

**Subject: 2019 - 2021 Fiscal Management Strategy****APPROVALS:****Annette Antoniak**\_\_\_\_\_  
Director\_\_\_\_\_  
Chief Administrative Officer**Recommended Motion:**

THAT the 2019 – 2021 Fiscal Management Strategy, dated May 7, 2019, be accepted as information.

**Summary:**

The 2019 - 2021 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 2019 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 the Strategic Plan the will guide the Municipality from 2018 - 2021. Included 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 from the perspective of a transformed region. This budget method focuses on understanding the costs of providing programs and services with a continued emphasis on finding savings and efficiencies. Using this budgeting strategy, property tax revenue has decreased by \$148M since the 2016 budget.

A debt reduction strategy started in 2017 has been expanded into 2019. This strategy allows the Municipality to avoid future additional debenture interest and principal payments as well as provide interest savings over the amortization period. The committed drawn debt will be repaid by the second quarter of 2019, and funds have been allocated within the budget and financial plan to fund previously approved debenture-funded capital projects and thereby eliminate the committed undrawn debt by 2021.

The 2019 - 2021 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 asset management 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. Due a combination of changes in the assessment base and budget reductions, because of zero-based budgeting, the taxation ratio at first reading of the 2019 Tax Rate Bylaw is 12.45.

### **Budget/Financial Implications:**

The 2019 - 2021 Fiscal Management Strategy includes budget information that was previously approved by Council that incorporated the strategies, such as undrawn debt reduction, discussed in the attachment.

### **Rationale for Recommendation:**

The 2019 - 2021 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:**

**2019 - 2021 Fiscal Management Strategy**