



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

File #: CM-21-015

Additional Growth Assessment Revenue

Notice given by: Councillor Hughes

PURPOSE OF REPORT

The purpose of this report is to present a motion for which Councillor Hughes gave notice on May 3, 2021.

PROPOSED MOTION(S):

That the \$69,000 2021 additional Growth Assessment Revenue be transferred from the Growth Stabilization Reserve to increase the Annual Lifecycle Capital Funding contribution and that the planned 1.5% increase for RMR in 2022 be reduced by that same amount as of 2022.

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:

As per policy C-FS-05 Budget and Taxation Guiding Principles, section 14.b.ii & iii states:

- ii. The City shall apply new assessment growth revenue through a balanced approach of 70% growth revenue to fund new initiatives (business cases and/or capital charters) and 30% to offset the base budget property tax requisition.
- iii. Any portion of the 70% of growth revenue not applied to business cases or capital charters during the budget process shall be transferred to the Growth Stabilization Reserve.

The 2021 budget approved by Council in December of 2020 followed the above guidelines. Prior to setting the final tax rates in the spring of each year, Administration presents to Council any proposed budget amendments. One of the most common amendments at that time is the final reconciliation of Assessment Growth after the completion of the assessment roll. For 2021, a small adjustment of \$69,000 was required to reconcile the amounts.

Given the small value of the adjustment, Administration did not recommend that the amount be split 70/30 as policy would direct but rather recommended that the entire amount be transferred to the growth stabilization reserve to offset future tax increases.

As part of our sustainability strategy, Council committed to an initial 3 year investment to include a 1.5% tax increase each year which will be solely directed to lifecycle reserves that support the repair, maintenance and replacement of our existing infrastructure. If this motion is passed, the 2022 budget will include an increased contribution to RMR lifecycle reserves as follows:

2021 Tax Requirement	112,044,200
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2022 Required Contribution to RMR Lifecycle @ 1.5%	<u>1,680,663</u>

Funding Source:

Growth Stabilization Reserve	69,000
Taxes	<u>1,611,663</u>
	<u>1,680,663</u>

Section 14.b.v of the policy prescribes when dollars from the Growth Stabilization Reserve can be applied against the budget as shown below:

- v. Application of prior years assessment growth revenue may be considered if the proposed annual tax rate increase is in excess of 3.5%. The funds approved by

Council for withdrawal from the prior years unallocated assessment growth shall be only the amount required to limit the tax rate increase to 3.5%.

As we are currently developing the 2022 budget, it can not be confirmed at this time whether or not the proposed tax increase will be in excess of 3.5%.

Report Date: May 31, 2021

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Chief Administrative Officer: Kevin Scoble