

2018 – 2022 Financial Plan Development and Review

June 14, 2017

Agenda

- Property Taxes
 - Overview of past five years
- Financial Sustainability
- Council Direction
 - Property tax increases
 - Projects
 - Operating
- Business Cases
- Timeline

Property Tax Overview

- Average property tax increase for past five years
 - 1.4% - includes 1% for asset management
 - Includes new revenues from growth
- Significant budget pressures
 - Increased contributions to asset management reserve
 - Creation of new Strategic Infrastructure Reserve
 - Annual wage/contract and inflation increases

Property Tax Overview

- How were lower annual property tax increases achieved:
 - Annual
 - New revenues due to growth
 - One time changes
 - Management positions eliminated
 - Budget estimates that caused recurring surpluses reduced – RCMP
 - Changes to service delivery models - 911, Economic Development
 - Limited increases/decreases to operating budgets
 - Lower debt costs
 - New revenues - Fortis

Property Tax Overview

- Impact of current financial approach:
 - Annual surpluses now significantly lower
 - less/no \$ transferred to reserves
 - Increased risk of annual operating budget shortfall
 - Unplanned expenditures
 - Expenditures higher than budget estimates
 - Revenues below budget estimates
 - Reliance on reserves for operating shortfall

Financial Sustainability

Making decisions that meet the needs of the present without compromising the ability of future generations to meet their needs

- Steps made:
 - Infrastructure investment – Renewal and Growth
 - 20 Year Investment Plan
 - Asset management and DCC reserves
 - Strategic priorities
 - New Strategic Infrastructure Reserve
- Steps to be made:
 - Operating
 - Need to define level of service
 - Affordable annual property tax increases

2018 – 2022 Financial Plan: Council Direction

- Clarify Council's expectations and direction
- Provide guidelines for staff
 - Address operating pressures within affordable property tax increase
 - Prioritize projects within current funding strategies/reserves
- Support efficient and effective budget preparation
 - Deliver services
 - Implement strategic priorities
 - Team effort across the organization
 - Detailed review and support for all budgets

2017 – 2021 Financial Plan

Projected Property Tax Increases

- Includes 1% for General AM Reserve
- Includes assumptions re inflation/other increases

2017 - 2021 Financial Plan					
2017	2018	2019	2020	2021	2022
1.5%	2.1%	2.5%	2.4%	1.5%	> 1%

2018 Key Drivers

	Property Tax Increase 2.1%	Reductions TBD	Additions TBD	Property Tax Increase TBD
New Services	None			
Infrastructure Renewal				
Asset Management Reserve	1,000,000	1.0%		
Strategic Plan				
Strategic Infrastructure Reserve	800,000	0.8%		
Current Services				
RCMP	600,000	0.6%		
Net - wages, inflation	900,000	0.9%		
Maintain/Enhance Services				
RCMP additional members	None			
Additional staffing, resources	None			
Growth	(1,200,000)	-1.2%		
	2,100,000	2.1%		

Establish Budget Principles or Framework

1. Set priorities and expectations:
 - Consider existing assets before adding new
 - Tax increase for projects/strategic investment
 - 1.8 % = increase for AM Reserve, transition of general revenues to Strategic Infrastructure Reserve
 - Tax increase for operating
 - ? % less new revenues from growth
2. Staff will recommend changes to service delivery that have the least impact on the community. The following will be considered, in the order of:
 - Changes to service delivery methods
 - Reduced service levels
 - Elimination of services

Projects

- Review and set priorities within current funding strategies
 - 1.8% property tax increase
 - 1.0% for asset management to 2022
 - 0.8% for Strategic Infrastructure Reserve, 0.4% in 2019 and 2020
- Current Funding Strategies
 - Renewal - AM Reserves, allocation of general revenues
 - Growth - DCC Reserves and AM Reserves
 - Strategic - Strategic Infrastructure Renewal Reserve, Community Works Fund, Housing Legacy Reserve, Grants and Private Contributions, PILTS

Operating

- Annual operating budget pressures
 - Wage/contract increases
 - Inflation
 - Regulatory, growth
- Review and set priorities within a maximum property tax increase
 - Changes to service delivery models
 - Reduced service levels
 - Elimination of services
 - Example: Maximum property tax increase
 - CPI plus ?% less new revenues due to growth
 - $2.1\% \text{ (CPI)} + 0.5\% - 1.2\% \text{ (Growth)} = 1.4\%$

Business Cases: Process, Purpose and Value

- Internal Management
 - Articulate business issue(s), impact on service level, risks, options, benefits, costs
 - Complete, accurate, fact based
 - Support well defined options and informed recommendations
- Council
 - Support informed decision making

Timeline

- June – August: Departments
 - Financial planning staff work with managers and review with Directors
 - Prepare project plans – eg scope sheets
 - Prepare operating plans – eg work plans, schedules
- September – October: Financial Planning
 - Review and complete plan preparation
 - Prepare summary reports and analysis
- October: Senior Management
 - Review
- November - December: Council
 - Review plan
 - Approve and adopt Provisional Financial Plan bylaw
- May 2018
 - Approve and adopt Annual Financial Plan and Property Tax bylaws