

## **SERVICE REVIEW AND BUDGET SUMMARY**

Budget guidance from the September 21, 2020 meeting of the Governance & Finance committee:

- 1) The Budget/Service review timeline was pushed back by 1 month which resulted in the Service Review schedule to be moved from December 2020 to January 2021 and the Operating and Capital Budget final meetings to be scheduled in January 2021. The purpose of this was to give administration time to collect additional data on the effects of the COVID pandemic during the typically busy summer months, to better inform COVID assumptions around the 2021 fiscal year budget.
- 2) Capital transfer reduction for 2020 COVID budget of \$1.9M to be phased out over two years.
- 3) The property tax cap calculation is to be prepared using Alberta CPI (1.4%) using the 2019 budget as a base for the 2021 budget year rather than using the 2020 budget as the base.
- 4) The annual adjustment to Town of Banff employee wages to be based on just the Alberta CPI (1.4%) rather than the blend of Alberta CPI and the Statistics Canada Annualized Average Change in (non-overtime, non-union, local, municipal, and regional public administration) wages in Alberta. (3.95%).

When preparing the proposed 2021-2023 operating budget the following additional assumptions were made:

- 1) COVID Emergency Response budget in 2021 of \$240,000 to cover COVID safety ambassadors \$(55,000), COVID communications (\$175,000) and general PPE (\$10,000) for the first 9 months of 2021 to be funded from the Economic Recovery Reserve.
- 2) Transfer of \$70,000 in 2022 from the Transit operating reserve funded by the Transit portion of the MOST operating grant (\$414,747) to offset lower fare revenue expected due to COVID. Note that reduced anticipated fare revenue in 2021 is offset by lower frequency of transit in 2021 as compared to 2022.
- 3) Transfer of \$98,000 from the Economic Recovery Reserve in 2021 and \$25,000 in 2022 to offset reduced Fenlands ice, curling and room rental revenue losses expected due to COVID.
- 4) Transfer of \$227,500 from the Resource Recovery Rate stabilization reserve in 2021 and \$70,000 in 2022 to offset the reduced resource recovery utility revenue expected due to COVID. Note that the expected loss of revenue in 2021 of \$402,500 has been partially offset by a \$175,000 reduction in wages/benefits.
- 5) Reduction in the transfer to the water capital reserve of approx. \$600,000 in 2021 and \$300,000 in 2022 based on anticipated lower utility revenues due to COVID.
- 6) Reduction in the transfer to the sewer capital reserve of approx. \$1,400,000 in 2021 and \$700,000 in 2022 based on anticipated lower utility revenues due to COVID.
- 7) Implementation of a target wage/benefit overall savings of an additional \$100,000 in years 2021, 2022 & 2023

- 8) Implementation of a trainings saving target of \$30,000 in 2022 and \$25,000 in 2023. Note that the training budget for 2021 has already been reduced throughout the budget by department in anticipation of minimal travel for training in 2021 due to COVID.
- 9) The utilization of the 2019 operating surplus of \$600,000 remains unchanged per the 2020 COVID budget as \$300,000 being utilized in 2020 and \$300,000 utilized in 2021.
- 10) The additional 2019 surplus of \$687,492 that was originally intended to be used as \$343,746 in both 2020 and 2021 fiscal years is proposed to be utilized as follows:
- \$343,746 in 2020
  - \$77,250 in 2021
  - \$160,814 in 2022
  - \$101,004 in 2023
  - \$4,678 in 2024

The intention of spreading out this portion of the 2019 surplus to is move additional funds forward to lessen the impacts to tax increases in future years.

- 11) New positions in the proposed 2021 operating budget include the following positions that were approved during the 2019 and 2020 service review process. The legislative position was intended to start during 2020 but was delayed to 2021 during the 2020 COVID budget discussions. The Communications Coordinator and HR/HS position were budgeted to start during 2021. Workload in all 3 of these areas has increased substantially due to updated legislation, safety requirements and communications requirements. With the current pandemic and an election in 2021 these positions remain crucial to the functioning of the organization.

<b>Position</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Communications Coordinator	\$30,600	\$59,125	\$60,900
HR & HS Position	\$31,800	\$54,575	\$55,985
Legislative Advisor	\$52,000	\$77,124	\$78,700
<b>Total</b>	<b>\$114,400</b>	<b>\$190,824</b>	<b>\$195,585</b>

### **Capital Reserve Balances:**

Based on the direction provided in the current Financial Plan and assumptions detailed above, the current proposed capital reserve balances are summarized below:

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>BEGINNING BALANCE</b>	<b>12,573,050</b>	<b>26,189,300</b>	<b>4,630,152</b>	<b>6,164,431</b>	<b>6,097,209</b>
<b>TRANSFERS TO RESERVE</b>	37,643,981	21,395,179	25,166,158	13,612,984	14,053,783
<b>EXPENDITURES FROM RESERVE</b>	(24,027,731)	(42,954,326)	(23,631,880)	(13,680,206)	(7,952,893)
<b>ADJUSTED ENDING BALANCE</b>	<b>26,189,300</b>	<b>4,630,152</b>	<b>6,164,431</b>	<b>6,097,209</b>	<b>12,198,099</b>
<b>BALANCE FROM PRIOR YEAR (2020-2029) BUDGET</b>	<b>4,832,875</b>	<b>3,060,220</b>	<b>7,275,099</b>	<b>12,218,322</b>	<b>20,534,458</b>

### Operating Reserve Balances:

Based on the direction provided in the current Financial Plan and assumptions detailed above, the current proposed operating reserve balances are summarized below:

<b>Resource Recovery Rate Stabilization (Operating) Reserve</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Opening Unrestricted Balance	\$ 259,715	\$ 395,715	\$ 246,057	\$ 245,481	\$ 285,122
Additions	\$ 136,000	\$ 77,842	\$ 69,424	\$ 39,641	\$ 20,000
Withdrawals - COVID		\$ (227,500)	\$ (70,000)		
Ending Balance	\$ 395,715	\$ 246,057	\$ 245,481	\$ 285,122	\$ 305,122

<b>Economic Recovery Operating Reserve</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Opening Balance	\$ -	\$ 1,547,551	\$ 1,023,551	\$ 998,551	\$ 998,551
Additions	\$ 1,602,551				
COVID Emergency Response Budget		\$ (240,000)			
COU20-371	\$ (50,000)				
Education for Business Community on Provincial and Federal COVID benefit programs	\$ (5,000)				
Downtown Banff Ave Ped Zone		\$ (114,000)			
Bear St Ped Zone		\$ (72,000)			
COVID Revenue Replacement		\$ (98,000)	\$ (25,000)		
Ending Balance	\$ 1,547,551	\$ 1,023,551	\$ 998,551	\$ 998,551	\$ 998,551

### Operating Budget:

Based on the direction provided in the current Financial Plan and assumptions detailed above, the current proposed 3 year operating budget is summarized below:

<b>2021</b>	<b>2022</b>	<b>2023</b>					
<b>\$ 19,793,726</b>	<b>\$ 21,539,618</b>	<b>\$ 22,790,149</b>	<b>Proposed Municipal Tax Levy</b>				
1.40%	2.00%	2.00%	Municipal Tax Increase Related to Same Level of Service				
1.51%	1.47%	0.34%	Municipal Tax Increase Related to NSL				
-1.45%	1.52%	0%	Municipal Tax Increase Related to 2019 Surplus				
-6.13%	3.33%	3.00%	Municipal Tax Increase Related to Capital Reserve Transfer Reduction				
<b>-4.67%</b>	<b>8.32%</b>	<b>5.34%</b>	<b>Municipal Tax Increase/(Decrease)</b>				
<i>From 2019</i>	<i>From 2021</i>	<i>From 2022</i>					
<b>\$22,427,670</b>	<b>\$23,548,005</b>	<b>n/a</b>	<b>Previously Approved Municipal Tax Levy</b>				

### New Service Level Requests

New Service Level Requests brought forward during the 2021 service review have been limited to those which are 3<sup>rd</sup> party or grant funded, related to health or safety, related to legislation, policy, strategic priorities, or related to COVID and are as follows:

1. Bridge Maintenance Program Development
  - a. Located within the Engineering – Asset Management Service Review Document

2. Visitor Pay Parking & Residential Parking Permit
  - a. Located within the Engineering – Parking, Traffic and Permit Management Service Review Document
3. Indigenous Framework
  - a. Located within the Planning & Development – Heritage Planning Service Review Document
4. LED Lighting Upgrade
  - a. Located within the Planning & Development – Environment Management Service Review Document
5. Storm Water Sampling Program
  - a. Located within the Planning & Development – Environment Management Service Review Document
6. Banff Ave Pedestrian Zone Follow-up -
  - a. Located within the Other Services – Emergency Response Service Review Document
7. 2021 Requests to Waive Banner Fees
  - a. Located within the Communications – Destination Events & Visitor Experience Service Review Document
8. 2021 BLLT Request for In-Kind Support
  - a. Located within the Communications – Destination Events & Visitor Experience Service Review Document