



REQUEST FOR DECISION

MEETING DATE: April 11, 2023

TITLE: 2023 Spring Budget Adjustment

DIVISION: Corporate Services

SUMMARY:

Council approval is requested for necessary budget changes to ongoing revenues and expenses prior to setting the property tax rate for 2023. In addition, Council approval is requested to adjust the operating budget for transfers from reserves previously approved by Council.

PROPOSED MOTION:

THAT the 2023 final operating budget be amended to include additional operating revenues of \$295,000, additional operating expenses of \$350,000, and additional net transfer from reserves of \$55,000. This results in a final 2023 operating budget with operating revenues of \$104,206,000, operating expenses of \$100,618,000, and net transfer to reserves of \$3,588,000.

BACKGROUND / ANALYSIS:

The spring budget adjustment process provides an opportunity to finalize the budget prior to setting the property tax rate for the year. Amendments to budget are typically related to expected ongoing changes in growth projections and other revenue sources, and changes to ongoing operating expense items that are funded by the municipal tax requirement.

In addition, spring budget adjustments are also required in order to establish the associated budget for items that Council has previously approved to be funded through a transfer from reserves.

In 2023, as the capital plan is not funded by property tax revenues, capital budget amendments will be brought forward for Council's consideration and approval in summer 2023 through the approval of an amended 2023 capital plan.

Proposed Spring Budget Adjustments

Additional Revenues and Expenses - on-going

Property tax revenue:

Total estimated property assessment growth at the time of the 2023 budget approval was 2.66 per cent. After assessment data was received, actual growth was determined to be higher than the original estimate at 3.18 per cent, which yields \$241,000 in additional revenue from property taxes due to growth.

New on-going office lease costs:

In February 2023, Council approved proceeding with a new ongoing office lease. The annual lease cost for that lease is \$84,000, and 5.5 months of lease costs will be incurred in 2023 resulting in a cost of \$39,000.

Expanded tree planting:

During the November 2022 budget deliberations, Council directed Administration to review the tree planting program and to report back as part of the spring budget adjustment. Administration is proposing to move the City's tree planting from "one tree planted for one tree lost" to a "two trees planted for one tree lost" practice. This will result in an estimated 100 additional trees planted per year at an estimated increased cost of \$40,000.

AHS EMS contract revenue:

On March 15, 2023, the City received notice from Alberta Health Services on a funding increase for the EMS contract. The 2023 increase is estimated at \$54,000. Expenses are already budgeted correctly in the approved corporate plan, so the adjustment is required to revenue only.

Transfer to Municipal unrestricted reserve:

The net of the ongoing budget adjustments is \$186,000, which would be transferred to Municipal unrestricted reserve.

Spring Budget Adjustments from Reserves - one time:

The following adjustments are required to establish the 2023 budget for these items being funded from reserves. There is no impact to the tax rate.

Electric Vehicle Strategy:

Council approved up to \$45,000 to fund the Electric Vehicle Strategy in May 2022 from reserves, however, as this approval was granted after the finalization of the 2022 budget, no operating budget was created in 2022 and the corresponding spend in 2022 for this strategy was reported as variance against the budget. The estimated cost of completing the strategy in 2023 is \$25,000. Council approval would result in the establishment of the \$25,000 expense budget and transfer from reserve.

One-time office lease costs:

In February 2023, Council approved proceeding with a one-time office lease cost to the end of December 2023 of \$171,000 from reserves. Council approval would result in the establishment of the associated revenue and expense budget.

One-time office space fit-up related to an office lease:

In February 2023, Council approved proceeding with the one-time cost, funded from reserve, to fit up office space before commencing with a new ongoing office lease. The fit-up cost is estimated at \$45,000. Council approval would result in the establishment of the associated revenue and expense budget.

Transfer from Municipal unrestricted reserve:

The one-time Municipal unrestricted reserve-funded spring budget adjustments total \$241,000, that would be funded by a transfer from Municipal unrestricted reserve.

There is no impact on the 2023 tax rate as a result of these spring budget adjustments, as the increase in operating expenses is offset by the increase in operating revenues and net transfer from reserves.

Summary of impact of Spring Budget Adjustment on Budget 2023:

	2023 Interim Approved Budget and 2022 Carry Forwards*	2023 Spring Budget Adjustments	2023 Final Proposed Budget
Operating Revenues	\$103,911,000	\$295,000	\$104,206,000
Operating Expenses	\$100,268,000	\$350,000	\$100,618,000
Net Transfer To/(From) Reserves	\$3,643,000	(\$55,000)	\$3,588,000

**Includes 2022 carry forward amount of \$832,000*

OPTIONS / ALTERNATIVES:

Council can choose to make changes to any of the items identified for spring budget adjustment or add to the list of adjustments. This would require further analysis and budget revision.

CONSULTATION / ENGAGEMENT:

The review process for the recommended budget adjustment included input from the City's executive and senior leadership.

IMPLEMENTATION / COMMUNICATION:

All recommended changes, once approved by Council, will become part of the spring budget adjustment for determination of the City's final 2023 operating budget. Given the size of the adjustment, and the fact that the adjustment does not impact the tax rate, no further communication is planned in regard to the spring budget adjustment beyond the discussion of this item at the April 11, 2023 Council meeting.

IMPACTS:

This decision will allow for the update of the 2023 operating budget and for the inclusion of these ongoing operating budget items as the 2024 budget is developed.

FINANCIAL IMPLICATIONS:

There is no municipal tax impact to the financial changes proposed in the spring budget adjustments, as the increase in operating expenses is offset by the increase in operating revenues and net transfer from reserves.