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Presented by: Diane McMordie, Director, Finance & Assessment

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Attachments: 1. 2020 Adjusted Consolidated Budget

Date	Ver.	Action By	Action	Result
5/4/2020	1	City Council	approved	Pass
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TAMRMS#: B06

2020 Budget Adjustments

Presented by: Diane McMordie, Director, Finance & Assessment

RECOMMENDATION(S)

1. That \$387,000 of additional Growth Assessment Revenue be transferred to the Growth Stabilization Reserve.
2. That \$194,000 of the budget previously allocated to the St. Albert Public Library, be redirected to the Stabilization fund for the 2020 year to support any deficit that may or may not occur as a result of COVID-19.
3. That \$226,700 of the budget previously allocated to the Arts & Heritage Foundation, be redirected to the Stabilization fund for the 2020 year to potentially any deficit that may or may not occur as a result of COVID-19.
4. That the 2020 final tax requirement of \$110,264,400 resulting in a consolidated budget of \$310,306,300 as detailed in the attachment titled "2020 Adjusted Consolidated Budget" be approved.

PURPOSE OF REPORT

The purpose of this report is for Council to review Administration's recommended amendments to the approved Operating, prior to the finalization of the annual tax levy.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

Strategic Priority #1: Growth Policy Framework: Develop a robust policy framework to guide growth.

Strategic Priority #4: Infrastructure Investment: Identify and build needed capital assets.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Financial Planning

Stewardship of development of annual operating and capital budgets for Municipal and Utility operations.

The approved operating and capital budgets shall serve as the financial plan for the City and provide Administration with the direction and resources necessary to accomplish Council's strategic direction and Council approved services and service levels in accordance with the Services and Service Levels Inventory

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND AND DISCUSSION

Prior to the presentation of the annual Tax Bylaw for consideration, Administration presents proposed adjustments to the budget that was approved by Council in December. Amendments can arise due to circumstances that may have changed subsequent to the preparation/approval of the budgets, adjustments to estimates, Council motions, or new requirements of an emergent nature. Given the uncertainty surrounding the City's response to the COVID-19 pandemic and the fact that the City continues to execute decisions to help mitigate any deficit that may or may not arise in 2020, no amendments to the 2020 budget related to this are being recommended at this time. There are several options for funding of any deficit that may arise which could include funding from established reserves, internal financing, external financing or any combination of the three. Administration will be developing recommendations in this regard for Council approval once the full extent of the impact is known.

At the request of Council, the Library and the Arts and Heritage Foundation submitted revised and reduced budgets for 2020. These revised budgets represent our partner agency's alignment with the City in terms of collective efforts to manage costs to during the pandemic.

While the amount allocated to these organization would be reduced in 2020, it is recommended that the overall City budget requirement continue to reflect an average 2.5% increase with the difference being allocated to the Stabilization fund. This recommendation was guided by the following factors:

1. The reductions in the agency's allocation of \$420,700 can be utilized in 2020 to offset any City deficit that may or may not arise due to COVID-19 which will help minimize impacts on our other reserves and reduce potential future tax increases to re-coup deficits.
2. If the overall budget is reduced this year due to the lower allocation to the agencies, in 2021

when their budgets return to normal levels, a tax increase will be created.

3. This is a consistent approach being taken by the City whereby decisions are being made to help offset the impacts of the pandemic.

Municipal Property Tax and Recommended Budget Adjustments

On December 16, 2019, Council approved a Consolidated Budget of \$309,919,300 representing a net tax requirement of \$109,877,400 resulting in a 2.5% increase.

Administration is recommending the following adjustment:

Assessment Growth - increase of \$387,000

- In finalizing the 2019 Assessment Roll, the total weighted assessment growth rate was 1.9% (initially estimated at 1.5%).
- Although policy C-FS-05 Budget & Taxation Guiding Principles would direct that this additional assessment growth revenue be split 30% to the base budget and 70% to the Growth Stabilization Reserve, administration is recommending the full amount of the assessment growth be transferred to the Growth Stabilization Reserve. The 2020 amounts levied will be used to offset any potential deficit the may City incur as a result of the COVID-19 pandemic and the option to apply this entire amount against the 2021 tax requirement remains available to Council.

Administration is not recommending any adjustments to the Municipal Capital, Utility Capital or Utility Operating budgets.

While the above recommendations result in a change to the net tax requirement and Consolidated Budget, due to the fact that there is a larger assessment base upon which to distribute the taxes the amended average municipal tax remains at 2.5%.

Administration will continue to monitor the revenue and expenditures within the approved budget and communicate any forecast variances through the quarterly reports.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

N/A

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

- As these budget changes are based on estimates at a point in time, the inherent risk of exceeding or not exceeding could result in a surplus/deficit position for the City.
- The City's Financial Reserves policy is in place to ensure that fluctuations in budget estimates can be managed.

Legal / Risk:

- The final tax requirement must be established at this time in order to meet our historical and targeted timelines of passing the Tax Rate Bylaw and the issuing of Assessment and Tax notices by May 31st.

Program or Service:

None at this time.

Organizational:
None at this time.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

If Council does not wish to support the recommendation, the following alternatives could be considered:

Alternative 1. Council can motion alternate amendments to adjust the budget.

Alternative 2. That Council 'do nothing'. The current approved tax rate would not be reflective of Administration recommendations.

Report Date: May 4, 2020
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