



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

TITLE: OPTIONS & EFFICIENCIES

PURPOSE OF REPORT

On November 21, 2019, Councillor Hughes provided notice in accordance with Section 23 of Procedure Bylaw 3/2018 of her intention to make the proposed motion below.

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

PROPOSED MOTION(S):

That administration bring back to Council for consideration by April 30, 2020, additional options and efficiencies that would not affect service levels but that would maintain the tax increase at no more than 2.4%.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

N/A

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

N/A

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND:

On October 21, 2019, Administration released to Council the proposed Financial Plan and 2020 budget. The proposed budget indicated a 2.4% tax increase;

however, with the subsequent release of the provincial budget on October 24, 2019, the City learned that it would be impacted with reduced revenues related to fines and Grants in Place of Taxes for approximately \$600K+. This adjustment had the effect of the proposed budget rising to 3.0%.

During budget deliberations Council made various motions with the effect of both increasing and decreasing the ultimate tax rate with the most notable one being a motion to reduce the advertising budget by \$100K. Further to this Council approved the omnibus motion where Administration recommended a further reduction in budget of \$200K.

On December 16, 2019, Council approved the 2020 budget with a final tax rate of 2.5%.

As always, Council has the opportunity to make further amendments to the budget in the spring prior to setting and approving the tax rate bylaw for 2020. Typically, adjustments made at this time relate to new items that were unknown at the time that the budget was initially passed in December of the prior year. Further adjustments typically includes +/- to record the actual growth assessment against the estimate used in the budget process.

For the past several years, Council has approved budgets below the Municipal Price Index meaning that Administration has been continually making adjustments/efficiencies to operations to help manage that gap. Further reductions to the operating budget (over and above the \$300K reduction already included) will be challenging without impacting service levels. Also consider that there is potential that the City could be facing further impacts upon the release of the provincial budget in March. If such is the case, the amount required to attain a 2.4% tax increase could prove unrealistic.

Should this motion pass, a further reduction of the 2020 operating budget for \$105,000 would be required (excluding any provincial budget impacts). Administration would report back to Council in April to indicate if the additional savings could be found or if service level reductions would be required in order to meet the reduction target.

Report Date: January 20, 2020
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