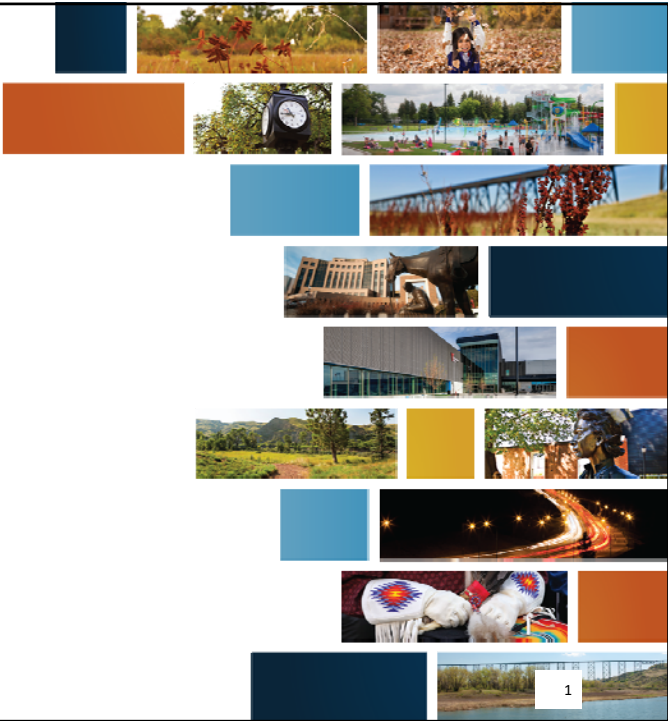



**Operating Budget Review
2021 & 2022**

Nov 9, 2020



Purpose

To provide Finance Committee with draft budget information for consideration the week of Nov 23



City Council Resolution

- THEREFORE, BE IT RESOLVED THAT City Council will undertake the appropriate actions, in support of a recovery strategy, to review the Operational Budget in November 2020; and
- FURTHER BE IT RESOLVED that the City Manager will outline a process and schedule for a review of service levels to allow the budget review for 2021 and 2022.
- THEREFORE, BE IT RESOLVED THAT the City Manager investigate and report back to Council through the Finance Committee at their November 23, 2020 meeting, ways and means to enact a corporate-wide expense reduction on the following two options:
 1. 5% overall reduction in corporate expenses; and
 2. 10% overall reduction in corporate expenses;

3

City Council Priorities

- City Council work plan
- KPMG recommendations & implementation
- Spans & Layers
- Operating Budget Review
 - 5%/10% reduction in corporate expenses exercise

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Operating Budget Review Schedule

- ✓ Presentation to Council on Process and Schedule (July 13)
- ✓ Service Level Satisfaction Survey (Aug/Sept)
- ✓ City Council Workshop (Oct 26)
- ✓ Online Citizen Budget Allocator (Oct 26-Nov 6)
- ✓ Draft Budget Presentation (Today)
- Online Community Engagement (Nov 9-23)
- Finance Committee Operating Budget Review (Nov 23-28)
- Revised Operating Budget (2021 & 2022) Approval (Nov 30)



Items Referred to Nov 23 Finance Committee Meeting

- Community Group Fee for Service budget pressure
 - Ongoing: \$500,000
 - One-time: \$149,000
- In Home Wastewater Services (Nov 16)
- Police Initiatives with Conditional Funding (N-38, N-39 & N-40)
 - CPOs: \$1,404,000 (2021) & \$1,444,500 (2022)
 - The Watch: \$761,802 (2021) & \$768,202 (2022)
 - PACT: \$130,700 (2021) & \$134,400 (2022)



Draft Information Package

- Resolutions
- Presentations
- Budget Initiatives
 - Reduction initiatives
 - FFS Budget pressures
 - Dispatch pressures
- Program based budgeting
- Other



Nov 23 Budget Deliberations

- September Operating Forecast
- Ipsos Survey Results & Community Engagement input
- Presentations from:
 - Boards & Commissions
 - Directors
- FFS Referrals (Community Group Presentations)
- Dispatch
- Airport Budget (2021 & 2022)



Financial Forecast: Broader Context

Knowns:

- Overall good financial position
- Property tax collection
- Stimulus funding
 - MOST grant – covering COVID Direct Cost and lost revenues

Unknowns:

- Provincial budget – operating grants and other impacts
- Impacts on Reserves
 - Incentive programs
 - Achieving growth projections
 - Investment income

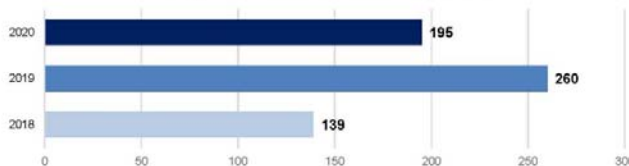


Economic Indicators



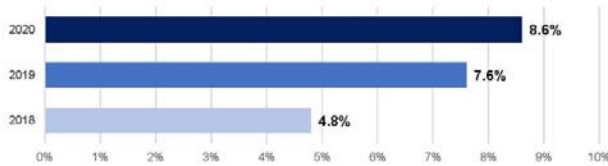
Lethbridge – Current Economic Indicators

City of Lethbridge - Housing Starts - Multi-Unit - January-September Year-To-Date Comparison

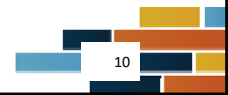


Note: Multi-Unit housing starts include semi-detached, row, and apartment starts
Source: CMHC

Lethbridge-Medicine Hat Unemployment Rate - September Comparison



Source: Statistics Canada

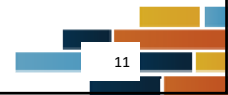


Option A – Taxation Reduction

- 2020 0%
- 2021 0%
 - \$6 M impact + loss of dispatch pressure (up to \$5.6 M) + Referrals
- 2022 1.82%

Consideration

- Gives more flexibility for future uncertainty
- Reduction impact on service levels

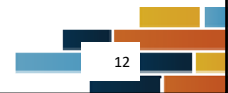


Option B – Taxation Reduction

- 2020 0%
- 2021 0%
- 2022 0%
 - \$9 M impact + Loss of dispatch pressure (up to \$5.6 M)+ Referrals

Consideration

- Greater impact on service levels



Option C

Some other variation

Consideration

- Impact on service levels

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Draft Budget Reduction Initiatives

Initiative Prioritizing	Categories
<p>Headings (Service Level Impact):</p> <ul style="list-style-type: none"> • Base Adjustment • Taxation/Other Funding (Utilities) <ul style="list-style-type: none"> • Low: minimal service levels impact • Medium: moderate service level impact • High: significant service level impact • Boards & Commissions • Fee for Service Pressures 	<ul style="list-style-type: none"> • Core Service Level (Y/N) • KPMG • Spans & Layers • Lifecycle • Safety • Option 1 (5%) or Option 2 (10%)

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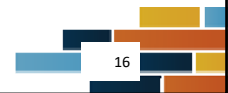
Option A – Proposed Initiative Allocations

- Taxation:
 - To cover \$6 M impact + Loss of dispatch pressure (up to \$5.6 M) + Referrals (\$500K)= Total up to \$12.1 M
 - Base adjustment initiatives \$1.9M
 - Low impact initiatives \$4.0M
 - Some combination of:
 - Boards & Commissions/Medium/High up to \$6.2M
- Utilities:
 - Base adjustments & low impact would result in no utility rate increase for Water, Wastewater, Waste & Recycling
 - Electric – still a modest increase for transmission charges



Option B – Proposed Initiative Allocations

- Taxation:
 - To cover \$9 M impact+ loss of dispatch pressure (up to \$5.6 M) + Referrals (\$500K) = Total up to \$15.1 M
 - Base adjustment initiatives \$1.9M
 - Low impact initiatives \$4.0M
 - Some combination of:
 - Boards & Commissions/Medium/High up to \$9.2M



Questions/Discussion

