

2017 Business Plan & Budget:

Staying True to Our Small Town Values

Introduction

1. Reez Community Foundation is a St. Albert based non-profit with a mission to improve access to justice and economic empowerment for a more just and resilient community economies through fostering worker ownership business model, legal education, research, advice and advocacy. The directing minds of the Foundation are a group of St. Albert residents led by Ufuoma (who-fo-ma) Odebala-Fregene.
2. Ufuoma (who-fo-ma) is a married mother of four, who is passionate about social justice and entrepreneurship. She is a professional Regulated Canadian Immigration Consultant, who have been living at the same St. Albert address for over nine years. Where she manages and run her home based consultancy business on immigration, refugee and citizenship (reezimmigration.com), for the last five years.
3. The Foundation is using the ongoing City of St. Albert's 2017 business planning and budget discourse to offer fresh ideas as part of its advocacy mandate. To effectively do this, we draw on the preliminary budgets reports presented to Council on September 8 and the formally presented documents of October 24. Additionally, we relied on Council priorities, the recently published budget planning survey results and the capital projects prioritizing survey results. The extent to which ongoing economic realities informed the overall budget will be highlighted following an introduction of the residents planning survey results.

Background

4. It is our understanding that although the corporate business plan is for a three year duration, the associated budget is annual. On page 18 to the plan, administration stated that the budget planning process is a full year initiative with preparation for the following year's budget commencing in early January. The goal is to have each proposed budget adopted by December 31, in compliance with the Municipal Government Act.

5. The two budget planning surveys were administered in the summer months. The overt intention was to gauge the needs of residents, who at this time of year are often away, within defined parameters. The response rate was particularly low at 13.9% for the General Population Survey and just 219 Web based respondents. The population survey had an error margin of plus or minus 4.1%. Although, it is questionable how representative the results are of the needs of the 64,645 people in St. Albert, it provided some common themes that have been swirling in the community for years now, in relation to top of mind priorities – lowering taxes, balance budget, fiscal responsibility and debt reduction.
6. A review of the 2017 draft business plan and budget conveyed a sense of preparation for growth whilst providing for programs, services and capital projects that address the basic needs of residents. However, it lacked a present awareness that many St. Albertans have been adversely affected by the crash in oil prices and associated flight of investment capital. That many families have been and continue to experience employment and economic insecurities leading to economically induced social stresses. Unfortunately, the planning surveys did not capture this aspect of our lived experiences.
7. The focus appear to consistently be to complement “our reputation as one of Canada’s best places to live, best places to raise a family and best places to invest”. In fact, we are in the process of growing into a Canadian Smart City Centre of Excellence. Whilst the Foundation recognizes the worthiness of this desire, we caution a recognition that the days of high earning residents is fast eroding. This trend began with the downward economic trend that began October 2014. There is a clear evidence in the spike of cases of suicide and poor mental health in terms of both numbers and incidents reported by the FCSS to the May 16, 2016 Council meeting. The FCSS report continued: “a very current stat reveal on average one suicide attempt per day in St. Albert in the first few months of 2016. We know these are underreported. There is clinical research that illustrates the spike in suicide in poor economic times...”
8. In October, our provincial unemployment rate for September was reported to be 8.5%. Clearly, this means thousands of people are out of work. Many more are underemployed or experiencing pay freezes. The future is not looking rosy

either. The Bank of Montreal predicted that, the gradual upward rise of oil prices we are experiencing will not immediately reverse the trend. The economic growth is expected to be subdued at 2% against a backdrop of a shrinkage of 4% in 2015 and 2.3% this year, 2016.

9. Even the health transfer from the Federal government to the provinces is expected to drop from 6 to 3% next year. This is likely to have a negative impact on transfers from the province. Rachel Notley said her recent State of the Province address that “stability is the watchword. That those providing public services funded by the government need to find innovative ways to do more with the funding they have now. This means municipal leaders need to understand that exciting new proposals will probably need to be paid for by reallocations – starting a new project might mean ending an old project. That means stability – but not big increases – in all public budgets, until better times return”.
10. A 3.1% assessment increase coupled with a \$10.6m capital budget shortfall to be partly funded with debt and increases in the utility budget, does not inspire the notion of stability. In fact, it connotes upward movement of financial obligations at a time of widespread employment and economic insecurities manifesting as increased daily suicide attempts for some. To what extent did the Administration address the common themes that have been swirling in the community for years that coincidentally were noted as “top of mind priorities” in the resident planning survey: lowering taxes, balance budget, fiscal responsibility and debt reduction?

Council 2017 Business Plan and Budget

11. According to the Interim City Manager, a number of established assumptions guides the administrative team in preparing the City’s business plan and budget. He explained in his September 8 memorandum to Council in September that these assumptions included measures of expected assessment, population, economic growth and inflation with an eye on the current economic climate and priorities of Council.
12. We are told on p7 of the draft business plan that “Administration organized a number of public consultation sessions where residents provided input on

strategic and budget items for Council's consideration before direction to Administration is provided". The quality of the dialogue with community remain questionable in terms of representation and whether or not the resultant information used kept up with current realities.

13. The budget itself comprises of operating, capital and utility budgets. Each of these have base and growth elements although named slightly different. These splits convey the notion that each sub-budget addresses resources to maintain existing services or infrastructure and those to finance growth. Furthermore, the planning horizon is three years, but the budget is for one year. A persistent question we have been asking ourselves is: how did St. Albert end up with such growth heavy budget when we have been experiencing downturn since 2014?

Operating Budget

14. The base aspect of the operating budget are resources required to maintain Council's "approved service standards and to meet statutory and/or regulatory requirements. Any changes to the base budget would be considered a tax requirement", likely to affect the tax rate. On the other hand, growth initiatives are funded through taxes or reserve funds. These and amendments to base requirements are presented as business cases for approval by Council. The proposed business cases for 2017 are seven and valued at \$682,000. They are reported to be required to meet statutory/regulatory requirements and to maintain service levels. Therefore, they are classified as part of the base budget.
15. There is a reported net increase of 2.9m resulting in an overall tax increase of 3.1%. "in comparing the previous years' percentage of property tax increase, the 2017 proposed tax increase is above the tax increase in the last five years", despite exploration of opportunities to improve efficiencies. We are told that "Administration continually strives to ensure current service levels are maintained while developing initiatives to enhance community services in line with community vision and to meet community growth demands" (see p19 of draft business plan). Herein lies the challenge. Growth demands? What is the extent of the expected growth? Economically, we are certainly contracting and have been doing so since the autumn of 2014.

16. The 2017 budget is an increase from the 2016 93m to \$96m, comprising of more expenses than revenues. Drivers for the increased expenses were human resources related, comprising of salary, wages and benefits, thus:

- \$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

17. However, while the 2016 Administration cost was 28% of the \$93m; in 2017, this cost is 18% of the projected 95.9m. Administration cost is defined as “items that are necessary to govern, operate and maintain the City of St. Albert and do not vary directly with the level of service provided, including human resources and debt repayment.” On the other hand, programs and services can be increased or decreased depending on the level of service provided. This distinction is simplistic at best for two reasons: (a) human resources cost appear to go up yearly; (b) debt accrued for capital projects, under the capital budget, forms part of the administrative cost in the guise of debt repayment. Consequently, the more debt we take on, the higher the administrative share of the pie grows. Does the decreased percentage of the administrative cost means we are getting more buck for our money? No necessarily, as we are clearly spending more on administration with the entire 2.4, of the 2.9m increase in expenses for 2017 attributed to salary, wages and benefits. It appears that administrative cost is growing faster than increases in programs and services.

18. Reez Community Foundation would welcome clarification on:

- Why is the Administration proposing salary increases that are ultimately downloaded to residents that are already experiencing employment and economic insecurity?

Capital Plan & Budget

19. The Capital Budget feeds into the implementation of a 10 year capital plan comprising of funding for two areas, the total approved for the 2016-2018 (this Council’s term in office) are split thus:

- the repair, maintain and replacement (RMR) of existing infrastructure; and

- Growth: Capital project required to address community growth relating to facilities, equipment, technology and infrastructure” for cultivating and strengthening it
20. The proposed budget for 2017 plans to spend \$52.5 on 36 RMR capital projects and \$26m on 44 growth capital projects. All RMR Capital projects were approved in June to allow Administration to begin the Request for Proposal process to amongst several procedural benefits facilitate early application for grants. The top five asset categories in the municipal capital plan by percentage of total expenditure are:
- Roads and other engineered structures – 37%
 - Mobile and other equipment – 20%
 - Civic facilities – 16%
 - Parks and trails – 13%
 - Historical/Culture – 11%
21. Identified funding sources were taxes, reserves and external sources such as provincial and federal grants. The strategic approach adopted by Administration is to maximize grants to mitigate tax impact, then debt before raising taxes directly. For 2017, it appear Administration is recommending debt financing of the projected 10.6m shortfall as the City will remain within its prescribed debt limits, since provincial and federal grants already make up 48% of the capital budget. The remaining percentages are made up of taxes 9%, reserve 27% and the shortfall is 16% of the total budget. If financed by debt tax payers will for it in later years as part of the City’s debt repayment.
22. It is worth noting that at least just over a third of the 466 residents who completed the relevant Banister consulting phone survey, indicated that they are not supportive of property tax increases to build proposed capital projects of a new branch library, ice arena or additional swimming lanes. The survey reported also reported that 850 people refused to participate in the survey.
23. The issues raised by the capital budget are:
- To what extent does the 44 growth projects cultivate and strengthen the community of St. Albert, bearing in mind that that more and more residents are experiencing despair over their economic insecurity?

- The draft budget raises the need (on page 32) of the Council to address consideration of future growth requirements and a funding approach. If this is not clear, on what basis were the growth initiatives for 2017 budget determined?

Utility Capital Plan & Budget

24. There are no utility growth plan, just plan to repair, maintain and replace. This is projected to be \$16.2m to be paid for from reserves, provincial grants and federal grants. The proposed utility rate for 2017 shows a slight increase in some areas with consistent reduction in the supplemental capital contribution. Thus, the flat and variable rates for water and waste water went up slightly, however only the flat rate of solid waste went up. All other rates remained the same. This resulted in an overall decrease of 2.2%.
25. Overall, the operating and capital budgets are most challenging from residents' perspective as they both suggest tax increases that are inconsistent with the top of the mind priorities of lowering taxes, balance budget, fiscal responsibility and debt reduction. Yet it is questionable the extent to which a number of the capital growth initiatives actually address our needs. In a contracted economy where residents are dealing with the lived experiences of economic stress what does cultivating the community vision actually mean? Whatever, it is, it does not mean asking these economically insecure individuals to pay more.
26. On the administration cost, we are finding it difficult to justify the proposed increases. The question we should all be asking is why? Why is this happening in a democratic community made up of unemployed and underemployed residents along with those experiencing salary freezes and where the economic stress is driving a reported 30% to attempt suicide daily: one in three was reported for the first quarter of this year? Although, issues around collective bargain commitments and whether or not flexibility exist for renegotiating contractual terms in difficult times comes to mind; the quality of Council priorities probably facilitated such increases. These priorities inform both the operating and capital budgets.

Connecting the Dots Together

27. In planning for our future, Council decided upon a consultative Community Vision that feeds into the yearly Corporate Strategic Plan, also referred to as the business plan or Community Strategy. The Strategy is drafted to achieve the Vision and five Sustainability Pillars through strategies for governance and service delivery. As such, the Community Strategy “provides a single source of direction for the City”. Our Community Vision is for:

“a vibrant, innovative and thriving City that we all call home, that sustains and cherishes its unique identity and small town values. We are the Botanical Arts City.”

28. The governance and service delivery strategies referred to earlier, comprises of long term plans including the Municipal Development Plan, several “complementary” Master Plans (There are currently eleven), departmental plans and other directional plans as deemed appropriate. Council priorities pull all these together in the form of its identified priorities for each area of the community strategy. The areas of the strategic plan referred to are the five Pillars of Sustainability: Social, Economic, Built Environment; Natural Environment and Culture.

29. These priorities were agreed for the four term of the Council. Those that were agreed for 2017 were approved as part of the 2016 Strategy on February 1, 2016 (see appendix B of Council Policy C-CG-02). These were exactly the same as those used in the July 2016, planning survey. This means the priorities did not change. They were unaffected by worsening economic conditions: the economy reportedly contracted by 4% in 2015 and 2.3% in 2016 according to BMO. Additionally, it was unaffected by the reality that one in three St. Albertans were attempting to kill themselves daily with economic stressed identified as one of the contributing factors.

Analysis

30. On perusing the identified priorities, the following questions comes to mind:

- Are the identified priorities the most appropriate priorities for 2017?
- What other priorities should have been included?
- If included, would they rank higher and replace any of the identified priorities?

31. To address these questions we need to remain focused on the Community Vision:

“a vibrant, innovative and thriving City that we all call home, that sustains and cherishes its unique identity and small town values. We are the Botanical Arts City.”

32. We certainly all call St. Albert home, although we are likely to differ in what we mean by vibrant, innovative and thriving. Nonetheless, small town values convey the notion of people coming together when times are tough. Consequently, our management of the fiscal consequences of a slow economy ought to display small town values of coming together in recognition that the current economic stress is real for all residents. This is manifested in a number of ways such as:

- the reported one suicide attempt daily in the first few months of 2016; or
- more people refused to participate in the new capital project survey than those that did (850 refused, 466 completed interviews in the capital projects prioritizing survey, 2016).

33. The value of coming together is something we share with the rest the Province. The Premier’s recent State of the Province address made it clear that “we are very unlikely to have headroom for major new spending proposals until recovery”. To this end, the Provincial government is asking municipal governments to be innovative as they exemplified by:

- Freezing the fees of post-secondary schools for the third straight year;
- Requesting a re-negotiated agreement with the Alberta Medical Association. The objective was to bring down the projected 8% yearly cost increases of the existing agreement to 2%. What have we asked the fire fighters to sacrifice? What about the police and other union and non-union City employees?

34. Overall, the City of St. Albert's business plan and budget does not engender a spirit of small town values. We appear cut up with sustaining the Money Sense Magazine titles of best place to live or raise a family. We got these titles in the boom years, let's show we deserve it in the busts years of now and beyond.

Priorities

35. The social sustainability pillar seeks an outcome that "we are a friendly and inclusive community of passionate equals, where everyone feels a sense of belonging. We believe that community starts with the person next door." This is proposed to be expressed through the establishment of a youth council; development of an affordable housing strategy and promotion of small town values with the development of a neighbourhood community development policy. These appear to be drawn from the Social Master Plan, a plan drawn up in response to the Province's Social Policy Framework. Since the Social Master Plan was weak on strategically addressing poverty, valuable linkages such as identifying risk factors for poverty were missed - a missed opportunity! This in turn perpetuate the notion that social sustainability pillar is a silo with no connections to the other pillars.

36. Furthermore, the entrepreneurship element of the continuum of youth support and services ignore individuals who want to pursue knowledge or service businesses. Indeed, our economic sustainability pillar aims for prosperity and excellence through "a stronger and diverse economy that is supported by forward-thinking commerce, outstanding local businesses and a dynamic downtown core". Yet the priorities targets Chamber of Commerce; the businesses in downtown and enhancing the expanded downtown core with possible capital budget implications. For example Millennium Park place making strategies, improving access for pedestrians on Perron Street and identifying a significant asset for downtown roundabout. The formal place making design concept will be presented to Council on December 5.

- i. Are these fiscally responsible in our current economic climate?

- ii. How do these contribute to the desire for a stronger and diverse economy in the immediate to medium term, given the state of the economy?
- iii. What about the economic development implications for homebased businesses and the need to promote worker-ownership business models?

37. The Foundation is of the view that Millennium Park related development such as place making strategies; improving access for pedestrians on Perron Street and identifying significant asset for downtown roundabout are all expensive extras that should be postponed to 2018 and beyond depending on the state of the economy.

38. The built environmental sustainability pillar appear to have the most fiscally challenging items such as: the expansion of the Red Willow Trail and those relating to our Smart City desires. We are committing to support the Smart City Master Plan recommendations and focus on completing the municipal broadband network. Promotional information suggests that to be a Smart City Centre of Excellence, we are positioning ourselves to be a collaborator, technological adopter and test bed for new innovations. Ambitious! Again, are these fiscally responsible in our current economic climate?

39. The Smart City Master Plan and its recommendations provides a unique challenge. It is reported to have 65 initiatives within 29 broad strategies prioritized based on impact on the following key outcomes:

- Improve local program and service delivery, quality of life and infrastructure/asset management;
- Support economic development efforts to grow existing business and attract new investment; and
- Identify opportunities for greater organizational efficiencies overtime.

40. Clearly, each of the 29 strategies and associated initiatives need to be considered, understood and evaluated. A recent Council discussion of a motion

to remove the broadband network aspect ie the City becoming an internet service provider, was defeated. Nonetheless, it is important to keep in mind the nature of the Plan: a Smart City Centre of Excellence, a collaborator, technological adopter and test bed for new innovations to achieve the stated outcomes. Again, are these fiscally responsible in our current economic climate?

41. Put simply, we are investing to create an ecosystem of technological advancements to achieve the stated outcomes. Technology by definition is an expensive endeavour, with a notoriety of unpredictable ongoing cost implications. Take a minute and reflect upon the ongoing Federal government Phoenix pay system issues. As at September 6, the government was reported by the CBC to be expecting the price tag to fix the problem plagued Phoenix payroll system to rise as high as \$50 million this year alone. Note. \$50 million is just the cost of fixing the problems not the original cost of acquiring “smart technological marvel” that was supposed to improve service delivery.

42. May we keep our Community Vision foremost at all times:

“A vibrant, innovative and thriving City that we all call home, that sustains and cherishes its unique identity and small town values. We are the Botanical Arts City.”

43. This is home. It challenges each one of us to keep community friends, brothers and sisters as well as children, fathers, mothers and neighbours in mind at all times. They constitute the electorate, service users and tax payers.

Recommendations

Throughout this report we have made a number of recommendations that we now reiterate here. Overall, the City of St. Albert’s business plan and budget does not engender a spirit of small town values. We appear cut up with sustaining the Money Sense Magazine titles of best place to live or raise a family. We got these titles in the

boom years, let's show we deserve it in the busts years of now and beyond. The Foundation recommends:

1. That the Council confirms that the meaning of our Community Vision extends to the reality that small town values conveys the notion that people come together when times are tough. That the strategy and budget needs to convey this notion at this time.
2. That our management of the fiscal consequences of a slow economy ought to display small town values of coming together to support one another through difficult times including economic difficulties.
3. That the Council and administration ask themselves the same questions we asked:
 - Are the identified priorities the most appropriate for 2017?
 - What other priorities should have been included?
 - If included, would they rank higher and replace any of the identified priorities?
4. That the Council ask and respond to the following question regarding the Capital Budget growth initiatives:
 - To what extent does the growth projects cultivate and strengthen the community of St. Albert, bearing in mind that that more and more residents are experiencing despair over their economic insecurity?
5. That the Council actively explore and take advantage of innovative cost cutting opportunities that includes engaging with its non-union employees, its Unions and its collective agreements clauses, with a view to reducing or eliminating the recommended 2017 salary increases. The optics of increasing salary at a time of prolonged economic contraction is insensitive. Take a cue from what the Province did with the Alberta Medical Association.
6. That the Council suspends Capital projects that do not directly contribute to either our economic sustainability or built environment sustainability pillars in the short and medium term. These include projects relating to the Smart City Master Plan, the Millennium Park, improving access for pedestrians on Perron Street and identifying a significant asset for downtown roundabout.
7. That the Council and Administration creatively tackle apathy and knowledge gap of residents as part of its service delivery strategy.

8. That Administration confirms whether the City's evidence based policy practices extends to the use of the analytical tool called gender based analysis plus or equality and human rights mainstreaming tool. If not, when do they plan to implement its use?
9. That the Council explores with the Administration the need to amend its business planning and budget calendar to accommodate engaging residents when they are more likely to be available and present. Summer months are not ideal.
10. That the Council commits to accept, duly considers and incorporate the Foundation's ongoing consultations with residents into the planning process. We intend to report back to Council by second week in December 2016.

The Foundation looks forward to working with the City and the Community as we work towards access to justice and economic empowerment for a more just and resilient St. Albert economy.

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Appendix A - The Identified Priorities

The following are priorities that the Council identified to inform strategic planning and budget preparation for 2017 and beyond as set out in Council. They are identified under each of the five Sustainability Pillars along with governance and service delivery strategies:

- a. **“Social:** We are a friendly and inclusive community of passionate equals, where everyone feels a sense of belonging. We believe that community starts with the person next door.
 - i. Develop an Affordable Housing Strategy to support the development of entry-level and affordable housing.
 - ii. Create a Neighborhood Community Development policy that promotes our small town values.
 - iii. Establish a Youth Council.
- b. **Economic:** We prosper and excel through a strong and diverse economy that is supported by forward-thinking commerce, outstanding local businesses and a dynamic downtown core.
 - i. Work with the St. Albert Chamber of Commerce to negotiate expiring lease agreement.
 - ii. Encourage the growth of downtown through maintaining character, monitoring densification, assessing parking, develop Millennium Park place-making strategies, improving access for pedestrians on Perron Street and identifying a significant asset for the new downtown roundabout.
- c. **Built Environment:** We build our community towards the future to sustain balanced development, with a reverent eye to the past, honouring our unique settlement history and distinct identity.
 - i. Develop a land strategy to assist in identifying available land for future community assets such as the library, arena and Chateau Mission Court (Seniors Housing)
 - ii. Develop a strategy to address funding for future off-site developer infrastructure projects, such as project #9, and provide rigorous costing estimates for both operating and capital budgets.
 - iii. Direct community growth through the completion of the Badger lands area structure plan (ASP), expansion of the Red Willow Trail and identifying improvements to local transit routes.
 - iv. Support the Smart City Master Plan recommendations and focus on completing the municipal broadband network.

- v. Explore the build out of Ray Gibbon Drive and develop a strategy and timeline to move forward.
 - vi. Complete a review of the Municipal Development Plan and Land Use Bylaw to permit new innovative residential built forms.
 - vii. Complete the whistle cessation project to ensure the required safety mechanisms are in place in order to eliminate train whistles from operating within the community.
- d. **Natural Environment:** We protect, embrace and treasure our deeply-rooted connections with the natural environment through championing environmental action.
- i. Focus on green space within the Kingswood Area Structure Plan (ASP).
 - ii. Develop an urban sustainability strategy that incorporates backyard chickens, green roofs and green building policy.
- e. **Culture:** We are proud of our storied history that has fed and nurtured our festive and culturally-rich community.
- i. Work with the Arts and Heritage Foundation and St. Albert Guild to negotiate expiring agreements.
 - ii. Assess the St. Albert indoor soccer field opportunity.
- f. **Governance Strategy**
- i. Continue to work with Sturgeon County to discuss boundary adjustment and joint fire services.
 - ii. Explore a joint transit system with the City of Edmonton.
 - iii. Review and assess numerous bylaws including ridesharing (i.e. Uber), smoking and fire.
 - iv. Explore non-residential property tax options that may assist in accelerating the change in property tax split away from the residential class.
- g. **Service Delivery Strategy**
- i. Review strategies to enhance communication with residents (e.g. Social media).