

2020 PRE-BUDGET CHECK-IN

Issue

The 2020 Service Priorities and Budget Guidelines are provided to Council for approval.

Motion Proposed by Administration

That the 2020 Service Priorities and Budget Guidelines be amended, as recommended by the Governance and Priorities Committee.

Report, Analysis and Financial Implications

At the completion of the 2019 budget cycle, Council directed changes to the budget process to include the addition of a new step 6 in the process, a mid-year budget check-in to assess any changes in conditions that may warrant the update of the budget guidelines.

Based upon a review of the economic conditions including the blue ribbon report from the Province, the Governance and Priorities Committee recommended the following changes to the approved April 22, 2019 Budget Guidelines as follows:

- Under the “Municipal Tax Rates” section the residential tax increase be set at 3%, down from 4%.
- Insert under the “One Time Operating Projects” section funding for 2022 Alberta Summer Games to be funded by non-property tax funding (reserves).

Strategic Plan Goals

<input type="checkbox"/> Manage Community Growth	<input checked="" type="checkbox"/> Provide Strong Governance
<input type="checkbox"/> Provide Quality Community Infrastructure	<input type="checkbox"/> Healthy and Safe Community
<input type="checkbox"/> Enhance Organizational Excellence	<input type="checkbox"/> Foster Economic Vitality
	<input type="checkbox"/> Promote Environmental Excellence

Governing Policies/Bylaws/Legislation or Agreements

2020 Service Priorities and Budget Guidelines

Public Participation Strategy

n/a

Alternatives for Consideration

n/a

CAO Comments

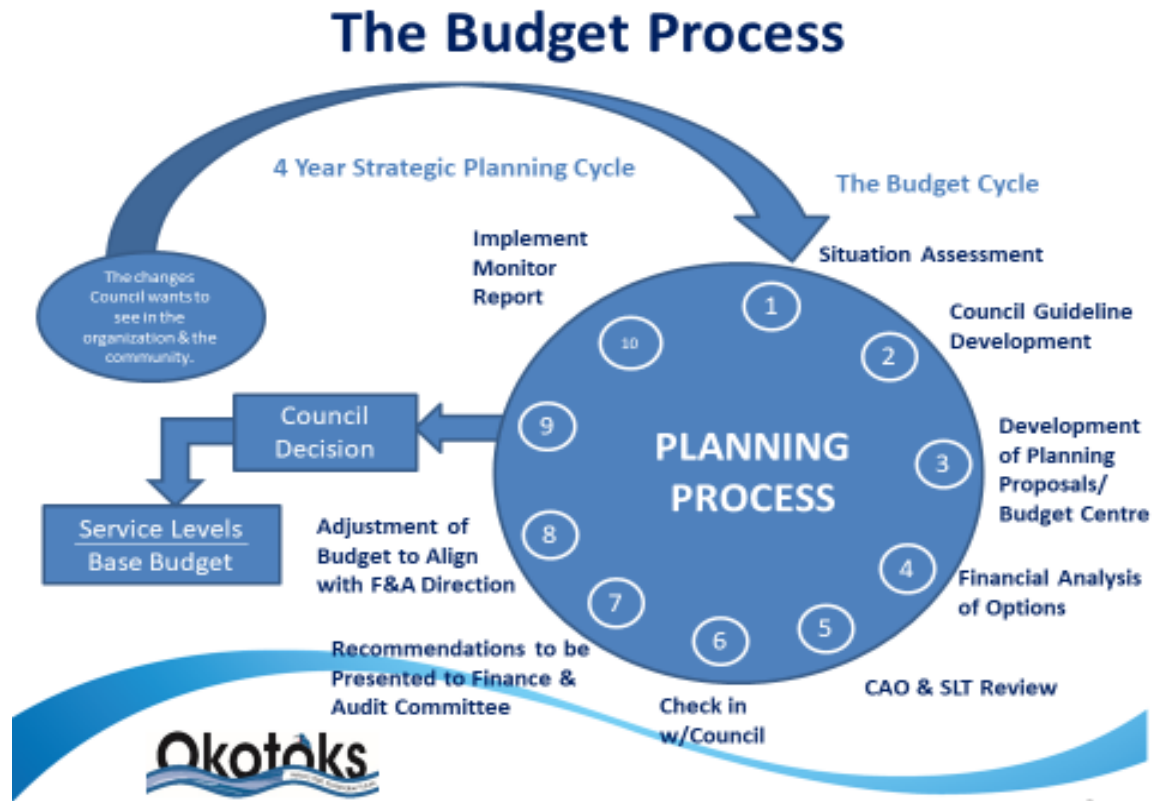
The 2020 budget is going to be very complex. The changing economic conditions, the uncertainty of the federal election and the overall report from the Province recommending austerity will make predicting the final outcome a challenge. The timing of these events will not provide the needed clarity for the budget guidelines however we have attempted to address the conditions by including measures that reflect the economic conditions of the Province. Depending upon the outcome of the federal and provincial budgets, adjustments may be required to the final numbers.

Attachment(s)

1. 2020 Service Priorities and Budget Guidelines red line version

Prepared by:
Ralph Ettenauer
Finance & Systems Director
September 18, 2019

2020 SERVICE PRIORITIES AND BUDGET GUIDELINES: RED LINE VERSION



The 2020 Service Priorities and Budget Guidelines to the Governance and Priorities Committee Meeting September 16, 2019 have been amended with the recommendations of the Committee and are reflected in this red line version of the document.

Multi-year Forecast

- Provide a 5-year Operating Plan
- Provide a 10-year Capital Plan

Debt Level

- Council's policy of 75% of the maximum debt level be maintained throughout the 10-year Capital Plan.

Reserves

- Maintain a minimum reserve balance of \$25 Million throughout the Capital Plan.

Grants

- For Municipal Sustainability Initiatives (MSI) capital beyond 2021/2022, use 60% of existing current MSI funding. This is the approximate amount guaranteed to Calgary and Edmonton in the City Charter agreements.
 - Update – There is uncertainty of future provincial funding pending the budget expected later October 2019.
- For the Federal Gas Tax Fund, maintain current funding level for the 10-year plan. Confirmed in the 2019 budget announcement that the GTF amount will double for the 2019-2020 period only.
 - Update - Recent allocation from the province indicates that a total of \$3.277M will be made available to the town.

One Time Operating Projects

- Provide a business case to support one time operating projects. (These are over \$0.1M requests. Below the limit should be included in normal budget)
- The 2022 Summer Games will be included as a one time project.

Strategic Initiatives

- Provide a business case to support all expenditures linked directly to achieving Councils strategic initiatives.
 - Update – strategic initiative examples are 2022 Alberta Summer Games, and economic vitality initiatives.

Staffing

- A business case for staffing be included in the operating budget presentation

Franchise Fees

- Fortis: Maintain the rate of 18% for 2020. Max is 20%.
- ATCO: Maintain the rate of 16% for 2020. Max is 35%.

Municipal Tax Rates Review

- 2020 residential tax increase of 3% 4% (based on a typical residence).
- 2021 and beyond: residential tax increase for typical residence of 4%.
- For 2020, maintain the non-residential tax rate value of 150%.

Taxes for Requisitions (School Boards, Westwinds Communities, Library Boards)

- Rates to be set to meet the amount of requisition without subsidy from Municipal taxes.

Cost Recovery

- In general, municipal cost recovery rates target full cost recovery for billable services, with specific provisions as outlined below.

Utilities

- Recognition that the Utility Policy and utility rate structures are currently under review and may require changes to the current methodology and structure.
- All utilities provide for full cost recovery including amortization and contribution to administrative as per Council policy.
 - Update: utility review scheduled for Council September 23, 2019.
- Water and sewer rate structures based on 80% consumption/20% fixed rate, in a three (3) block structure.
 - Update: utility review scheduled for Council September 23, 2019.

Community Services

- Rates will be benchmarked to rates charged in other municipalities providing similar services in comparable facilities for all demographics.

Service Levels

- No changes to service levels will be considered unless Council direction has been provided. Council requests Administration review the following list of services:
 - Parking Enforcement (Downtown and Snow/Ice control)
 - Affordable Housing long term role/support – Database and more
- More: For discussion required with council

Value for Money

- Update – Foster Economic Vitality and Quality Infrastructure were approved by Finance & Audit in September 2019 as the value for money audits
- More: For discussion required with council
 - Regional Services Review : Municipal Policing (Value for Money)

Other Updates for consideration:

- RCMP contract retroactive pay will be included in 2019 operating budget for period covering January 1, 2017 to December 31, 2019 for \$0.422M. The 2020 will be \$0.035M.
- Arts and Learning Center Phase 1 – Budget Amendment approved in 2019. Waiting on Validation Phase to be completed by early November 2019.
- Homestead Project – ECO Village project – moved this item back into placeholder status.
- Champion Park – status update report in April / May. No decisions anticipated in 2019.

- AFICA project – investment timing is yet to be determined. Decision likely delayed to 2020.
- Including gains/losses on assets disposals within operating budget starting in 2020 for amounts over \$0.1M.
- The recommendations in Canadian Federation of Independent Business report included reviewing core services and considering contracted services to the private sector where appropriate. Both of these best practices are part of the regular budget preparation process.

The 2020 Service Priorities and Budget Guidelines provide the foundation for the 2020 Budget development.