



Request for Decision

TO: Mayor and Council
FROM: Brenda Hewko, CFO
City Governance
DATE: December 3, 2019
RE: **2020 Operating and Capital Financial Plan for Approval**

REPORT SUMMARY (Detail Background, Comparable Projects, and Outcomes):

The *Municipal Government Act (MGA)* mandates that:

- Each municipality must prepare a written plan respecting its anticipated financial operations over a period of at least the next 3 financial years (s.283.1(2))
- Each municipality must prepare a written plan respecting its anticipated capital property additions over a period of at least the next 5 years (s.283.1(3))
- Multi-year plans do not include the year in which they are being prepared (s.283.1(4))
- Council must review and update the financial and capital plans annually (s.283.1(6))

The City presented the 2020 Operating Plan on November 12, 20 and 26, 2019 and will present the 2021-2022 Operating Plan during December 17, 2019 Council Meeting.

The City presented the 2020-2044 Capital Plan September 3, 2019 and presented the 2020-2024 Capital Plan November 12, 20 and 26, 2019.

The 2020 year of the Financial Plan has been reviewed by Council and is presented as the 2020 Budget for adoption by Council. If adopted, the 2020 Budget will inform the amount of property taxes to be raised through the property tax rate bylaw for 2020.

The following table outlines the topics which were deliberated:



Chestermere's Strategic Vision

Amazing Quality of Life · Amazing Partnerships · Amazing Relationships · Amazing Opportunities · Amazing Neighbourhoods

Council Deliberation Topics							
Activity INCLUDED in the Proposed 2020 Financial Plan							
ID #	Topic	Discussion	Information	Deliberation	Amount in 2020 Budget		PTR \$500,000 home per year
IN - 1	CRCA Capital and Operating Grants	Keep in Financial Plan	Annual grants have been \$200,000 historically; currently \$200,000 included in 2-71-00-770-00 for 2020, 2021, and 2022	Direction was to provide funding of \$160,000 for the repairs for the Red Rink.	160,000	0.8%	20.00
IN - 2	Community Grants	Keep in Financial Plan; review amount	currently \$60,000 included in 2-51-01-770-00 for 2020; 2019 budget was \$270,000; \$200,000 of this was from the previous CRCA upgrades budget and was funded from the Recreation RSA	Direction was to provide funding of \$100,000.	100,000	0.5%	12.50
Property Tax Impacts					\$ 260,000	1.3%	\$ 32.50

Activity EXCLUDED in the Proposed 2020 Financial Plan													
ID #	Topic	Discussion	Information	Deliberation	Amount in 2020 Budget		PTR \$500,000 home per year						
EX - 1	Contribution to Library	Increased per capita contribution requested for 2020, 2021, 2022	Current annual contribution per capita is \$16.57 <table style="margin-left: 20px;"> <tr> <td></td> <td>Current</td> <td>Proposed</td> </tr> <tr> <td>2020</td> <td>\$343,529</td> <td>\$413,288</td> </tr> </table>		Current	Proposed	2020	\$343,529	\$413,288	Direction was to exclude the additional funding of \$69,759.	69,759	0.3%	8.72
	Current	Proposed											
2020	\$343,529	\$413,288											
EX - 2	Contribution to Council Priority Stabilization RSA	Keep in Financial Plan, as per Financial Framework; change policy maximum balance, remove excess funding or redirect excess funding to other purpose	Been in budget since at least 2015; RSA Policy states maximum balance is \$150,000; 2019 forecasted balance - \$150,000; and with 2020 contribution balance will be \$210,000 (\$60,000 additional excess)	Direction was to exclude the funding of \$60,000.	60,000	0.3%	7.50						
EX - 3	Matured Debt payments	Prior years	Policy requires deposit to General Corp Stabilization RSA; this represents one-time retention in Operating Budget	Direction was to exclude the funding of \$110,412 for the 2020 year.	110,412	0.6%	13.80						
EX - 4		Current year - Annexation payment		Direction was to exclude the funding of \$265,795 for the 2020 year.	265,795	1.3%	33.22						
Property Tax Impacts					\$ 505,966	2.5%	\$ 63.25						

The direction Council provided to Administration through these discussions and deliberations have been incorporated into the 2020 Operating Plan and 2020-2024 Capital Plan being presented for Council's consideration.

ALTERNATIVES:

Council's options are to:

- Approve, with or without amendments
- Table, to gather further information
- Deny the request

FINANCIAL IMPACT (Projected Revenue/Expenditure, Funding Source/Account):

The proposed 2020 Operating Plan has an excess of revenue over expenses of \$402,240. The excess will be applied against the property tax requirement revenue.

The general formula is an approximation for determining the impacts of property taxes, which is:

- 1% equates to
- a change of \$200,000 of revenue/expense, and
- an impact of \$25 per year on an average assessment value of \$500,000 home.

Using the general formula means that property taxes are being **reduced by 2%**.

IMPACT ON OTHER PROJECTS (if applicable):

The approval of the 2020 Financial Plans means they have been reviewed, accepted and adopted by Council and then become the 2020 Budget.

The 2020 Operating and Capital Budgets provides Administration with the authority to conduct the business of the City, delivering services, programs, and constructing and maintaining infrastructure to enable the delivery of these services and programs to residents and businesses.

PUBLIC NOTICE/COMMUNICATIONS:

The 2020 Operating and Capital Budgets and 2021-2024 Capital Plan will be posted to the City's website upon adoption.

RELATED COUNCIL POLICIES/BYLAWS & STRATEGIC VISION:

- Neighborhoods
 - Champion a safe community
 - Prioritize senior friendly neighborhoods
 - Foster social and cultural inclusion and diversity
 - Promote inclusive and diverse housing options
- Opportunities
 - Pursue economic investment and increase the non-residential tax base
 - Develop Chestermere's recreation potential
 - Grow with purpose
 - Maximize efficiencies and spend smarter
- Partnerships
 - Build strong regional relationships
 - Initiate collaborative projects
 - Explore innovative business models
- Quality of Life
 - Bring stability to utilities
 - Provide high quality services & amenities
 - Create opportunities for connecting
- Relationships
 - Seek community alignment

- Become outcome focused
- Serve customers with excellence
- Policies
 - Multi-year Budgeting Policy
 - Restricted Surplus Account Policy
 - Capital Financing and Debt Management Policy

PREVIOUS REPORTS/COUNCIL DECISIONS (if any):

- 25 Year Capital Plan, Information Meeting September 3, 2019
- Proposed 2020 Operating Budget & 5 Year Capital Plan, Committee of the Whole, November 12, 2019
- Proposed 2020 Operating Budget & 5 Year Capital Plan, Special Meeting, November 20, 2019
- Proposed 2020 Operating Budget & 5 Year Capital Plan, Committee of the Whole, November 26, 2019

ATTACHMENTS (including all In Camera items):

- 2021-2024 Capital Plan, 5 pages
- 2020 Operating and Capital Budget, 1 page
- Dec 3rd Draft Budget Presentation, 10 pages
- Nov. 12th and 20th Draft Budget Presentation, 96 pages
- Nov. 26th Draft Budget Presentation, 38 pages

CHIEF ADMINISTRATIVE OFFICER'S COMMENTS (if any):

RECOMMENDED ACTION:

Council deliberated on a number of topics during the financial plan meetings. A motion to approve the direction provided through those deliberations:

That Council approve the List of Deliberations with the Discussion as presented in Table of this Request for Decision dated December 3, 2019.

That Council has reviewed and approves the 2020 Operating Budget and 2020 Capital Budget.

That Council adopt the 2021-2024 Capital Plan pending annual review by Council, as per MGA.

Approved by:
Bernie Morton
Chief Administrative Officer

