



Legislation Details (With Text)

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Presented by: Anne Victoor, Financial Services Manager

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Attachments: 1. Adjusted 2017 Municipal Operating Budget

Date	Ver.	Action By	Action	Result
5/1/2017	1	City Council	approved	Pass

TAMRMS#: B06

Budget Adjustments

Presented by: Anne Victoor, Financial Services Manager

RECOMMENDATION(S)

1. That \$111,300 of additional Municipal Growth Revenue be transferred to the Growth Stabilization Reserve.
2. That \$55,000 of previously allocated Municipal Assessment Growth Revenue be transferred to the Growth Stabilization Reserve.
3. That the 2017 Final Tax Requirement of \$97,498,100 be approved.
4. That project 417327 Joyal Park of \$1.2 million be closed and the funds be uncommitted within their respective sources.

PURPOSE OF REPORT

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

COUNCIL DIRECTION

On December 12, 2016, Council passed the following motion:

(AR-16-485)

That the 2017 Municipal Operating Budget, in the amount of \$148.8 million detailed in the attachment titled "2017 Municipal Operating Budget" be approved.

That the 2017 Municipal Capital Budget, in the amount of \$55.2 million detailed in the attachment titled "2017 Municipal Capital Funding" be approved.

That the 2017-2019 Business Plans, provided as part of the Proposed 2017 Budget document, be approved.

BACKGROUND AND DISCUSSION

Prior to the presentation of the annual Tax Bylaw for consideration, Administration typically presents a series of proposed adjustments to the budget that has been approved by Council in December. Amendments can arise due to circumstances that may have changed since the preparation and approval of the budgets, adjustments to estimates, Council motions, or new requirements of an emergent nature. This year, Administration has further reviewed the 2017 budget taking into consideration the significant factors contributing to the year end surplus.

Municipal Property Tax and Recommended Budget Adjustments

The adjustments recommended by Administration would result in a \$439,800 decrease to the final tax requirement.

The recommended changes summarized below reduce the average residential/non-residential municipal tax increase from the approved 2.3% to 1.6% with a final tax requirement of \$97,498,100 as detailed in the attachment titled "Adjusted 2017 Municipal Operating Budget".

Planning Revenue - increase of \$161,100

- In refining the methodology from traditionally using five-year averages, Administration has compared three- and six-year averages, trend lines, and additionally, budgeting for one, one-time significant permit in a given year. With this change, the increase considers the cycle of regular business activities plus an estimate for one-time exceptions.

RCMP Contract Adjustment - decrease of \$160,000

- Administration updated the five-year actual-to-budget average trend variance percentage with the 2016 contract expenditures, which increased the vacancy allowance from 4.9% to 6%, resulting in \$160,000 in savings.

Assessment Growth - increase of \$159,000

- In finalizing the 2016 Assessment Roll, the total weighted assessment growth rate was 3.1% (initially estimated at 2.9%), resulting in an increase of \$159,000.
- As per policy C-FS-05 Budget and Taxation Guiding Principles, Assessment Growth will be applied by:
 - 30% to offset the base = \$47,700
 - 70% transferred to the Growth Stabilization Reserve = \$111,300

Franchise Fee Revenue - increase of \$120,000

- An updated forecast was provided by ATCO regarding the gas franchise fee revenue received by the City.

Investment Revenue - net increase \$100,000

- Due to the increase in investment base and rising trend in interest rates, Administration is recommending an increase of interest revenue of \$300,000 offset by an increase in interest expense of \$200,000.

Year End Surplus Adjustments - \$55,000 transfer to Growth Stabilization Reserve,

- During 2017, the following motion CM-17-017 *"That the operating business case from CSS-Legislative Services Enhanced Election Management Capacity for \$30,000 be funded from the 2016 operating"* was passed.
- During 2017, the following motion CM-17-018 *"That the operating business case from CPS - Rec & Park - Canada Day for \$25,000 be funded from the 2016 operating surplus."* was passed.
- As a result, the previously allocated assessment growth of \$55,000 will be transferred to the Growth Stabilization reserve for future use as per Council Policy C-FS-05 Budget and Taxation Guiding Principles.

Capital Partnership Program - decrease of \$10,000

- Following Council's decision to end the program, these ongoing funds are no longer required, resulting in a decrease of \$10,000 indefinitely.

Administration will continue to monitor the revenue and expenditures within the approved budget and communicate any variances on a quarterly basis through forecast adjustments to Council.

Municipal Capital Budget Adjustments

Project 417327 Joyal Park- decrease of \$1.2 Million

- During 2016, the following motion C326-2016 *"That funding of \$1.2 million be committed, for expenditure in 2017, for the development of the park parcel (Joyal Park), adjacent to Joseph M. Demko Public School and Sister Alphonse Academy Catholic School, to be funded through City Wide Recreation Reserve and Capital Reserve Fund"* was passed with the interpretation that this was in addition to the capital project charter RECR-049 Neighborhood Park Construction.
- In December 2016, as part of the operating and capital budget approval, RECR-049 Neighborhood Park Construction project 417312 was also approved.
- As a result, a duplication of the two projects exist, and it is recommended that the project 417327 Joyal Park be closed.
- There is no impact to the 2017 approved 10 Year Capital Plan as the project 417327 Joyal Park was approved in 2016 and outside of the overall 2017 capital budget process.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

N/A

IMPLICATIONS OF RECOMMENDATION(S)

a) 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.

b) 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 31, 2017.

c) Program or Service:

- None at this time.

d) Organizational:

- As a result of increasing Planning revenues further, the City could incur additional expenses as current resources may not be sufficient. Resource planning will be monitored and reviewed to ensure related revenues can be supported in the future.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

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

Alternative 1. Council could approve alternate amendments to adjust the 2017 budget.

Alternative 2. Council could choose not to approve the recommended adjustments. The current approved tax rate would not be reflective of Administration's recommendations and would result in a missed opportunity to reduce municipal taxes.

STRATEGIC CONNECTIONS

- **CULTIVATE EXCELLENCE IN GOVERNMENT:** A responsive, accountable government that delivers value to the community.
 - **CULTIVATE SUSTAINABLE INFRASTRUCTURE AND SERVICES:** A growing community that has balanced development and management of civic facilities, transportation networks and related services.
- a) Corporate Objectives
- Exercise strong fiscal management
- b) Council Policies
- Council Policy C-FS-05 Budget and Taxation Guiding Principles

Report Date: May 1, 2017

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Committee/Department: Financial Services

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

City Manager: Kevin Scoble