



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

TITLE: BUDGET GUIDING PRINCIPLES

On August 22, 2016 Mayor Crouse provided notice in accordance with Section 23 of Procedure Bylaw 35/2009 that he/she intended to bring forward the proposed motion below.

In order for Council to debate the motion, the motion must be formally moved.

“The Budget Guiding Principles include a clause that Council member submitted Business Cases and Project Charters not be automatically funded but included as unfunded unless recommended to be funded by Administration.”

BACKGROUND:

As part of the annual budget development process, Administrative departments and Council Members have the opportunity to submit Operating Business Cases and Capital Project Charters for consideration for inclusion in the proposed budget.

Other than those business cases which are deemed to be included as part of the base budget (usually required due to regulatory changes or requirements to maintain certain service levels), business cases are typically funded by New Assessment Growth dollars. Capital charters are categorized as Municipal (other than Utility) or Utility (related to water, wastewater, storm, solid waste, organics and recycling); and the secondarily as RMR (repair, maintain replace projects) or Growth (not currently in asset management or inventory). Funding mechanisms for Municipal Capital include new assessment growth, in addition to grants and reserves or debenture borrowing. Utilities are funded by rates, reserves, grants, debt. Off-site levies may also be a source of funding where applicable.

Given that there are limited growth dollars available each year and that typically the business case requests exceed the available funding, Administration goes through a rigorous prioritization to determine which business cases will move forward in the process. A similar robust process is also undertaken for capital projects when there is insufficient funding available for all projects.

Historically, Council Member submitted business cases and capital project charters have been deemed to be automatically funded. As such, Council member business cases and capital charters do not face the same rigor in terms of the relative prioritization of available dollars.

For the 2017 budget, however, Administration evaluated all business cases and growth capital project charters, including Council Member submitted/sponsored capital projects; there were no Council Member submitted/sponsored business cases for the 2017 budget. Had there been, Administration would have prioritized them as well.

The prioritization criteria that Administration used in 2017 for growth capital was provided to Council within the September 26, 2016 agenda report entitled Growth Capital Budget.

Administration would be supportive in relation to this policy change. Additionally, Administration recommends procedures be developed for Council submission of business cases and capital project charters as well as for the prioritization criteria used for these to develop the proposed budget.

Report Date: December 12, 2016

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Committee/Department: Corporate Services

General Manager: Maya Pungur-Buick, General Manager of Corporate Services

Interim City Manager: Chris Jardine