



# PROPOSED FINANCIAL PLAN + 2021 BUDGET

On November 2, 2020, Administration presented the Proposed Financial Plan and 2021 Budget to City Council.



## CHIEF ADMINISTRATIVE OFFICER MESSAGE

The past year has been marked globally by the COVID-19 pandemic, which is anticipated to result in long-term financial, economic, and social impacts. As a result, the City of St. Albert has had to adjust and adapt its operations, services and programs to accommodate this new reality.

The City's response to the pandemic continues to be guided by the

need to protect residents, visitors, patrons and staff, while also exercising fiscal responsibility. We had to cancel events, close facilities and suspend programs that could not be continued. As we slowly started to re-open facilities and re-start programs, we took additional steps to provide the safest possible environment. These measures and resulting actions meant reduced revenues and increased costs. Through reallocation of resources, cost-saving initiatives, deferrals of projects and changes in service levels, Administration successfully reduced a projected \$14.4 million deficit to \$500 thousand, while at the same time maintaining core service provision through the pandemic.

However, these actions were one-time to manage the short to medium term COVID-19 impacts. To ensure a fiscally sustainable plan in the medium to long term, a thorough examination of the programs and services offered by the City is prudent. As a result, Ernst and Young has been retained to conduct an Operational and Fiscal Corporate Review and will present opportunities for the City to consider in two phases (Q4 2020 and Q2 2021).

While the Operational and Fiscal Corporate Review is underway, further restraint is required in developing the 2021 proposed budget, reflecting the current realities and future outlook of the local, provincial, national and global economies and the continued decline of historical revenue sources without offsetting by new revenue sources.

Administration has developed a proposed budget that considers these factors and realities through:

- Prioritizing services and service levels;
- Supporting growth to move Council's Strategic Plan forward; and,
- Maintaining and planning for key infrastructure projects to support our recovery.

Long-term fiscal sustainability is a top priority and requires informed decisions at the right time to avoid further unplanned stress on the City's finances. We must focus on revenue-generation opportunities, cost-saving initiatives, process efficiency improvements and the creation of regional partnerships and collaborative opportunities where beneficial. The corporate review will assist in making informed decisions in an appropriate timeframe and will identify opportunities within the focus areas.

Over the past few months, Administration and Council have completed a host of cost reduction and efficiency exercises based on our continuous improvement initiatives and our Priority Based Business Planning and Budgeting process. We have also limited our new spending requests to address only the most vital of projects. As a result of this work, only three business cases totaling \$855 thousand are being proposed, including six emergency services personnel, an Intermunicipal Development Plan with Sturgeon County and corporate initiatives intended to support investment and economic growth.

For 2021, Administration is proposing an operating budget of \$112.4 million, which yields an overall average municipal property tax increase of 1.1 per cent.

Without one-time application of reserve funding as described below, the actual cost to provide Council-approved services under the current operational guidelines is a \$3.8 million net increase to the 2021 budget, which would have resulted in a 3.5 per cent tax increase. This is primarily driven by:

- \$8.7 million reduction in revenue
- (\$6.5) million in expense savings
- \$1.6 million to address funding deficits for existing municipal infrastructure, as per Council direction.

As a portion of our 2020 COVID related impacts will be reimbursed by the Province under the Municipal Operating Support Transfer (MOST) grant program, we are able to carry-forward approximately \$7 million of the savings we generated in 2020 through cost and service reductions. Administration is recommending that \$2 million of these savings be utilized to reduce the tax impact in 2021 while the remainder be added to reserves to manage ongoing impacts during recovery in 2022 and 2023. As well, Administration is also recommending that an additional \$544 thousand from new assessment growth (which is the additional taxes generated from new properties) be used to offset the proposed tax increase.

After application of these additional recommendations, the proposed tax increase was reduced to 1.1 per cent. Council will also have the opportunity to discuss proposed service level adjustments with the goal of further reducing the budget to a possible zero per cent.

The proposed budget for 2021 is a continuation of one-time strategies, focusing on expense reductions along with permanent decisions to maintain fiscal sustainability into the future, while the Operational and Fiscal Corporate Review underway will provide opportunities for additional permanent decisions to be considered to manage the medium to longer term fiscal sustainability of the City.

The proposed Municipal Capital Budget is comprised of 44 projects totaling \$39.4 million, which includes:

- 10 capital charters addressing community growth total \$6.0 million for consideration
- 29 capital charters addressing RMR (Repair, Maintain & Replace existing infrastructure) totaling \$26 million, approved in July 2020
- 5 capital charters of \$7.4 million, approved in September 2020

The proposed Utility Capital Budget of \$19.6 million includes 11 capital projects, which focus on 10 RMR projects at \$19.1 million and one growth project at \$500 thousand. The proposed monthly utility bill will yield an average decrease of \$0.40 (0.03 per cent) compared to last year.

I encourage you to visit [budget.stalbert.ca](http://budget.stalbert.ca) for further details about the budget process and public participation opportunities.

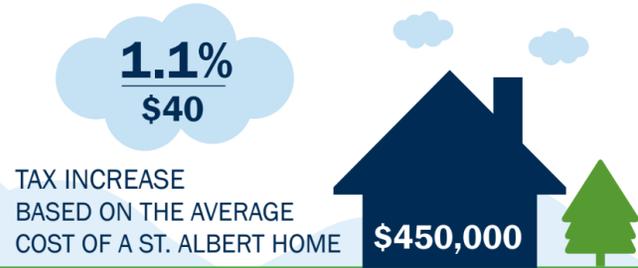
Thank you for your interest. Should you have any questions, please contact me by phone or email.

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# MUNICIPAL BUDGET

## 2021 PROPOSED OPERATING BUDGET

The 2021 proposed budget of \$112.4 million results in a proposed 1.1 per cent property tax increase. This increase relates to maintaining service levels not directly related by COVID-19 and includes the 1.5 per cent increase in infrastructure funding. For an average house costing \$450,000, this means an increase of \$40 per year.



## 2021 PROPOSED TAX DOLLARS AT WORK

The City of St. Albert provides many programs and services to residents and businesses. The annual proposed budget is built to maintain those services at Council approved service levels. Efforts are also made to continue to optimize service delivery to ensure community needs are met. The service categories are:



\*Corporate Financing includes the portion of the tax levy used to support required debt payments, provides contributions to municipal capital reserves and projects and also includes common corporate revenues and expenses such as interest income and bank fees.

## 2021 PROPOSED DISTRIBUTION OF YOUR TAX DOLLARS

For an average house valued at \$450,000, the homeowner could expect a \$3,802 property tax bill which results in a \$40 increase for 2021. The distribution of tax dollars to various service categories is illustrated to the right.

Excludes Provincial Education Levy, Homeland Housing Levy and utility charges.



The 1.1% proposed property tax increase includes optimizing services and advancing priorities. Highlights include:

- GENERAL GOVERNMENT**
  - Infrastructure capital funding strategy (RMR)
  - City of St. Albert corporate promotion
- FIRE SERVICES**
  - Emergency Services personnel
- PLANNING & ECONOMIC DEVELOPMENT**
  - Intermunicipal Development Plan

Council will also be discussing possible scenarios to bring the tax rate to zero percent.

# MUNICIPAL BUDGET

## 2021 PROPOSED MUNICIPAL CAPITAL BUDGET

The Capital Budget provides for investments in infrastructure and capital assets such as constructing, buying or maintaining assets including roads, sidewalks, buildings, vehicles, equipment and land. This portion of the budget is important for critical maintenance of existing infrastructure and the future growth of our city.

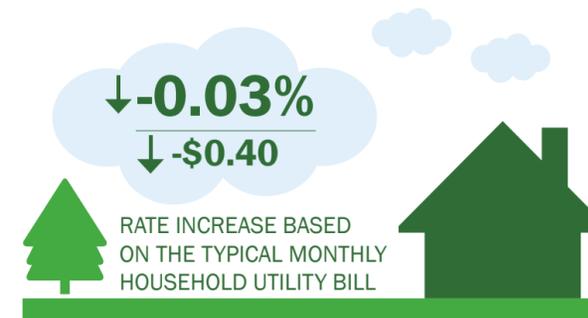
For 2021, the municipal capital plan investment by asset category is illustrated below:



## UTILITY BUDGET

### 2021 PROPOSED UTILITY RATE

The Utility Rate funds the operating and capital costs for water, waste water, stormwater, and solid waste programs that support St. Albert's ability to provide clean, safe drinking water to its residents, as well as protect the natural environment through waste water treatment, stormwater and solid waste management.



### 2021 PROPOSED DISTRIBUTION OF UTILITY BILL

The typical monthly bill for 2021 is \$133.04, a decrease of 0.03 per cent from the prior year. The allocations of monthly rates are as follows:



For 2021, the utility capital plan investment by asset category is illustrated below:



## PROPOSED TAX

The proposed municipal component of the property tax may be subject to change based on City Council's direction. Council will consider the proposed budget for approval at the **December 21, 2020** Council meeting.

The actual tax rate will not be finalized until May 2021, after the assessment roll is completed for all properties in the city and all requisition amounts have been received from the Province and Homeland Housing.

## HAVE YOUR SAY

You are invited to attend the budget meetings and provide input on the Proposed Financial Plan and 2021 Budget.

### OCTOBER 13 – NOVEMBER 19

Share your thoughts from the convenience of your own home using a new online tool – Cultivate the Conversation: [conversation.stalbert.ca/budget-2021](https://conversation.stalbert.ca/budget-2021)

### NOVEMBER 3 & 5 (if required) | 2 PM

Council Chambers, St. Albert Place, 5 St. Anne Street & Online via YouTube  
Functional Presentations

### NOVEMBER 24, December 1 & 3 (if required) | 2 PM

Council Chambers, St. Albert Place, 5 St. Anne Street & Online via YouTube  
Council Deliberations

### DECEMBER 21 | 2 PM

Council Chambers, St. Albert Place, 5 St. Anne Street & Online via YouTube  
Council considers the Proposed Financial Plan and 2021 Budget for approval



2021 Budget documents and schedules are posted to [budget.stalbert.ca](https://budget.stalbert.ca)

## YOUR CITY COUNCIL

Residents always have the opportunity to contact the Mayor and Councillors directly:



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To contact Administration call **780-459-1500** or email [stalbert@stalbert.ca](mailto:stalbert@stalbert.ca).