



REQUEST FOR DECISION

MEETING DATE: November 29, 2021

TITLE: 2022-2024 Corporate Plan – Screpnek

DIVISION: City Manager's Office

SUMMARY:

The amended 2022-2024 Corporate Plan includes input from the Committee of the Whole and is being presented to Council for approval. The plan includes a 2022 budget with Operating Revenues of \$94,483,800, Operating Expenses of \$91,282,571, Capital Revenues of \$17,175,487, Capital Expenses of \$25,429,367, and an overall Net Transfer from Reserves of \$5,052,651. Capital Revenues and Capital Expenses exclude \$20,759,251 for the proposed Civic Centre Development project, which has been included in the Corporate Plan, and will be brought forward to Council again at 2022 Spring Budget Adjustment.

Once approved, the final 2022-2024 Corporate Plan will be circulated and communicated to the organization and the community.

PROPOSED MOTION:

THAT the amended 2022-2024 Corporate Plan be adopted and that the 2022 budget be approved with Operating Revenues of \$94,483,800, Operating Expenses of \$91,282,571, Capital Revenues of \$17,175,487, Capital Expenses of \$25,429,367, which excludes \$20,759,251 in Capital Revenues and Capital Expenses for the proposed Civic Centre Development project, and an overall Net Transfer from Reserves of \$5,052,651.

AND that Administration be directed to respond to those requests of Committee as set out in the resolutions from the November 8 to 10, 2021 Committee of the Whole meeting regarding:

- The preservation of archives managed by the Spruce Grove and District Agricultural Society
- Traffic noise reduction report
- Inclusive policy language, with respect to Indigenous relations, within the context of the *Bylaw and Policy Review* business case

- Fire services staffing model presentation
- Viability of a community orchard
- Viability of a transit pass program for youth
- The assessment of costs to review the accessibility of city assets
- A report on Edmonton Global's Air Services Opportunity Fund

BACKGROUND / ANALYSIS:

The *Municipal Government Act* (the "Act") requires under Part 8, Financial Administration, that a Council adopt an operating budget and a capital budget for each calendar year. The Act also requires that the budget must include estimated amounts needed to provide for Council's policies, programs and financial obligations as well as estimated amounts for sources of revenues and transfers to surplus. Furthermore, a municipality must prepare a written plan respecting its anticipated financial operations for the next three financial years and a written plan for anticipated capital property additions over a period of at least the next five financial years.

The City of Spruce Grove's Corporate Plan provides Council with a comprehensive operational and capital plan with operating and capital budgets for municipal, utility and developer entities. The Corporate Plan is the principal guiding document for community development and service delivery. Operational requirements are identified over a three year horizon while capital planning initiatives are anticipated over the next 10 years. Council only approves the first year of the budget (i.e. 2022); the remaining years are provided for planning and contextual purposes.

The Budget 2022 section of the Corporate Plan reflects the financial requirements to support existing services and/or changing services as well as recommended new work. The financial requirements include operating revenue and expenses and capital funding sources and expenditures are broken down by budget entity (municipal, utility and developer). At this time the budget is balanced based on the proposed expenditure and revenue strategies.

2022-24 Corporate Plan

The focus of the 2022-2024 Corporate Plan is to combine the explanation of municipal programs and services with the resulting financial impact – a shift from previous corporate plans where this information was presented separately. Administrative processes around financial information, reporting and budgeting continue to mature, allowing Council and Administration to make better informed decisions.

Throughout the development of the 2022-2024 Corporate Plan, Administration considered historical context, the current state of the City, and what the City needs to do to continue its evolution as a sustainable growing city. The intent was to ensure Budget 2022 clearly outlined those key factors that integrated the knowledge gained from historical context while still looking to the future. Some of these factors include:

1. Continuing the journey of fiscal sustainability by building a budget that provides greater transparency and line of sight.
2. Understanding key economic and social indicators that provide insight into the current state of the City and how Administration can support the community, especially as we move on from COVID-19 recovery.
3. Gaining a clearer understanding of the impact of historical growth on City programs and services and how adjustments need to be made to support current and future growth.
4. Clearly outlining how Council will invest in the community as well as the municipality.
5. Developing funding strategies to address the revenue requirement within this budget.

Assessing the City's Financial Health

In 2020 the City commenced the development of a Fiscal Sustainability Framework with the principles of transparency, sustainability, equity and competitiveness. Work on this framework continues with evolving the presentation of budget by entity, and the continued development of municipal reserves for the purposes of maintaining the City's assets. This work continues to provide Council and citizens a clearer picture of the City's financial health.

The current draft of the 10-Year Capital Plan has incorporated a number of substantive priorities, from the Civic Centre Development to the City Centre Area Redevelopment Plan to the continued incremental funding of lifecycle reserves. As a result, any major future capital investments outside of the Corporate Plan could put pressure on the City's fiscal sustainability in the out years.

The City is committed to fiscal sustainability and seeks to be transparent in the apportionment of resources for future operating and capital spending through the creation of Reserves within the Accumulated Surplus. Reserves contribute to fiscal stability, debt minimization, and flexibility for emergent economic needs while creating dedicated funding sources for long-term capital planning and asset management. In addition, reserves are designed to smooth out the revenue requirements on uneven expenditures year over year.

Recognizing that future capital projects require significant investment, Administration is including as part of this plan the creation of reserves in an effort to strategically budget for the future. This plan includes a dedicated transfer to municipal lifecycle reserves, a special purpose reserve for new capital (Civic Centre Development), and municipal stabilization reserves.

Debt outstanding remains under the City's self-imposed debt limits (50% of provincial limits) for the duration of this plan as per the Debt Management Policy, 3,032. At the close of 2022, the City is projected to reach a debt level of \$47.9 million, which represents 35% of the provincial limit and 70% of the municipal policy limit.

Reviewing Budget 2022

Budget 2022 reflects the financial requirements to support the City's proposed direction, as outlined through the business cases and capital project profiles. The financial requirements of these business cases and capital project profiles include revenues, expenses and expenditures on tangible capital assets used for service delivery and investment in new capital.

The main objective of this budget is to clearly explain and highlight financial information underlying the Corporate Plan, and to ensure Council has a transparent lens through which to review and ultimately approve Budget 2022. The information is intended to enhance the readers' understanding of the City's financial position and results of operations – enabling the City to demonstrate accountability for the resources entrusted to it.

Budget 2022 and future forecasts are meant to provide information with a long term view. Ten years of future capital financial information has been presented but readers are cautioned that long term forecasts may change significantly.

Budget 2022 has the following realities:

- The 2022-2024 municipal operating budgets are balanced without dependency on reserves for ongoing funding. The City utilizes reserves for one-time costs to minimize the impact on the municipal tax base.
- The municipal operating budget includes transfers to lifecycle capital reserves by way of a dedicated revenue stream approved by Council in all three years.
- The municipal capital budget is balanced through the use of grants for some lifecycle costs due to the need to build reserve funding.
- The City's philosophy is for the utility budget to be self-funded.
- The City paid for some developer projects on behalf of developers and financed this development with long-term debt to advance construction. Amounts owing to the City will be repaid with proceeds from future developer levies.

Reviewing Business Cases and Capital Project Profiles

As part of Budget 2022, the business cases and capital project profiles Committee recommends moving forward are summarized below with further detail on each provided in the Corporate Plan Appendix.

- The total cost for the municipal operating business cases for 2022 that are funded by one-time surplus from 2021 is \$474,987.
- The total cost for the municipal operating business cases for 2022 that require ongoing funding is \$853,300.
- The total cost for the utility operating business case for 2022 that require one time funding by the utility operating budget is \$120,000.

- The total cost for the capital project profiles for 2022 is \$25,429,367
 - Please note that this excludes \$20,759,251 for the proposed Civic Centre Development project, which has been included in the Corporate Plan and is subject to final Council approval.

Committee recommends to defer the Social Sustainability Plan, City Centre Storefront Improvement Program, and Bi-Weekly Waste Collection business cases.

OPTIONS / ALTERNATIVES:

Council may make further amendments to the amended 2022-2024 Corporate Plan.

CONSULTATION / ENGAGEMENT:

The amended 2022-2024 Corporate Plan was created based on the understanding of community needs, Administration's analysis, and Committee's assessment.

Each year, residents and community groups have an opportunity to make a public budget submission to the City of Spruce Grove for consideration when developing the corporate plan. This is part of an annual process where the City welcomes public input into the corporate planning and fiscal planning process. The submitted public budget submissions can be found in the *Public Budget Submission* business case of the Corporate Plan.

Committee of the Whole reviewed the draft Corporate Plan during the November 8-10 meeting and, through resolutions, provided recommendations to Council that resulted in an amended 2022-2024 Corporate Plan that is now brought for consideration and approval.

November 8-10, 2021 Committee of the Whole Discussions

In its deliberations, Committee made the following recommendations for Council's consideration:

- **City Centre Storefront Improvement Program**
 - Business case deferred to 2023 (business case and budget removed from the amended 2022-2024 Corporate Plan).
 - Business case to be brought to the Economic Development Advisory Committee for recommendations as part of the Spring Budget Adjustment process.
- **Social Sustainability Plan Renewal**
 - Business case and budget removed from the amended 2022-2024 Corporate Plan.
 - Progress report brought back to Council in Q1 2022 that outlines the actions taken since the implementation of the 2016 Social Sustainability Plan. Direction to be provided by Council at that time.

- **Bi-Weekly Waste Collection**
 - Business case deferred to 2023 (business case and budget removed from the amended 2022-2024 Corporate Plan).
 - A report be brought to Council in 2022 on the matter.
- **Customer Service**
 - Significant priority for Council and the community.
 - Reflected in the Customer Service Strategy business case proceeding in 2022.
 - Council will be engaged throughout the process.
- **Preservation of archives managed by the Spruce Grove and District Agricultural Society**
 - Administration to work with the Society to determine path forward for the preservation of the community's history.
 - Report back to Council in spring 2022.
- **Traffic safety and noise reduction report**
 - Administration to prepare a report on the feasibility of a decibel device for purposes of enforcement of noise and that the report be provided to the Community Road Safety Advisory Committee prior to coming to Council.
 - Two Bylaw Officers included in the 2022 budget that are dedicated to traffic enforcement.
- **Inclusive policy language**
 - Administration to include in the Bylaw and Policy Review project consideration of impacts on the Indigenous community, ensuring policy language is inclusive and interpretation guides are incorporated where appropriate.
- **Community murals**
 - Administration to budget for two new murals in 2022, in conjunction with the Spruce Grove and District Agricultural Society's 50th Anniversary.
 - **Update:** Budget allocated for this is not to exceed \$40,000 and will be funded by 2021 surplus (change reflected in Budget 2022).
- **Fire Services staffing model presentation**
 - Administration to present to Council in Q1 2022 the current fire services staffing model and the plan to update it.
- **Viability of community orchard**
 - Administration to review the viability of an orchard and report back to Council in Q1 2022.
- **Viability of a transit pass program for youth**
 - Administration to provide a report to Council on the viability of a transit pass program for youth in Q2 2022, including a jurisdictional review.
- **The assessment of costs to review the accessibility of city assets**
 - Administration to provide a report to Council on the assessment of costs to review the accessibility of city assets for those with mobility challenges in Q1 2022.
 - Administration is currently assessing the results of the accessibility audit on four City buildings.

- **A report on Edmonton Global's Air Services Opportunity Fund**
 - Administration to provide a report to Council regarding the necessity of year two of the airport opportunity fund (an Edmonton Global initiative) in Q1 2022.

IMPLEMENTATION / COMMUNICATION:

The Corporate Plan, once approved by Council, is effective January 1, 2022. Once finalized, the approved Corporate Plan will be published on the City website and shared with the community through a variety of appropriate communication tactics.

IMPACTS:

The amended 2022-2024 Corporate Plan demonstrates strong stewardship of the City's financial management in support of providing services and programs to residents, businesses and the surrounding area and the details of which are provided in the Budget 2022 section of the amended 2022-2024 Corporate Plan which is attached.

FINANCIAL IMPLICATIONS:

Revenue Impacts

In its deliberations on revenue, the Committee balanced a recognition of the investment required in the community as well as the municipality along with the long-term sustainable growth strategy of the City. Implementation of a general tax rate increase and continuing the dedicated tax rate increase and property tax rate split shift were seen by the Committee as necessary for fiscal sustainability by enabling the building of financial resources over the next few years to fund ongoing requirements and future infrastructure needs.

Municipal Tax Increase:

- 2.9% general municipal tax increase used to address investments in the community and municipality that require ongoing funding. This will increase the municipal operating budget by \$1,229,150.
- Continuation of a 1% tax increase (\$423,845) to provide a dedicated revenue stream for transfers to municipal lifecycle reserves to pay for critical infrastructure repair, maintenance and replacement.
- Continued tax rate split shift will increase the municipal operating budget by \$351,600 for 2022 and similar to the 1% increase, is also dedicated to funding municipal lifecycle reserves.

Residential Rate Changes	Monthly Impact	
Residential taxes – 2.9%	\$5.59	Based on a 2.9% general tax rate increase per a median assessment value of \$346,800*
Residential taxes – 1.0%	\$1.93	Based on a 1.0% dedicated tax rate increase per a median assessment value of \$346,800 to repair, maintain and replace municipal infrastructure, facilities and equipment*
Water and sewer	\$1.74	2% rate increase based on monthly consumption of 14 cubic metres of water.
Solid waste	NIL	No planned increase.
Stormwater utility	\$4.20	Planned increase to \$11.50 for small customers.
Electric franchise fees	NIL	No planned increase.
Natural gas franchise fees	NIL	No planned increase.
Total Monthly Impact	\$13.46	

**Median assessment value of single family detached homes in Spruce Grove.*

Non-residential Rate Changes	Monthly Impact	
Non-residential taxes – 2.9%	\$23.13	Based on a 2.9% general tax rate increase per an assessment value of \$1,000,000**
Non-residential taxes – 1.0%	\$7.98	Based on an approved 1.0% dedicated tax rate increase per an assessment value of \$1,000,000 to repair, maintain and replace municipal infrastructure, facilities and equipment**
Non-residential taxes – tax rate split shift	\$29.43	Based on a property tax split shift of 0.545 for the next 6 years
Stormwater utility	\$8.80	Planned increase to \$46.00 for large customers.
Total Monthly Impact	\$69.34	

***There is such a wide spectrum of non-residential property values that a median assessment value would not accurately represent a typical non-residential assessment value.*

Water and sewer

The water and sewer utility rate increase for 2022 is to cover operating and capital costs is \$0.12 per cubic metre (2.0% increase), which is approximately \$1.74 per month for a household consuming 14 cubic metres of water.

Solid waste

The solid waste rate is affected by contracted costs, new initiatives and growth in the community. There is no increase planned for solid waste utility for 2022.

Stormwater utility

Monthly fees are \$7.30 for small customers and \$37.20 for large customers and are projected to increase to \$11.50 and \$46.00 respectively for 2022.

Electric franchise fees

Electric franchise fees are charged by the City to Fortis Alberta for the exclusive right to provide and operate related assets. Fortis Alberta passes along the cost of the franchise fee to the consumer as a separate charge on the electric bills. The City has reached a maximum rate of 20%.

Natural gas franchise fees

Franchise fees for natural gas are charged by the City to ATCO Gas and Pipelines for the exclusive right to provide natural gas services within the City as well as for access to City lands to construct, maintain and operate related assets. ATCO passes along the cost of the franchise fee to the consumer as a separate charge on the natural gas bills. The 2021 rate has been maintained for Budget 2022, and is projected to increase 5.0% in 2023 to reach a maximum rate of 35%.

STRATEGIC VISION ELEMENT:

This topic relates to all three of the City's strategic vision elements contained in Council's Strategic Plan

RELATED GOAL:

n/a