

FILE: F07
DATE: September 8, 2016
TO: City Council
FROM: Chris Jardine, Interim City Manager
City Manager's Office

SUBJECT: 2017 PRELIMINARY MUNICIPAL OPERATING POSITION OVERVIEW

Administration is in the final stages of developing the 2017-2019 Corporate Business Plan and Budget. The purpose of this report is to provide a preview of the City's 2017 Municipal budget position as information prior to the formal release of the 2017-2019 Corporate Business Plan and Budget on October 24, 2016.

The City's preliminary 2017-19 Corporate Business Plan and Budget was prepared considering the current economic climate and the priorities of Council. Administration established corporate assumptions to guide its preparation, which includes measures of expected assessment, population, economic growth and inflation.

To maintain current service levels, the City requires a municipal operating net tax requirement of \$95.9 million resulting in a 3.1% tax increase. This includes seven base business cases valued at \$682 thousand required to meet statutory/regulatory requirements in addition to maintaining service levels.

Revenue

\$1.1 million in additional revenue has been added to the 2017 Municipal Operating budget. Some of the drivers of this increase are:

- \$420 thousand increase in photo enforcement fines.
- \$400 thousand increase in MSI Operating grant not budgeted in previous year.
- \$225 thousand increase in inspection permits
- \$125 thousand increase in ambulance revenue

Expenses

\$3.9 million in additional expenses has been added to the 2017 Municipal Operating budget. Some of the drivers of this increase are:

- \$1.3 million increase in contingency for salary adjustments.
- \$1.1 million increase in salary wages and benefits due to step increases and casual wages

- \$692 thousand increase in gas, oil, antifreeze, natural gas, electricity and water, wastewater & solid waste charges.
- \$682 thousand increase for base business cases
- \$300 thousand increase in interest expense

Assessment Growth

The new assessment growth revenue is forecasted to be approximately 3 percent which equates to \$2.8 million for 2017, a slight increase compared to the 2016 assessment growth. The increase in assessment growth can be attributed to an increase in the multi-residential sector such as the newly redeveloped Grandin Mall, Erin Ridge Senior's living and Botanica condominium development. Non residential growth is led by the construction of the new AGLC warehouse and Cameron's commercial development in northern St. Albert.

As per Policy C-FS-05 Budget Taxation Guiding Principles, Administration will allocate 30% to offset the base budget for minimizing the impact of the above cost pressures and 70% to fund new growth initiatives and business cases. In applying the 30%, \$838 thousand has been included as revenue to minimize the cost pressures in the 2017 base budget. The remaining 70% estimated assessment growth equates to \$2.0 million. Administration is recommending \$2.0 million be used to fund 24 new growth operating business cases.

Assessment Growth 70% to fund business cases	\$1,955,000
Proposed Business Cases	(\$1,954,800)
Assessment Growth 70% residual balance	\$200

The residual balance of \$200 may be used by Council to fund additional growth operating business cases, or transferred to the Growth Reserve.

Summary

The preliminary 2017 Municipal Operating Budget net tax requirement is \$95.9 million which consists of a 3.1% tax increase and includes 7 base business cases. There are 24 growth business cases totaling \$2.0 million. Note that this is a preliminary estimate and more details will be provided to Council in October.

Chris Jardine

cc: Senior Leadership Team
 Leadership Team
 Budget Team



CITY OF ST. ALBERT

2017 PRELIMINARY MUNICIPAL OPERATING BUDGET

(In Thousands)

	2016 Approved	2017 Preliminary	Variance	Percentage Increase/(Decrease)
Revenues				
Sales & User Fees	\$23,111	\$23,507	396	
Other Revenue	\$5,994	6,209	215	
Assessment Growth Revenue	\$-	838	838	
Fines & Penalties	\$5,238	5,691	453	
Government Transfers	\$3,433	3,533	100	
Ambulance Contracted Services Revenue	\$2,593	2,639	46	
Licenses & Permits	\$2,569	2,833	264	
Franchise Fees	\$2,280	2,363	83	
Interest Income	\$2,617	2,728	111	
Transfers To/From Reserves	\$2,281	836	(1,445)	
	\$50,116	51,177	1,061	
Expenses				
Salaries, Wages, & Benefits	\$66,126	67,218	(1,092)	
Contracted & General Services	\$24,298	23,921	377	
Transfers To/From Operations/Capital	\$4,065	4,165	(100)	
Materials, Goods, Supplies & Utilities	\$12,327	13,163	(836)	
Purchases From Other Governments	\$9,200	9,100	100	
Other Expenditures	\$5,262	6,633	(1,371)	
Debenture Principal Repayment	\$3,929	4,111	(182)	
Debenture Interest Repayment	\$2,072	1,889	183	
Transfers To Organizations & Individuals	\$3,187	3,233	(46)	
Bank Charges & Short Term Interest	\$1,443	1,803	(360)	
Transfers To/From Reserves	\$11,206	11,116	90	
	\$143,115	146,352	(3,237)	
Base Business Cases	\$-	682	(682)	
Municipal Requirement	\$92,999	\$95,857	(2,858)	3.1%