



Subject: 2016 – 2018 Fiscal Management Strategy Update

APPROVALS:

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

Administrative Recommendations:

THAT the 2016 – 2018 Fiscal Management Strategy, dated April 19, 2016, be approved as a guide for 2017 budget development;

THAT the 2015-2017 Fiscal Management Strategy, dated April 28, 2015, be rescinded; and

THAT Administration be authorized to incorporate into the 2016-2018 Fiscal Management Strategy any changes that may be required following passage of the 2016 Property Tax Rate Bylaw No. 16/007.

Summary:

The 2016 – 2018 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 2016 Property Tax Rate Bylaw.

The 2016 – 2018 Fiscal Management Strategy will achieve the following:

- Continue with the property tax 'revenue neutral' plus new construction growth philosophy in setting 2016 property tax rates;
- Assume property tax 'revenue neutral' plus new construction growth philosophy for all property classes in preparing the 2017 – 2018 budgets and plans;
- Continue to maintain a minimum uncommitted balance of \$50M in the Emerging Issues Reserve, subject to a maximum of 15% of net property taxes revenue in the prior year (Fiscal Responsibility Policy FIN-160);
- Continue to maintain a minimum uncommitted balance in the Capital Infrastructure Reserve of \$50M (Fiscal Responsibility Policy FIN-160);
- Review the current debt and debt services limits of 85% of *Municipal Government Act* limits per the Debt Management Policy (Debt Management Policy FIN-120) and subsequently recommend an option that is reflective of the current economic situation;
- Review and phase in capital project delivery to match available funding sources;
- Continue to review the implication of the Wood Buffalo Utility Corporation (formerly referred to as the Municipal Utility Corporation), and

- Transfer property tax revenue from additional new construction growth of \$77M to the Emerging Issues Reserve to offset the impact of potential assessment appeal losses.

A motion of Council will be required to formalize the \$77M transfer to the Emerging Issues Reserve. This motion would be considered during the 3rd reading of the 2016 Property Tax Rate Bylaw.

Budget/Financial Implications:

The budget assumptions identified will provide the initial basis for 2017 budget development. In the event funding sources are insufficient to meet anticipated future municipal expenditures, Administration will propose alternatives for Council approval.

New construction growth will contribute approximately \$77M in additional tax revenue above the 2016 Approved Operating Budget, based on the 2016 Property Tax Bylaw, currently before Council. The FMS is based on committing the \$77M within the Emerging Issues Reserve to fund the costs associated with potential assessment appeal losses.

Rationale for Recommendation:

The 2016 – 2018 Fiscal Management Strategy will provide a sustainable financial strategy to meet the short and mid-term needs of the Municipality. It aligns with the 2015 – 2017 Strategic Plan.

Strategic Plan Linkages:

Pillar 1 – Building Responsible Government
Pillar 2 – Building Balanced Regional Services
Pillar 6 – Building a Sustainable Region

Attachment:

1. 2016 – 2018 Fiscal Management Strategy dated April 19, 2016