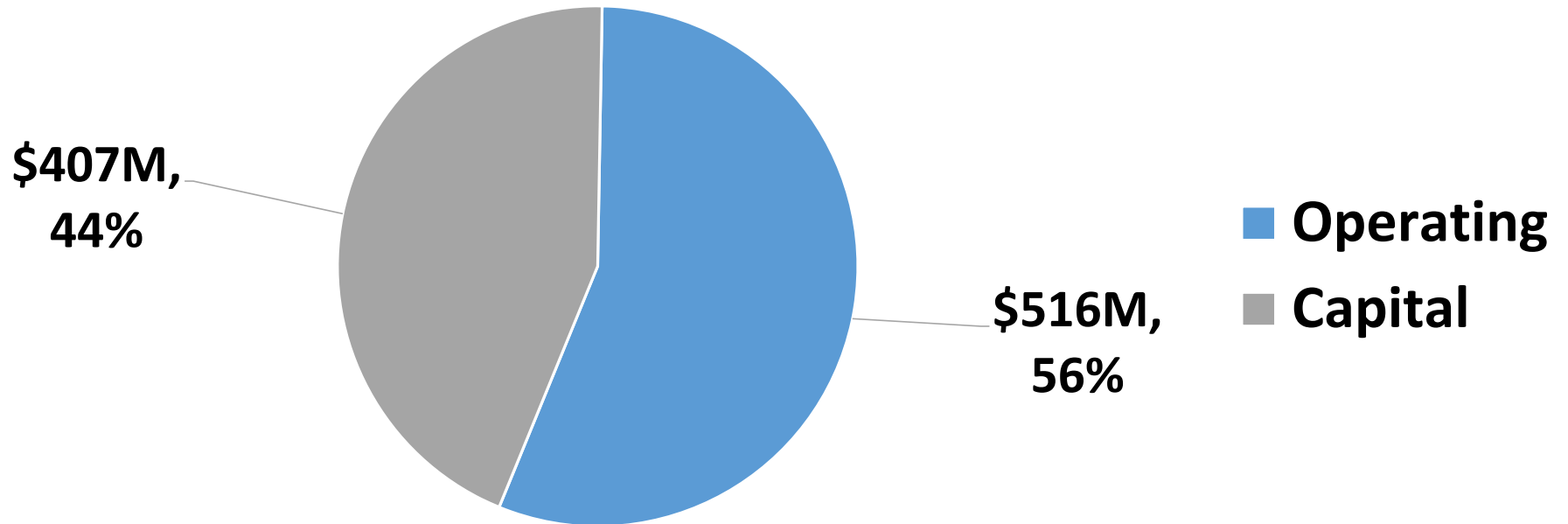
2017 Proposed Budget

- Impact of current economic situation
- Future assessment projections
- Proposed Bill 21 amendments
- Inclusion of Wood Buffalo Recovery Task Force budget
- Mayor and/or Councillor Requests
- Funding for 2016 Operating Deficit
- No new Provincial funding
- DCAO All Staff Message

2017 PROPOSED BUDGET AND 2018 - 2019 FINANCIAL PLANS

2017 Proposed Operating and Capital Budget

Total 2017 - \$923M



*Includes Public Art Commitment

2017 Proposed Operating Budget Analysis

	(\$M)
Operating Revenue	851.3
Operating Expense	515.7
Funding available for transfer for capital purposes/2016 deficit reduction	335.6
Transfer for capital purposes/2016 deficit reduction	335.6
Balanced Budget	-

2017 Proposed Operating Budget Analysis

Revenue	2016 (\$'M)	2017 (\$'M)	Change (\$'M)
Taxes	766.1	750.9	(15.2)
Grants in lieu (taxes)	0.7	0.7	(0.0)
Sales to Other Governments	3.5	3.3	(0.2)
Sales of Goods & Services	56.1	50.7	(5.4)
Other Revenue from Own Sources	34.5	30.2	(4.3)
Grants	14.8	15.5	0.7
Other Transfers	1.1	0.0	(1.1)
TOTAL	876.8	851.3	(25.5)

Property Taxation Revenue

- Assessment changes will impact property tax revenue
- Current tax rate ratio is grandfathered
- Declaration of assessment roll in 2017 will present critical information

Municipal Tax Calculation

Assessment x Municipal Tax Rate = Municipal Tax Levy

Property Taxation Revenue Projection

- Decline in market values will result in a loss of municipal property tax revenue unless tax rates increase
- Losses due to wildfire
- Reduction in linear assessment due to cost changes
- Non-residential tax rates cannot be increased unless residential tax rates are increased to maintain grandfathered ratio

Machinery & Equipment Revenue Projection

- Assessment base decrease forecast
- Risk of not realizing assessment growth due to construction projects being suspended or delayed
- Continued risk of assessment appeals

2016 Assessment Appeal Update

- 2016 appeals of approximately \$101M
- \$36M contingency budgeted for 2016
- Estimated shortfall of \$41M

Timing	Amount (\$'M)
2015 Shortfall	22
2016 Anticipated Appeals (less contingency)	19
2016 Shortfall	41

Assessment Appeal Allowance

- 5% contingency for Machinery & Equipment class
- 3% contingency for all other classes
- Significant potential exposure to 2016 and prior assessment appeals that are not resolved
- Full exposure not funded due to order of magnitude and uncertainty of risk

2017 Proposed Operating Budget Comparison

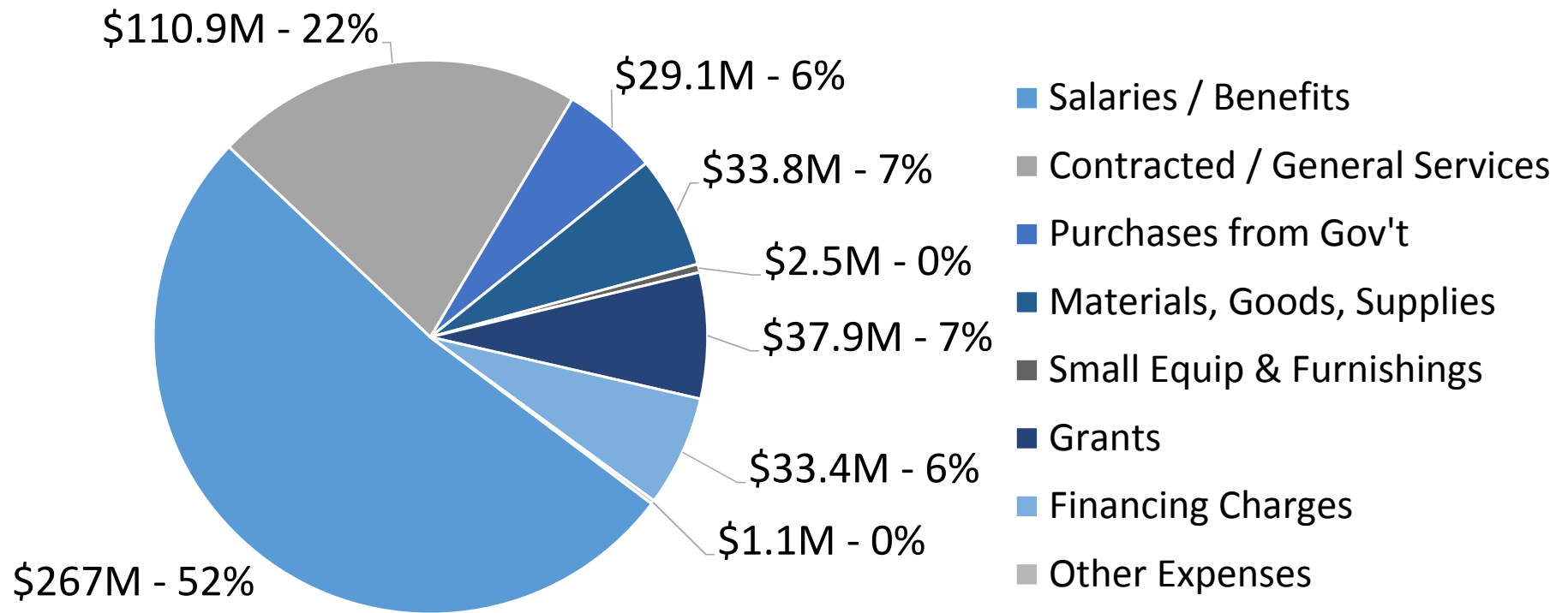
Expenses	2016 (\$'M)	2017 (\$'M)	Change (\$'M)
Salaries / Benefits	259.2	267.0	7.8
Contracted / General Services	108.0	110.9	2.9
Purchases from other Governments	28.1	29.1	1.0
Materials, Goods, Supplies	38.9	33.8	(5.1)
Small Equipment & Furnishings	3.2	2.5	(0.7)
Grants	41.7	37.9	(3.8)
Financial Service Charges	30.3	33.4	3.1
Other Expenses	1.1	1.1	0.0
TOTAL	510.5	515.7	5.2

2017 Proposed Operating Budget Comparison

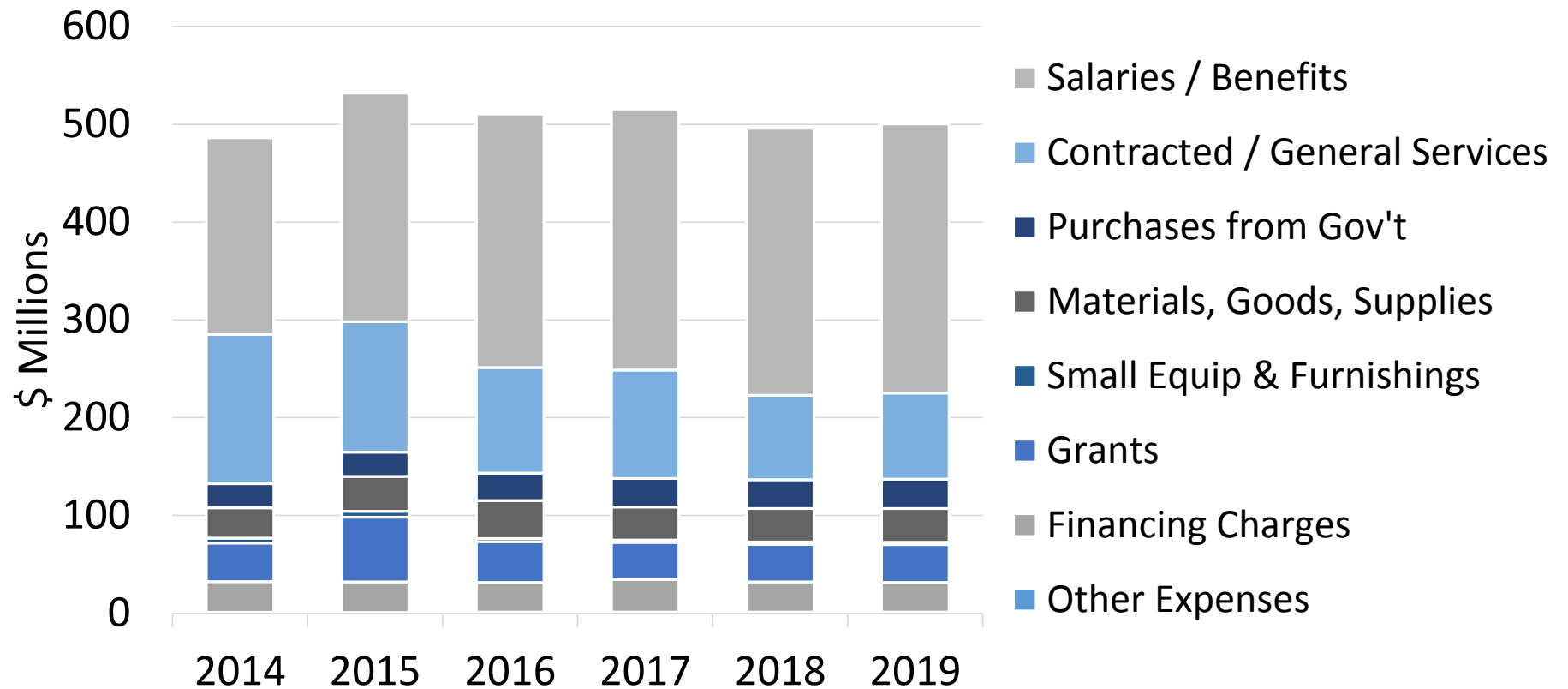
Expenses	2016 (\$'M)	2017 (\$'M)	Change (\$'M)
Total Operating Expenses	510.5	515.7	5.2
Transfer to Capital / 2016 Deficit Reduction	366.3	335.6	(30.7)
Total Operating Budget	876.8	851.3	(25.5)

2017 Proposed Operating Budget

Expenses Summary = Total \$515.7 M



Operating Budget & Financial Plan Trend



2017 PROPOSED BUDGET PERSONNEL

2016 Personnel Update

- 30 vacant FTE reduction achieved
- Evaluation of vacant positions continuing
- Reassignment of vacant positions based on priority

*FTE-Full Time Equivalent

2017 Personnel Budget (FTE) Principles

- No additional FTE's in 2017
- Evaluation of vacant positions continuing
- Reassignment of vacant positions based on priority
- Negotiated CUPE union increase included
- IAFF union increase budgeted as contingency
- Exempt Pay for Performance increase budgeted as contingency
- Budgeted FTE's meet current level of services/programs

Other Efficiency Initiatives

- Staff engagement to identify other areas for cost reductions and efficiencies
- Ongoing review of programs/services scenarios to respond to potential future challenges

Budget Deliberations – Next Steps

- Council Budget Workshops
- Community Investment Program Presentations
- Departmental Operating Budget Presentations
- Departmental Capital Budget Presentations
- Budget Deliberations

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