



RPT 21-45

TITLE: 2021 General Fund Operating and Capital Budget

DATE: **January 26, 2021**

TO: City Council - Special

PUBLIC: X

INCAMERA:

RECOMMENDATION:

1. That the City of Prince Albert 2021 General Fund Budget, as attached, be approved;
2. That the \$41,515,880 of revenue necessary to balance the General Fund Operating Budget be raised from Municipal Taxation;
3. That the City of Prince Albert 2021 General Fund Capital Budget in the amount of \$8,284,940, including principal payments on loans and \$255,040 in Police Capital, be approved;
4. That the 2021 transfer of \$5,070,000 from General Fund Operating to General Fund Capital be approved;
5. That the City of Prince Albert 2021 General Fund Fleet Budget in the amount of \$2,266,500, including \$320,000 in Police Service requirements, be approved;
6. That the 2021 Prince Albert Police Service be funded inclusive of Capital expenditures of \$255,040 and a transfer from reserves of 200,000 for a total amount of \$17,397,850;
7. That the City of Prince Albert 2021 Reserve Allocations of \$5,457,880 and Principal Payments on loans of \$266,500 be approved for a total amount of \$5,724,380;

8. That the following staffing changes be approved:
 - a) That one (1) Assessment Appraiser position remain vacant half of 2021;
9. That the motions from the 2021 General Fund Budget Committee deliberations (Unofficial) be ratified and that Administration proceed as authorized; and,
10. That the 2021 General Fund Budgeted expenditures be approved for disbursement effective January 1, 2021.

TOPIC & PURPOSE:

For City Council to approve the 2021 General Fund Operating and Capital Budget along with the resolutions of the Budget Committee.

BACKGROUND:

City Council's Budget Committee undertook the 2021 General Fund Budget deliberations as follows:

1. August 17, 2020 - Strategic Planning Meeting
2. December 9, 2020 - Budget Committee's External Agencies Business Plan Review
3. December 15, 2020 - Delivery of Budget Materials to Budget Committee
4. December 16, 2020 - Public Release of the Budget
5. January 6, 7 and 12, 2021 – Budget Committee convened to review the proposed 2021 General Fund Operating and Capital Budgets.

On January 6, 7 and 12, 2021 the Budget Committee considered the 2021 General Fund Operating and Capital Budgets and recommended that the 2021 General Fund Operating and Capital Budget, amended based on the motions of the Budget Committee, along with the Resolutions of the Budget Committee, be forwarded to City Council for final approval.

PROPOSED APPROACH AND RATIONALE:

Enclosed for Council's approval is the City of Prince Albert's 2021 General Fund Budget. The City's detailed financial plans and budgets are linked to, and derived from, the City's broader planning processes including Council's overall strategic direction.

The General Fund accounts for the widest variety of City activities. The costs of policing, fire and emergency services, streets and roads, transit operations, parks, recreation, building

maintenance, as well as the majority of administrative costs of the City are shown in this fund. Most areas of service within the General Fund will have some revenue that is used to help offset the cost of the service provided. The bulk of the costs within the General Fund are funded by the property tax levy.

The Director of Financial Services presented the budget package to the Budget Committee that included a format that provided budgeted 2021 revenues and expenditures along with the changes relative to the previous years approved budget. The 2021 General Fund Budget being presented for City Council's approval has been amended to reflect the motions of the Budget Committee as set forth in the attached 2021 General Fund Budget Deliberation Minutes (Unofficial).

COVID-19 Pandemic Impact

The 2021 budget presented challenges due to the pandemic that started in 2020. The pandemic will continue into 2021 and the negative financial effects will likely also be experienced in 2022. The financial impact going into 2021 can only be estimated based on what we know today. The State of Emergency and subsequent phases of the Re-Open Saskatchewan plan in 2020 provided a basis for estimates of the financial impact for 2021.

The 2021 budget numbers provided are based on the assumption that City operations are operating as normal. This allows for better estimates of the financial impact from COVID-19.

In 2020, The City received funding from the Saskatchewan Government Municipal Economic Enhancement Program (MEEP) and funding from the Federal Government Safe Restart Program (SRP). The 2020 remaining funds from these sources is estimated at \$2.9 million depending on the final year-end financial impact due to the pandemic. These remaining funds will be able to cover the estimated \$2.14 million of COVID-19 losses estimated for 2021. In addition, Budget Committee recommended that an additional \$347,000 of the remaining funds be used to offset increased funding to the Information Technology Reserve and Community Clubs.

2021 Budget Summary

This budget follows generally accepted accounting principles by recording all revenues as operating revenues and only operating expenses as expenses. The result is a surplus from operations that is then available for capital purchases / projects, loan principal payments and contribution to reserves. The proposed budget identifies \$2.847 million as the operating surplus, \$10.447 million after adjusting for non-cash amortization. The adjusted surplus will be allocated as follows: \$5.070 million for capital projects, \$0.267 million for loan payments, and \$5.458 million in net contributions to reserves. This results in an overall balanced budget as shown in the following table:

Operating Surplus to be Allocated	\$ (2,847,380)
Non-Cash Adjustment - Amortization	(7,600,000)
Operating Surplus - Adjusted	(10,447,380)
<u>Allocations:</u>	
Capital Expenditures	5,070,000
Reserve Allocations	5,457,880
Principal Payments on Loans	266,500
Estimated COVID-19 2021 Losses	2,137,904
Available COVID-19 Funding from 2020	(2,484,904)
	10,447,380
Balanced Budget (Surplus)	\$ -

The proposed 2021 budget requires operating revenues of \$70.707 million, which will require an increase in General Municipal Taxation of approximately \$1.120 million. The taxation increase results primarily from 2020 changes to the tiering for commercial properties and a 1.13% increase to the mill rate for 2021, which results in approximately \$0.362 million of additional General Municipal Taxation.

CONSULTATIONS:

The 2021 General Fund Budget Submission was available on eagenda.citypa.ca for the public's review as well as the City's website.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Once the 2021 General Fund Budget is approved by City Council it will be posted on the City of Prince Albert website.

FINANCIAL IMPLICATIONS:

There is a net budgetary cost increase of approximately \$361,600, representing a 1.13% property tax increase, which will need to be addressed through tax policy.

OTHER CONSIDERATIONS/IMPLICATIONS:

There are no options to the recommendation, policy or privacy implications or other considerations.

STRATEGIC PLAN:

Fiscal Management & Accountability: The 2021 General Fund Budget as presented strives to align priorities and initiatives to the corporate strategies and deliver municipal services in cost-effective ways.

OFFICIAL COMMUNITY PLAN:

The Official Community Plan was considered by Departments when preparing their budgets for the 2021 year.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

ATTACHMENTS:

1. 2021 City of Prince Albert General Fund Budget
2. January 6, 2021 Budget Committee Minutes – General Fund (Unofficial)
3. January 7, 2021 Budget Committee Minutes – General Fund (Unofficial)
4. January 12, 2021 Budget Committee Minutes – General Fund (Unofficial)

Written by: Cheryl Tkachuk, Director of Financial Services

Approved by: City Manager