

2016 Budget and Financial Plan

Planning for a Sustainable Future in Dynamic Times

Elsie Hutton, CFO and Executive Director, and
Kola Oladimeji, Director Financial Services
December 8, 2015

2016 Budget Development Work Plan

- Fiscal Management Strategy (FMS) approved by Council - May 12, 2015
- Work Plan accepted as information by Audit and Budget Committee - June 16, 2015
- Budget Presentation to Council - November 3, 2015
- Council Budget Review Workshops - November 4, 5, 6, and 9, 2015
- Budget presentation to Council - December 8, 2015

Council Strategic Plan

Alignment of the proposed budget with Strategic Plan

- Building Responsible Government
- Building Balanced Regional Services
- Building a Vibrant Economy Together
- Building an Effective Land Strategy
- Building a Reliable Transportation Network
- Building a Sustainable Region
- Building for a Healthy and Active Lifestyle

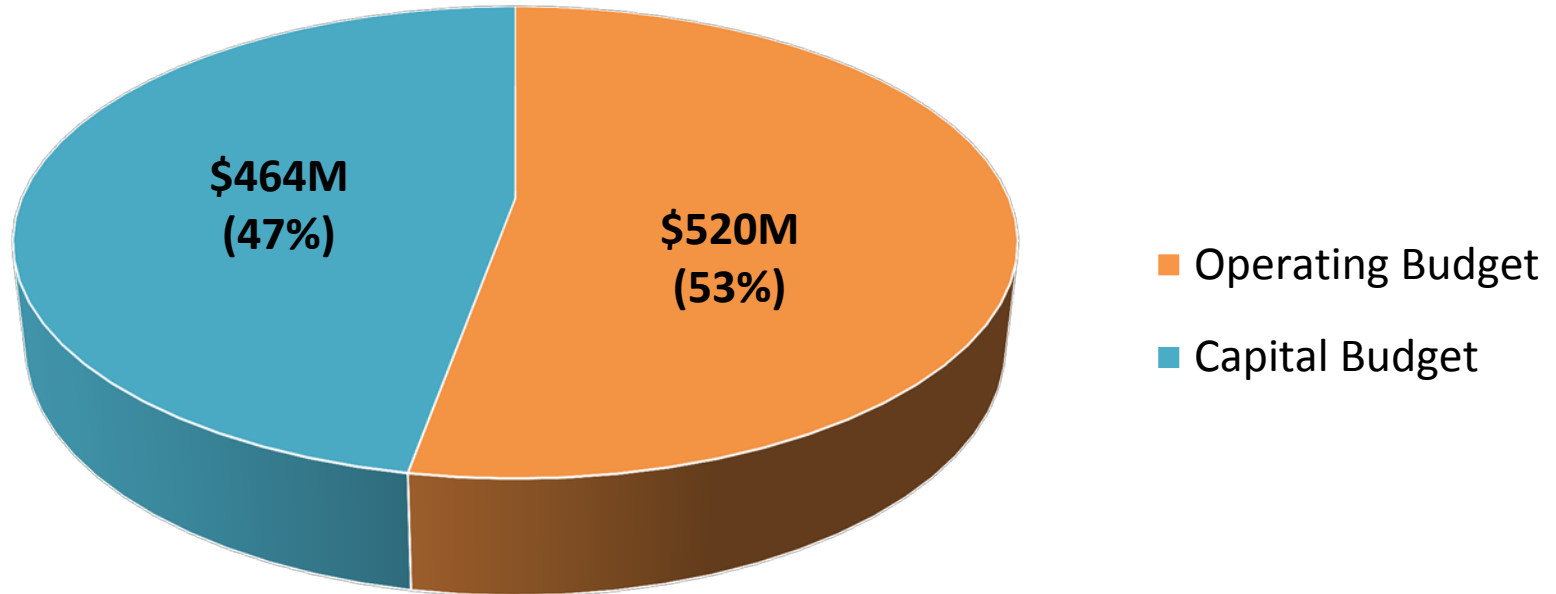
2016 Budget

- Impact of current economic situation
- Future assessment growth projections
- Mayor and/or Councillor Requests
- Four day Council Budget workshop motions incorporated
- Function review outcomes

2016 BUDGET AND 2017-2018 FINANCIAL PLANS

2016 Operating and Capital Budget

Total 2016 = \$984M



2016 Operating Budget Analysis

Revenue	\$860,708,200
Operating expenses	\$520,495,300
Funding available for transfer to capital reserve	\$340,212,900
Transfer for capital purposes	\$340,212,900
Balanced Budget	\$ -

2016 Operating Budget Analysis

Revenue	2015 (\$'M)	2016 (\$'M)	Change (\$'M)
Taxes	692	750	58
Grants in lieu (taxes)	1	1	-
Sales to Other Governments	3	3	-
Sales of Goods & Services	63	56	(7)
Other Revenue from Own Sources	43	35	(8)
Conditional Grants	14	15	1
Other Transfers	1	1	-
TOTAL	817	861	44

Property Taxation Revenue

- Market value changes will not impact property tax revenue collected
- Market value changes between individual properties redistributes tax burden between taxpayers
- Increases in overall municipal taxes generated from assessment base growth (new construction)

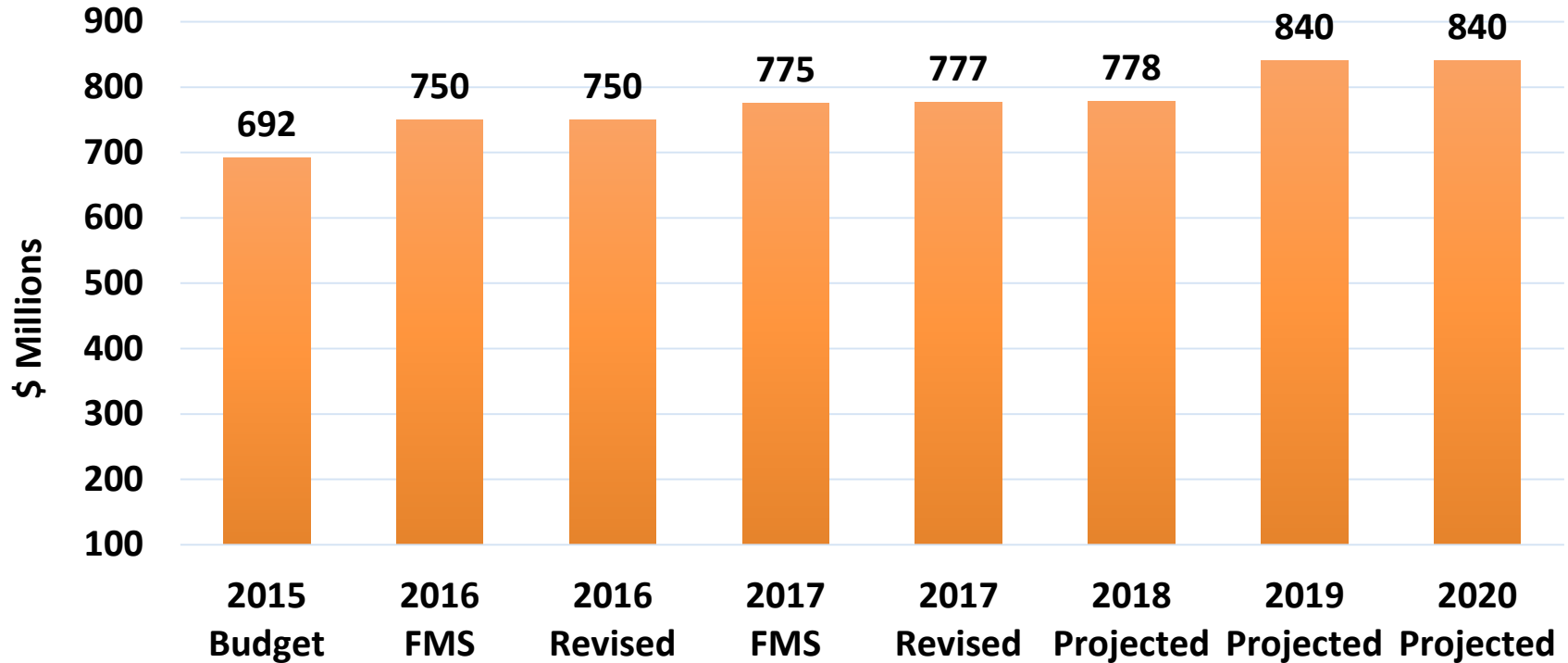
Municipal Tax Calculation (Revenue Neutral)

Assessment x Municipal Tax Rate = Municipal Tax Levy

Property Taxation Revenue Projection

- Assumes principles of revenue neutral plus new construction growth maintained
- Decline in residential market values will not result in a loss of municipal property tax revenue
- Increase of 1% forecast for non-residential sectors (excluding oil sands projects)
- M&E Assessment growth from projects currently under construction
- 2019 to 2020 no additional M&E assessment growth projected

Property Tax Projection



Assessment Appeal Allowance

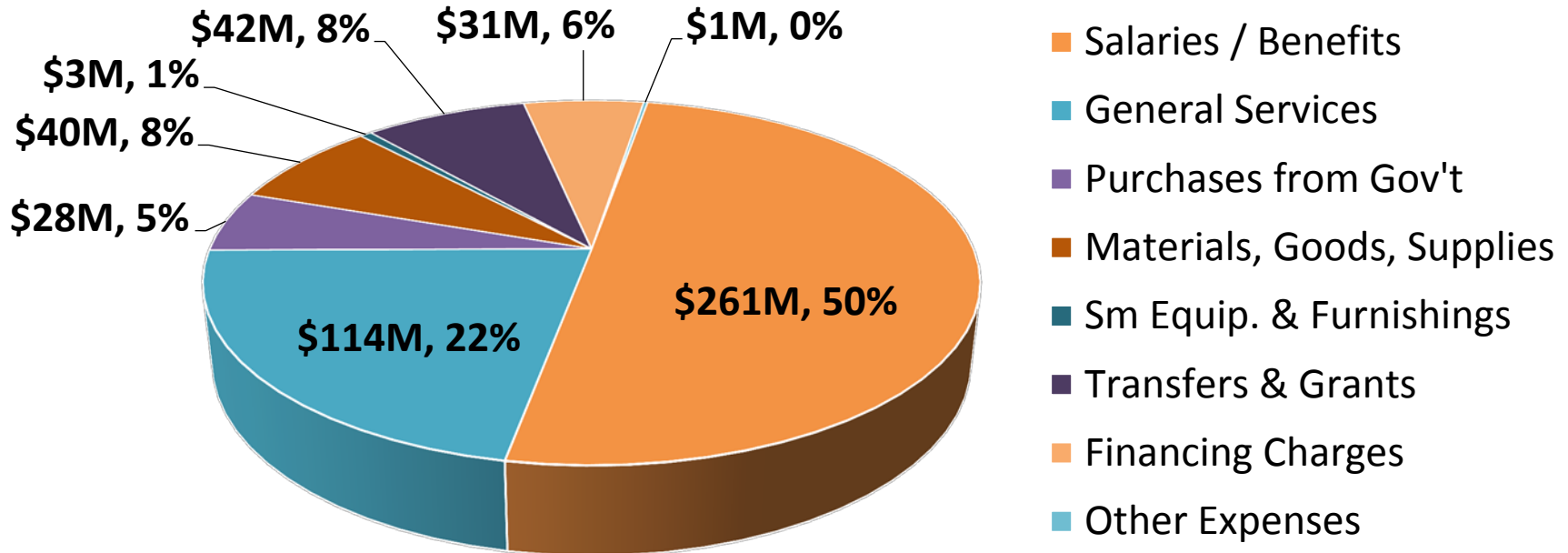
- 5% contingency for Machinery & Equipment class
- 3% contingency for all other classes
- Significant potential exposure to 2015 and prior assessment appeals that are not resolved

2016 Operating Budget Comparison

Expenses	2015 (\$'M)	2016 (\$'M)	Change (\$'M)
Salaries, Wages & Benefits	234	261	27
Contracted and General Services	134	114	(20)
Purchases from Other Governments	25	28	3
Materials, Goods, Supplies & Utilities	36	40	4
Small Equipment & Furnishings	6	3	(3)
Transfers and Grants	34	42	8
Financial Service Charges	31	31	-
Other Expenses	1	1	-
TOTAL	501	520	19

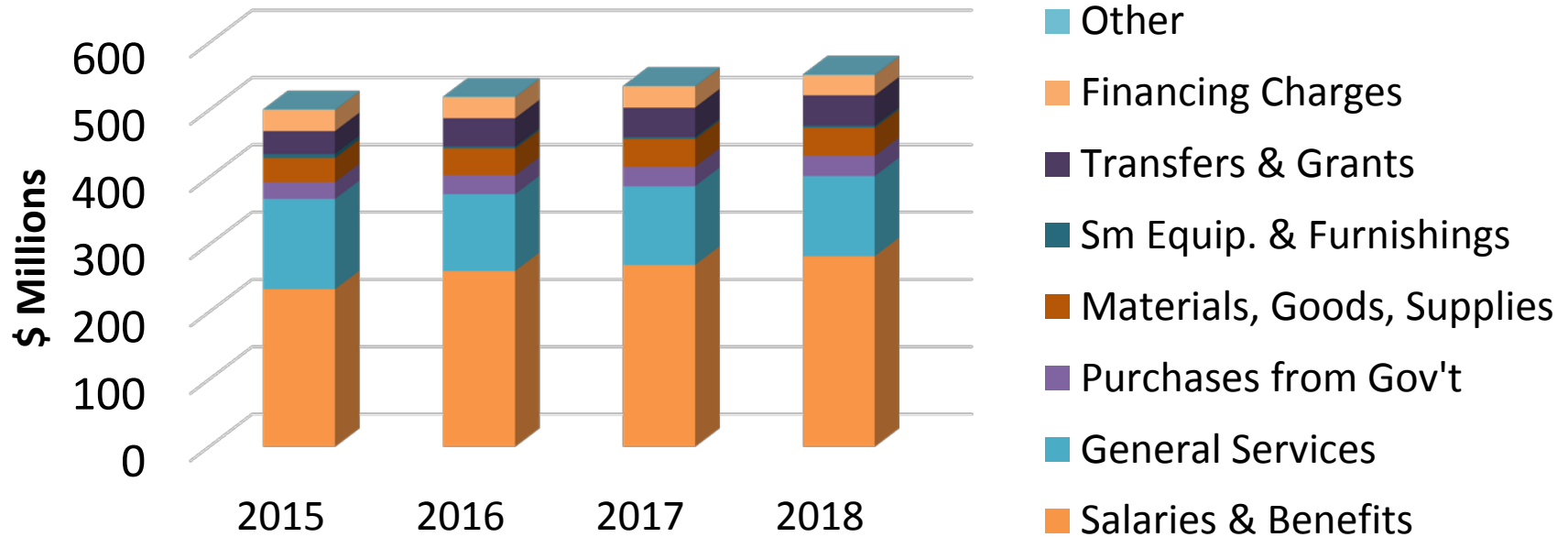
2016 Operating Budget

Expenses Summary = Total \$520M



Operating Budget & Financial Plan Trend

2015 - 2018 Trend



2016 Community Investment Program Highlights

Regional Recreation Corporation (RRC)	\$17.3M
Wood Buffalo Regional Library	5.1
Rotary Links Golf Course	3.9
Local Hero Foundation	1.5
Northern Alberta Athletic Association	1.1
Fort McMurray Historical Society	0.7

2016 BUDGET STAFFING

Staffing Budget (FTE) Principles

- No additional FTEs in 2016
- Priority reallocation of vacant positions across departments
- Evaluation of need for all existing vacant positions
- Annualized salaries, wages and benefits for positions
- Negotiated union increases included
- Proposed staffing to meet current level of services
- 1,685 Total FTE for 2016

Other Efficiency Initiatives

- Staff engagement to identify other areas for savings and efficiencies
- Fleet management changes
- Implementation of Learning, Development and Training Policy
- Outcome of function review

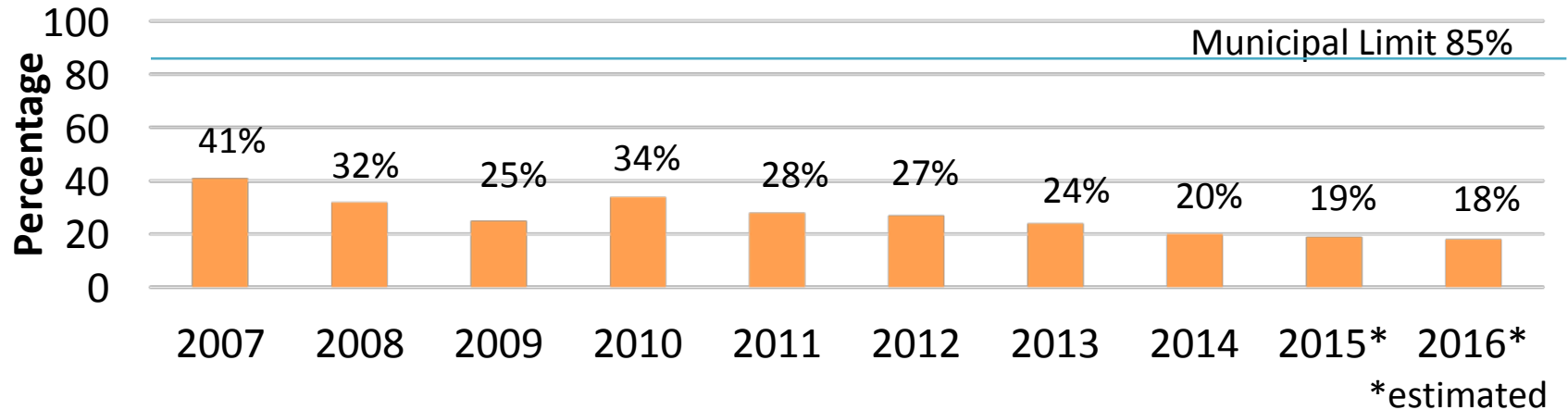
Other Contingencies

- Exempt compensation/performance management project outcomes
- Health benefits increases
- IAFF union negotiations 2017
- CUPE union negotiations 2018

2016 BUDGET AND FINANCIAL PLAN DEBT OVERVIEW

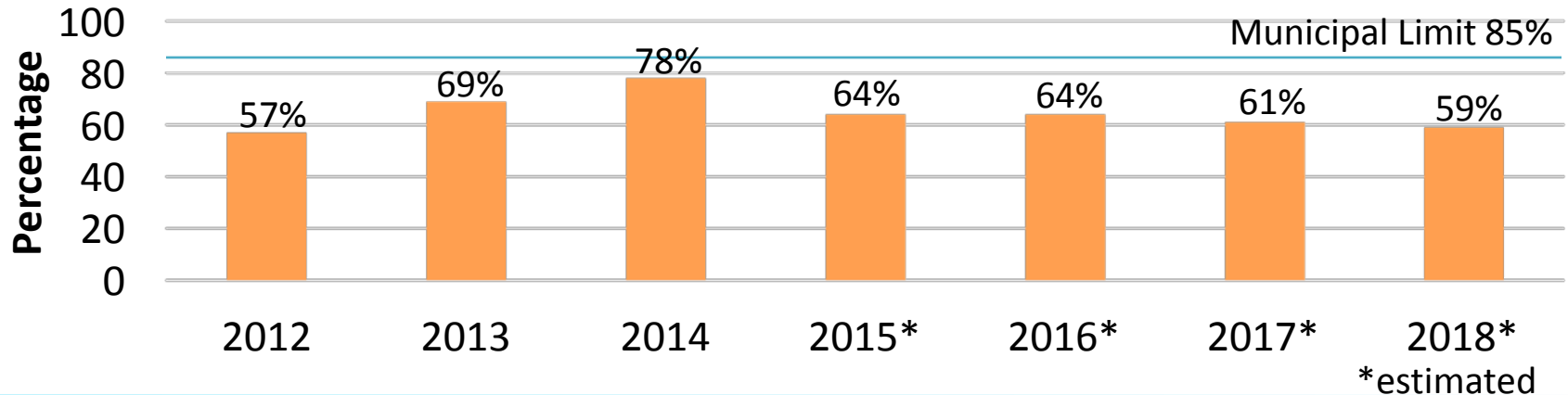
Actual Debt %

- The *Municipal Government Act* (MGA) debt limit is 2.0 x revenue
- The Municipality's current debt limit is established at 85% of the MGA limit per Council Policy FIN-120



Committed Debt %

- The *Municipal Government Act* (MGA) debt limit is 2.0 x revenue
- The Municipality's current debt limit is established at 85% of the MGA limit



2016 CAPITAL BUDGET AND 2017-2021 CAPITAL PLAN

Capital Budget Guidelines

The 2016 Capital Budget and 2017-2021 Capital Plan is based on the following considerations:

- Approved 2015 – 2017 Strategic Plan
- Master Plans
- Asset replacement cycles
- Changing economic climate

Resources Assigned vs Unassigned

Resources Assigned

- The administrative review assigned resources to projects required to maintain the current service levels or business continuity

Resources Unassigned

- The administrative review did not assign resources to projects not required to maintain current service levels or business continuity

Population and Service Level Growth Projects

- Projects requiring updated population projection information before proceeding to Council for approval
- Design ready projects
- Alternative Capital Financing (ACF) projects

Public Art

- Municipal Public Art Policy – PRL-160
 - Approved by Council on July 9, 2014
 - Public Art Committee Bylaw 14/02 approved by Council on July 9, 2014
- Effective January 1, 2015, 0.5% of total cost of eligible municipal capital projects over \$1M for public art
- Estimated 2016 Public Art Policy impact \$492K

2016 CAPITAL BUDGET AND 2017-2021 CAPITAL PLAN

2016 Capital Budget & 2017-2021 Plan

	Capital Plan (\$'M)	Available Funds (\$'M)	Surplus/ (Shortfall) (\$'M)
2016	630	591	(39)
2017	790	391	(399)
2018	841	340	(501)
2019 & after	2,204	1,289	(915)
TOTAL	4,465	2,611	(1,854)

2016 Capital Budget & 2017-2021 Plan

Funding Sources

	Reserves (\$'M)	Debt (\$'M)	Grants (\$'M)	Levies/ Charges (\$'M)	TOTAL (\$'M)
2016	495	38	58	-	591
2017	300	65	26	-	391
2018	300	16	24	-	340
2019 & After	900	320	69	-	1,289

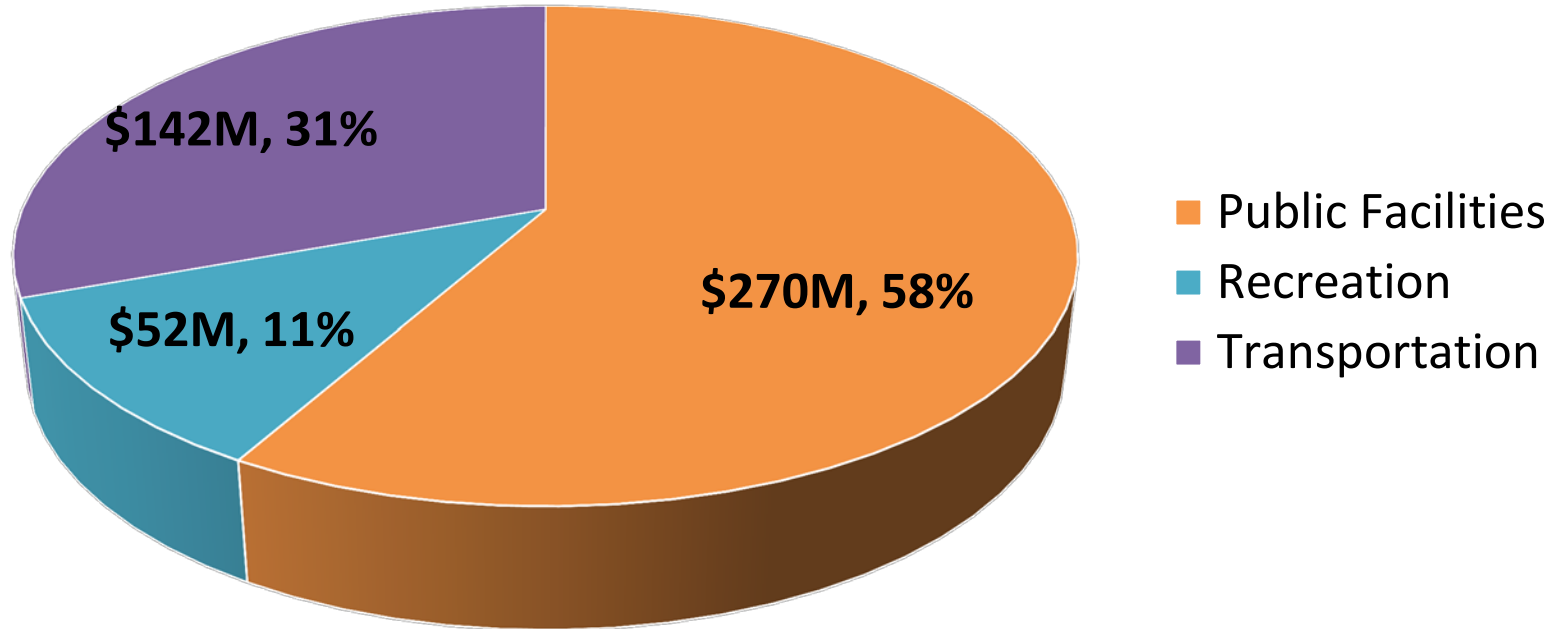
2016 Capital Budget & 2017-2021 Plan

	Resources Assigned (\$'M)	Available Funds (\$'M)	Net (\$'M)	Resources Unassigned (\$'M)	Funding Shortfall (\$'M)
2016	464	591	127	166	(39)
2017	298	391	93	492	(399)
2018	126	340	214	715	(501)
2019 & After	129	1,289	1,160	2,075	(915)
Total	1,017	2,611	1,594	3,448	(1,854)

2016 Budget includes \$492K for Public Art Budget

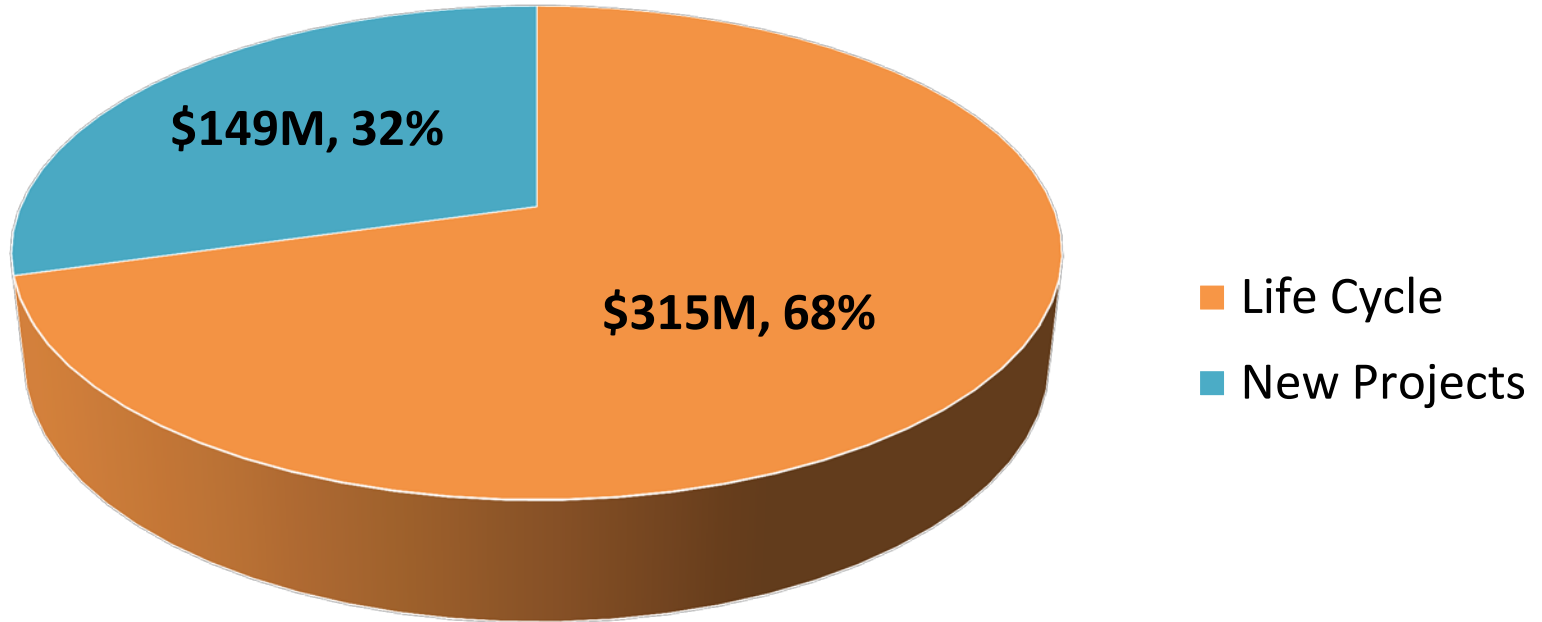
2016 Capital Budget, by category

89 Projects = \$464M

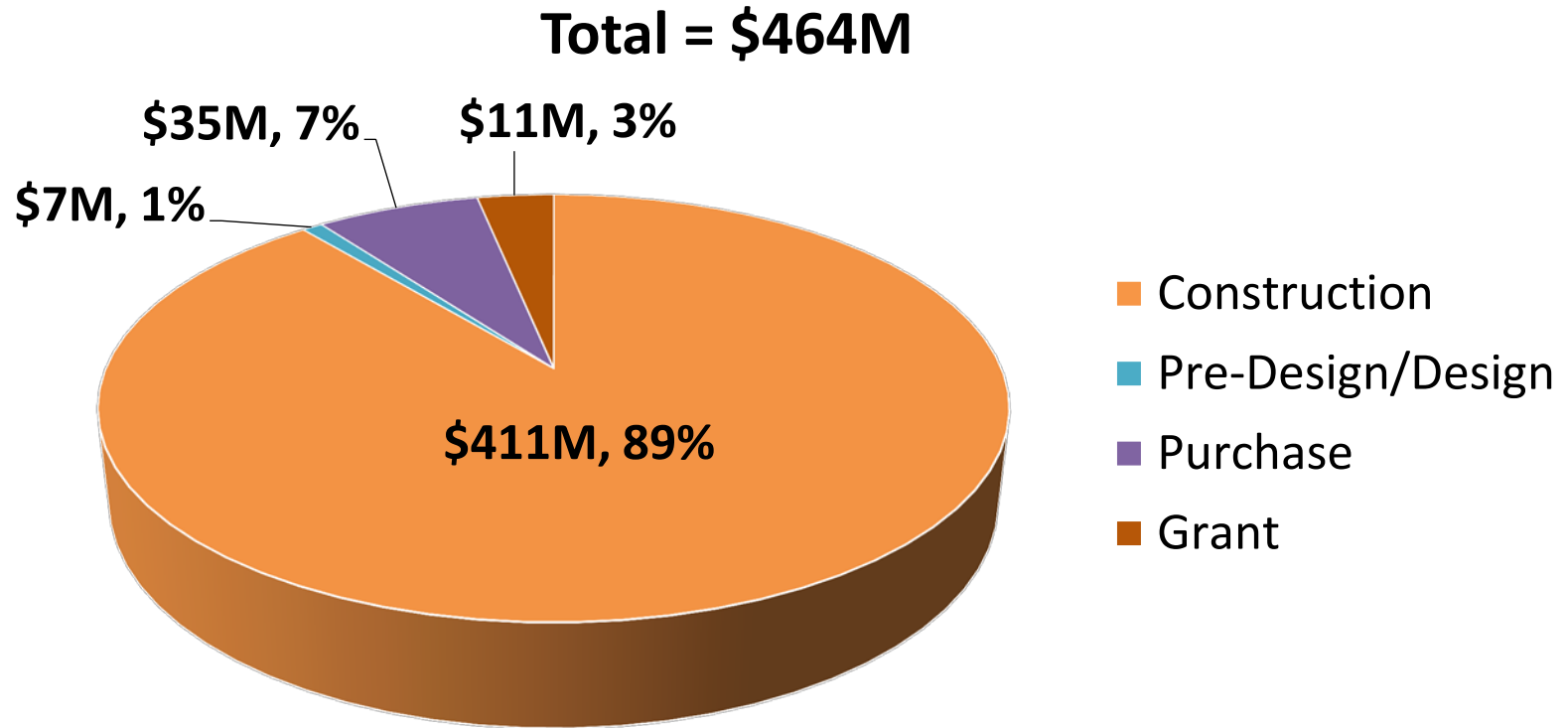


2016 Capital Budget, by nature

89 Projects = \$464M



2016 Capital Budget, by type



2016-2021 Capital Requests, by durations

Resources Assigned

	2016 (\$'M)	2017 (\$'M)	2018 (\$'M)	2019 & After (\$'M)	TOTAL (\$'M)
Approved multi year projects	315	294	126	129	864
First & multi year approved projects (new)	82	4	-	-	86
Single year projects (new)	67	-	-	-	67
Total	464	298	126	129	1,017

Council Strategic Plan Projects (Resourced)

Building Balanced Regional Services	2015 & Prior (\$'M)	2016 (\$'M)	There- after (\$'M)	Total (\$'M)
Fort Chipewyan WTP Upgrade	15	10	12	37
Flood Mitigation Plan	11	-	204	215
Saline Creek Water Main from Hardin St	14	-	-	14
Janvier Sewage Lagoon Upgrade	4	-	-	4
Anzac Fire Hall Construction	1	7	4	12
Anzac WWTP and Effluent Pipeline	44	8	-	52

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Council Strategic Plan Projects (Resourced)

Building Balanced Regional Services	2015 & Prior (\$'M)	2016 (\$'M)	There- after (\$'M)	Total (\$'M)
Confederation Way Sanitary Sewer Bypass (Phases 1 & 2)	17	40	14	71
Beacon Hill Outfall, Water Supply Pipeline Upgrade	16	-	-	16
Southwest Water Line	27	8	-	35
Fort MacKay Fire Hall	-	9	6	15

2016 BUDGET AND FINANCIAL PLAN NEXT STEPS

Budget Management and Next Steps

- Continued review for savings and efficiencies
- Updated population projections
- Debenture Bylaw approval by Council early 2016
- Flexibility to manage within approved budget per Policy FIN-160 (Fiscal Responsibility Policy)
- Update Fiscal Management Strategy in 2016
- 2016 Property Tax Rate Bylaw – 3rd reading May 2016

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