



2017

APPROVED BUDGET
AND FINANCIAL
PLAN



*Maintaining the Foundation
for Today and the Future*



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2017 APPROVED BUDGET

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INTRODUCTION



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Regional Municipality of Wood Buffalo
Alberta**

For the Fiscal Year Beginning

January 1, 2016

Executive Director

GOVERNANCE STRUCTURE



Mayor
Melissa Blake

WARD 1



Tyran
Ault



Lance E.
Bussieres



Sheldon
Germain



Keith
McGrath



Phil
Meagher



Colleen
Tatum

WARD 2



Julia
Cardinal



Claris
Voyageur

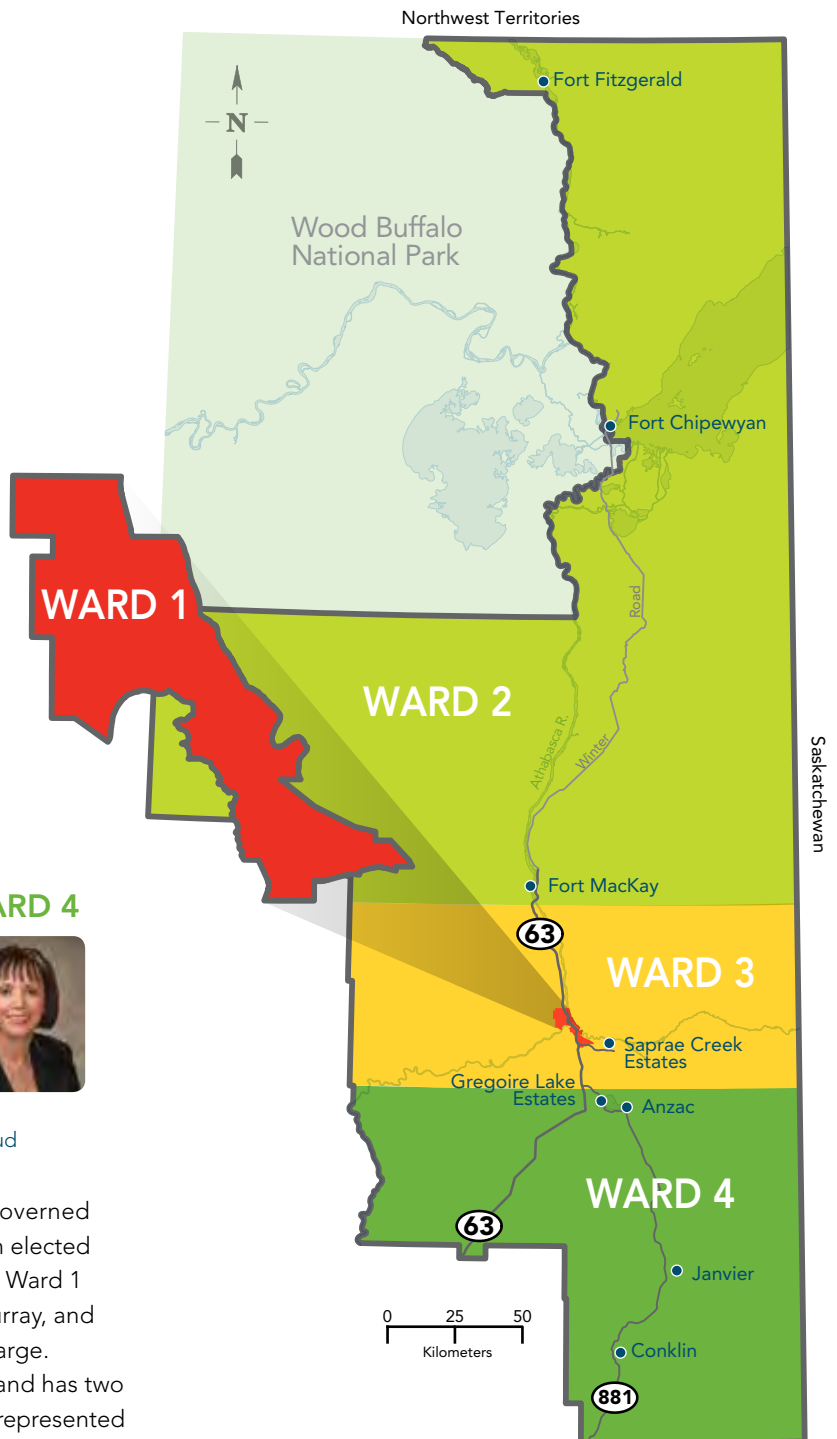


Allan
Vinni

WARD 3

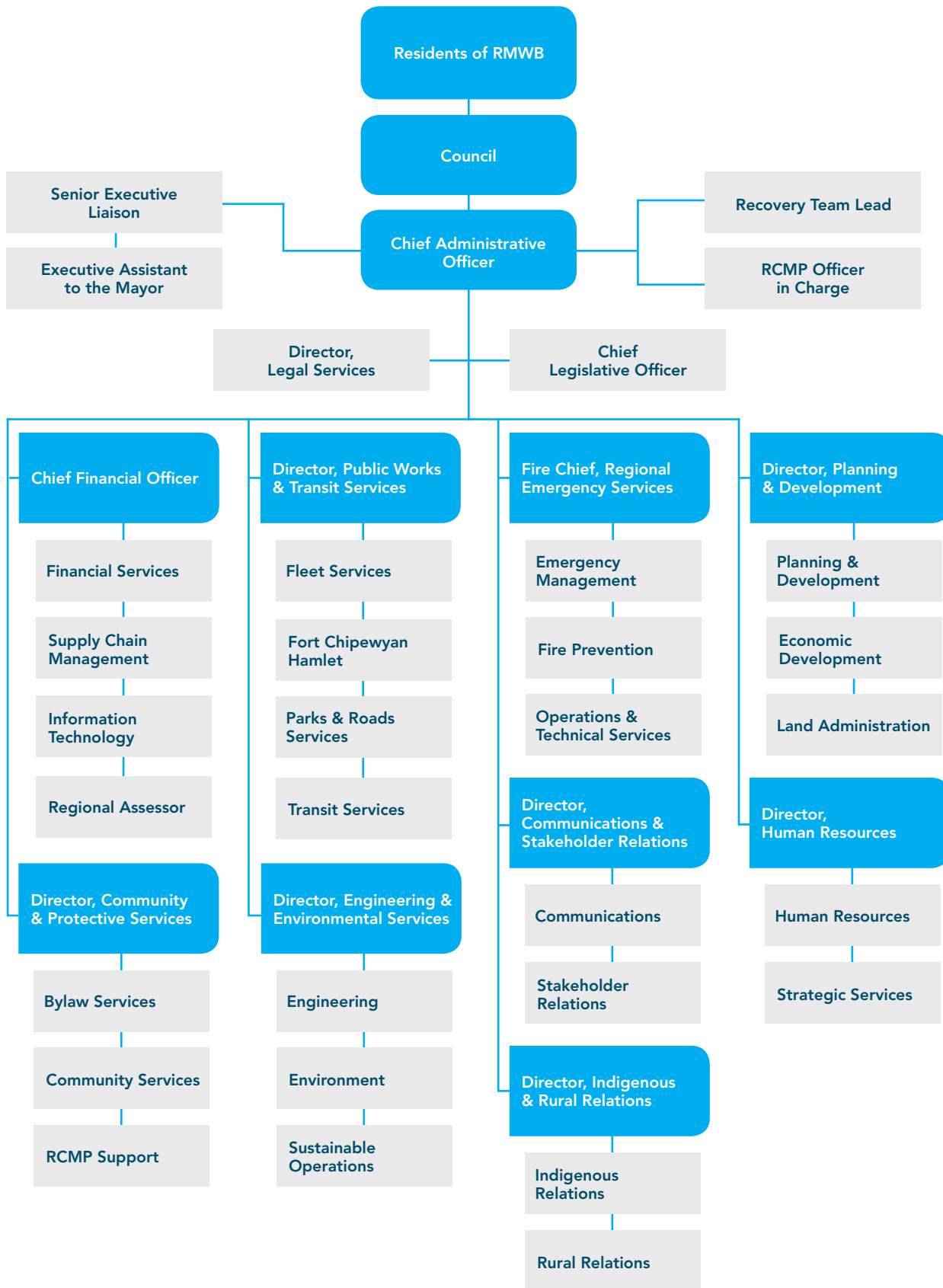


Jane
Stroud



The Regional Municipality of Wood Buffalo is governed by a Council of eleven members, who have been elected to represent the four wards covering the Region. Ward 1 consists of the Urban Service Area of Fort McMurray, and is represented by six Councillors, all elected at large. Ward 2 is the largest ward in terms of land area and has two elected representatives. Wards 3 and 4 are each represented by one councillor.

ORGANIZATION STRUCTURE



2017 Approved Budget Document Readers' Guide

2017 BUDGET DOCUMENT READER'S GUIDE

The budget document describes how the Regional Municipality of Wood Buffalo plans to meet the public service and infrastructure needs of its residents. In addition, the budget document provides resourceful information for residents interested in learning about the operation of the Municipality.

The Regional Municipality of Wood Buffalo's budget document seeks to meet several functions:

- **POLICY DOCUMENT:** At the highest level, the budget document is a culmination of a comprehensive operational review. Council and Administration review the needs of the region, priorities and goals and then match resources against those needs, priorities and goals. Resources are limited, so choices must be made. The annual budget reflects those choices.
- **FINANCIAL PLAN:** The budget document establishes the basic guidelines that the Municipality uses to measure and control expenditures and to track revenues.
- **COMMUNICATION TOOL:** The budget document is one of the means the Municipality uses to explain the various demands, needs, constraints, resources, and opportunities it faces. It communicates the choices made and the direction in which the Municipality is headed.

The budget document, including each section within the document, has been arranged to provide summary level information at the beginning, with more detailed information at the end, in a manner that assists the reader in understanding how and why the Municipality budgets as it does.

The three (3) primary sections of the document are as follows:

- **INTRODUCTION**
- **2017 OPERATING BUDGET & 2018 - 2019 FINANCIAL PLAN**

INTRODUCTION

This section provides an overview of the Municipality's governance structure and administration through the inclusion of an organizational chart. It also includes the budget document reader's guide, budget and financial policies and budget development principles.

2017 OPERATING BUDGET & 2018 - 2019 FINANCIAL PLANS

This section contains budget analysis and discussion and provides brief overviews on: financial position, revenue, expenses, personnel and debt from 2014 through 2019. The budget overview focuses on the 2017 budget decisions and how these will meet community priorities in 2017 and their impact in the next two years. This section is designed to be a complete summary of the entire budget.

Definitions

Annualization	Process of calculating the annual equivalent of a cost
Actuals	Audited accounting numbers
Committed Debt	A total of actual debt and amount of debt that Council has approved through the capital budget process but has not been drawn
Department	Functional business unit comprising one or more specialized sections
Division	Administrative unit comprising one or more functional business units
Projected	Estimated year-end balance

Abbreviations

CAO	Chief Administrative Officer
CFO	Chief Financial Officer
CUPE	Canadian Union of Public Employees
EA	Executive Assistant
IAFF	International Association of Fire Fighters
RCMP	Royal Canadian Mounted Police
RMWB	Regional Municipality of Wood Buffalo



Budget and Financial Policies

BUDGET AND FINANCIAL POLICIES

The Regional Municipality of Wood Buffalo’s Budget and Financial Policies are intended to serve as a Council-approved set of values and expectations for residents, Council, Municipal staff, and other interested parties who may do business with the Municipality. The policies describe expectations for financial planning, budgeting, accounting, reporting and other management practices. They have been prepared to assure prudent financial management and responsible stewardship of the Municipality’s financial and physical resources as well as ensure public trust.

BASIS OF BUDGETING

The Regional Municipality of Wood Buffalo recognizes revenues in the period they are deemed available and measurable to meet or pay for liabilities and expenses in the period goods and services are received.

BALANCED BUDGET

A balanced budget for the Municipality means revenues equal expenses excluding amortization expense for each budget year.

BUDGET CYCLE

The Municipality’s budget cycle follows the calendar year (January 1 through December 31). Administration submits annually for Council review and approval, one year operating and capital budgets, two years of operating plan and five years of capital plan.

BUDGET AMENDMENTS

The Framework of the Fiscal Responsibility Policy (FIN-160) approved by Council authorizes the Chief Administrative Officer or designate to re-allocate funds provided that:

Operating Budget

- i. The changes will result in efficient administrative and service delivery process;
- ii. Service levels or standards are not altered or compromised;
- iii. No new services, programs or projects are undertaken; and
- iv. Council set total spending limit is not exceeded.

Capital Budget

- i. The changes will result in efficient administrative and project delivery process;
- ii. The change will not result in addition or cancellation of a capital project;
- iii. The underlying scope change does not alter the nature and type of capital project;
- iv. Where additional funding is required, funds available from a combination of savings from fully tendered projects, other uncommitted sources such as grants and offsite levies, and cash flow management with other capital projects will be utilized; and
- v. Council set debt and debt service limits are not exceeded.

All budget amendments outside these criteria are presented to Council for review and approval.

KEY FINANCIAL POLICIES

User Fees and Charges Policy

The purpose and objective of the Municipality’s User Fees and Charges Policy (FIN-030) is as follows:

- Provide a decision-making framework regarding pricing of user fees and charges;
- Lead to a consistent and transparent process of establishing, evaluating and approving imposition of user fees and charges; and
- Support community priorities.

Debt Policy

The Municipality's Debt Management Policy (FIN-120) establishes debt and debt service limit thresholds that satisfy the following objectives:

- Ensure the maximum debt and debt service limit is lower than the debt and debt service limit established under the Municipal Government Act (MGA) and regulations;
- Provide flexibility during changing economic conditions;
- Effectively manage debt with ability to pay;
- Effectively support initiatives as identified in the Corporate Strategic Plan, Departmental Business Plans, Budgets and Financial plans; and
- Establish thresholds for acquiring debt versus other funding sources.

The RMWB Council approved debt and debt service limits of 85.0% as per the MGA provision.

Investment Policy

The Municipality's Investment Policy (FIN-140) aims for the following objectives:

- Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of capital;
- Liquidity – The investment portfolio will remain sufficiently liquid to meet all operating and capital cash requirements that may be reasonably anticipated; and
- Return – The investments of the Fund shall be structured with the objective of attaining a total return commensurate with the respective portfolio benchmarks as defined in this policy.

Further, the Municipality's investment activities are guided by the MGA.

Emerging Issues Reserve (EIR)

The EIR is maintained to stabilize operating revenues in response to unanticipated loss of revenue as well as provide funding flexibility in responding to emergencies, unplanned events, and significant price changes. The balance of the Emerging Issues Reserve shall not exceed 15.0% of prior year's audited net property tax revenue subject to a minimum uncommitted balance of \$50 million. Council approval is required to utilize funding from the EIR.

Capital Infrastructure Reserve (CIR)

The CIR is maintained to fund construction or acquisition of tangible capital assets. The Capital Infrastructure Reserve shall have a minimum uncommitted balance of \$50 million. Council approval is required to utilize funding from the CIR.

RESERVES

As part of a deliberate long-term planning and fiscal sustainability efforts, and in line with Council approved policy (FIN-160), the Municipality has put in place two major reserves: Emerging Issues and Capital Infrastructure. In the event that Council approves spending that will result in a balance lower than the uncommitted minimum balance of either reserve, the Chief Administrative Officer (CAO) or designate will recommend a strategy to replenish the reserve to its uncommitted minimum balance.



A MESSAGE FROM THE MAYOR



On behalf of Regional Council, I am pleased to present the 2017 budget for the Regional Municipality of Wood Buffalo.

2016 proved to be a challenging year for our region, filled with hardship and perseverance caused by the wildfire that swept through Wood Buffalo in early May. This unforeseen event is Canada's costliest disaster in history, with an estimated \$3.6 billion in insured property damage. The 2017 municipal budget exemplifies the importance we have placed on the recovery of our region.

Our budget will continue to focus on core public services and key infrastructure development. With all of our communities in mind, the 2017 budget is reflective of the needs of our resilient residents while being responsive to the current economic uncertainties we face.

A considerable amount of effort has gone into the development of the 2017 budget, and I thank all involved in its preparation. The dedication of our staff is a shining example of the Municipality's long standing commitment to excellent public service.

Even amidst adversity, the Municipality is firmly guided by the principles of accountability, integrity and transparency, ensuring a balanced future with opportunity for all.

Sincerely,

Melissa Blake
Mayor
Regional Municipality of Wood Buffalo

MESSAGE FROM THE INTERIM CHIEF ADMINISTRATIVE OFFICER



Welcome to the Regional Municipality of Wood Buffalo's 2017 Budget. This is the foundation on which we are building a sustainable future to meet the public service and infrastructure needs of the region's residents.

The decisions we make as a Municipality are reflective of the realities faced by our neighbours, families, friends and taxpayers. That is why it is imperative that the organization's budget reflect prudent use of taxpayers' dollars without compromising the integrity of our operations or the delivery of services.

In response to changing conditions and expectations in the region, the Municipality embraced a different approach in crafting the 2017 budget. Using a well-established financial approach known as zero-based budgeting (ZBB), we combed through every function in the organization, analyzing needs and costs and justifying all expenses. This exercise helped identify where reductions could be made and processes streamlined.

I am inspired by the incredible efforts of Municipal staff and what we achieved together with the 2017 Budget. As an organization, we are committed to the residents we serve and are taking strategic decisions today that will ensure that we are fiscally sustainable and well-positioned for a strong future.

Sincerely,

Annette Antoniak
Interim Chief Administrative Officer,
Regional Municipality of Wood Buffalo

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to present the 2017 Budget and Financial Plan. Budget development has been particularly challenging as the region and organization adjust to a “new normal”. The 2016 Wildfire has resulted in the readjustment of priorities and led to the formation of the Wood Buffalo Recovery Committee and Task Force. As rebuilding and recovery efforts continue, the Municipality also manages the impact of the current economic climate. In addition, proposed amendments to the Municipal Government Act contained within Bill 21 will also alter the property taxation methodology with a proposed tax rate ratio of 5:1.

In response to the economic climate and proposed Bill 21, the Municipality continues to review all facets of operations and capital infrastructure to ensure continued value to the taxpayer. Efforts to reduce budgets have been undertaken to reduce the tax burden, wherever possible, and remain fiscally responsible.

Collaboration with regional stakeholders has heightened importance to ensure the collective needs of the region continue to be met. Exposure to the 2016 Wildfire Disaster has emphasized our corporate values:

- Our people
- Sharing information
- Working together
- Accountability
- Integrity

The Municipality is the proud recipient of the Government Finance Officers Association Distinguished Budget Presentation Award for six consecutive years. A qualified team of professionals have dedicated many hours to ensure a quality product was delivered.

In closing, 2017 will be a year of rebuilding and healing. I am thankful for the opportunity to serve the residents of the region and provide fiscal stewardship.

Sincerely,

Elsie Hutton, CPA, CMA, CLGM
Chief Financial Officer,
Executive Director, Corporate Services
Regional Municipality of Wood Buffalo

Budget Discussion and Analysis:

2017 Approved Operating and Capital Budget and Financial Plan Overview

2017 APPROVED BUDGET OVERVIEW

The 2017 budget of **\$859,903,833**, consisting of **\$468,708,164** for operating needs and **\$391,195,669** for the capital improvement program, has been developed under the theme 'Maintaining the Foundation for Today and the Future'.

The 2017 budget development has been guided by principles of fiscal health; sustainability, flexibility and vulnerability:

- **SUSTAINABILITY** – the degree to which the Regional Municipality can maintain existing programs and meet existing creditor requirements without increasing debt.
- **FLEXIBILITY** – the degree to which the Regional Municipality can increase its financial resources to respond to rising commitments, by either expanding its revenues or increasing its debt burden.
- **VULNERABILITY** – the degree to which the Regional Municipality becomes dependent on, and therefore, vulnerable to, sources of funding outside of its control or influence.

In the short term, several budget development principles and strategies influenced the 2017 Budget;

- Develop and recommend a balanced budget supported by current revenues.
- Align business plans and budget with Municipal Development Plan, 2016 – 2018 Strategic Plan and the City Centre Area Redevelopment Plan.
- Maintain fiscal stability reserves and debt levels as per applicable policies.
- Provide funding for new infrastructure, maintenance and asset replacement.
- Maintain quality of life programs in place and identify increasing service levels based on benchmarks.
- Maintain competitive compensation and benefits package for municipal employees.

A number of strategies have been used to address a number of fiscal opportunities for the municipality within the framework of achieving the fiscal goals in the 2016 – 2018 Fiscal Management Strategy:

- The Regional Municipality of Wood Buffalo had 1,652.5 authorized Full Time Employee (FTE) positions at the end of 2016. An organizational realignment was completed in February 2017, whereby 173 FTE positions were eliminated, resulting in a total of 1,479.5 authorized FTE positions for 2017.
- Continue to utilize the provisions of the fiscal responsibility policy to manage capital budget amendments in a timely manner.
- Expedite efforts to establish appropriate organization structures and service delivery financing models for utilities, recreation, transit and parking. These efforts are aimed at improving service delivery and also expanding financing options that would increase fiscal capacity in the long-term.

The 2017 Operating Budget is balanced at \$804,261,033.

	2014 Actual	2015 Actual	2016 Budget	2016 Projection*	2017 Budget	2018 Financial Plan	2019 Financial Plan
REVENUE							
Taxes	630,114,876	676,892,089	766,122,404	761,096,804	714,645,351	726,763,063	731,519,298
Grants in lieu-taxes	722,107	669,245	742,943	792,395	742,900	742,900	742,900
Sales to other Governments	3,280,699	3,573,100	3,469,600	3,469,600	3,248,802	3,260,800	3,271,300
Sales of Goods & Services	62,849,435	51,808,139	56,132,700	47,139,170	39,973,080	40,041,275	40,204,175
Other Revenue from Own Services	41,451,130	32,399,118	34,469,200	22,977,231	30,180,300	30,778,795	31,435,320
Grants	23,934,465	33,227,670	14,827,400	17,282,400	15,470,600	15,277,200	15,334,300
Other Transfers	411,018	254,452	157,500	232,858	0	0	0
TOTAL	\$ 762,763,729	798,823,812	875,921,747	852,990,911	804,261,033	816,864,033	822,507,293
EXPENSES							
Salaries, Wages & Benefits	189,168,739	221,108,134	259,168,800	256,627,959	242,430,607	241,471,106	243,289,606
Contracted & General Services	137,289,252	108,151,224	108,009,000	124,148,949	90,158,123	83,635,924	85,507,867
Purchases from Governments	23,387,184	23,788,887	28,147,800	25,365,817	29,117,100	29,556,600	30,003,500
Materials, Good, Supplies & Utilities	27,606,698	28,300,188	38,843,500	31,683,068	31,388,620	31,823,450	32,306,790
Small Equipment & Furnishings	4,414,089	7,092,291	3,205,800	3,816,306	1,877,840	1,901,800	2,053,660
Transfers & Grants	36,896,518	41,060,899	39,929,800	39,966,300	33,404,200	33,903,100	34,411,600
Financial Services Charge	31,159,516	31,112,585	30,294,300	30,327,128	39,191,974	47,654,259	51,452,577
Other Expenses	11,323,842	19,350,732	1,088,800	6,516,018	1,141,700	1,152,500	1,163,400
TOTAL	\$ 461,245,839	479,964,939	508,687,800	518,451,545	468,708,164	471,098,739	480,189,000
Operating Surplus	301,517,890	318,858,873	367,233,947	334,539,365	335,552,869	345,765,294	342,318,293
Contribution to Capital	269,713,713	285,499,020	366,417,447	366,417,500	335,552,869	345,765,294	342,318,293
Transfer to Reserve	43,367,291	51,533,740	1,807,500	2,266,740			
Transfer from Reserve	14,093,667	18,626,147	991,000	22,007,937			
SURPLUS/(DEFICIT)*	\$ 2,530,553	452,260	-	(12,136,938)	-	-	-

* Projections as of September 30, 2016.

BALANCED BUDGET RECONCILIATION

REVENUE	\$	EXPENSES	\$
Total Revenue	804,261,033	Total Expenses	468,708,164
Transfer from Reserve	0	Transfer to Reserve	0
		Subtotal	468,708,164
		Contribution to Capital	335,552,869
BALANCED BUDGET	804,261,033		804,261,033

2017 APPROVED OPERATING BUDGET, 2018 AND 2019 FINANCIAL PLAN

	2017 Approved Budget	2018 Plan	2019 Plan	2017-2018 Change	Change %	2018-2019 Change	Change %
REVENUE							
Property Taxes	714,645,351	726,763,063	731,519,298	12,117,712	1.70	4,756,235	0.65
Grants in lieu-taxes	742,900	742,900	742,900	-	-	-	0.00
Sales to Other Governments	3,248,802	3,260,800	3,271,300	11,998	0.37	10,500	0.32
Sales of Goods & Services	39,973,080	40,041,275	40,204,175	68,195	0.17	162,900	0.41
Other Revenue from Own Services	30,180,300	30,778,795	31,435,320	598,495	1.98	656,525	2.13
Grants	15,470,600	15,277,200	15,334,300	(193,400)	(1.25)	57,100	0.37
TOTAL	\$ 804,261,033	816,864,033	822,507,293	12,603,000	1.57	5,643,260	0.69
EXPENSES							
Salaries, Wages & Benefits	242,430,607	241,471,106	243,289,606	(959,500)	(0.40)	1,818,500	0.75
Contracted & General Services	90,158,123	83,635,924	85,507,867	(6,525,100)	(7.24)	1,871,844	2.24
Purchases from Governments	29,117,100	29,556,600	30,003,500	439,500	1.51	446,900	1.51
Materials, Good, Supplies & Utilities	31,388,620	31,823,450	32,306,790	437,730	1.39	483,440	1.52
Small Equipment & Furnishings	1,877,840	1,901,800	2,053,660	23,960	1.28	151,860	7.99
Transfers & Grants	33,402,200	33,903,100	34,411,600	500,900	1.50	508,500	1.50
Financial Services Charge	39,191,974	47,654,259	51,452,577	8,462,285	21.59	3,798,317	7.97
Other Expenses	1,141,700	1,152,500	1,163,400	10,800	0.95	10,900	0.95
TOTAL	\$ 468,708,164	471,098,739	480,189,000	2,390,575	0.51	9,090,261	1.93
Excess Revenue over Expenditures	335,552,869	345,765,294	342,318,293	10,212,425	3.04	(3,447,001)	-1.01
Transfers for Capital Purposes	335,552,869	345,765,294	342,318,293	10,212,425	3.04	(3,447,001)	-1.01
NET CHANGE – SURPLUS/(DEFICIT)	-	-	-	-	-	-	-

2017 APPROVED BUDGET DEPARTMENTAL FINANCIAL SUMMARY

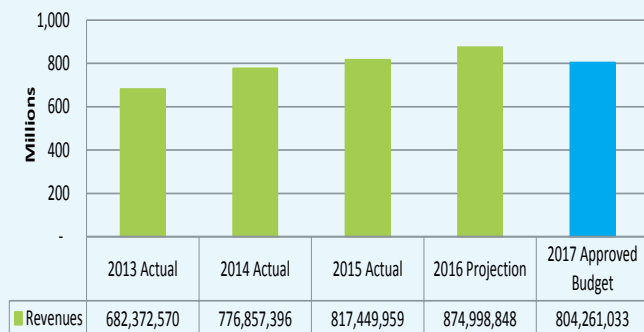
Departments	Revenue	%	Expenses	%	2017 Approved Operating Budget	2017 FTEs
EXECUTIVE OFFICES (Incl. Mayor & Council)	\$		\$		\$	
Mayor & Council	-		1,743,200		1,743,200	0.0
Chief Administrative Officer	-		796,350		796,350	3.0
Legal Services	-		3,337,050		3,337,050	7.0
Legislative Services	146,500		2,914,250		2,767,750	14.0
TOTALS	146,500	0%	8,790,850	2%	8,644,350	24.0
CHIEF FINANCIAL OFFICER						
Office of the Chief Financial Officer	-		476,428		476,428	2.0
Financial Services	584,200		20,010,723		19,426,523	93.5
Information Technology	-		22,423,525		22,423,525	65.0
Regional Assessor	241,000		4,367,000		4,126,000	21.0
TOTALS	825,200	0%	47,277,676	10%	46,452,476	181.5
COMMUNICATIONS & STAKEHOLDER RELATIONS						
Director of Communications & Stakeholder Relations	-		4,671,272		4,671,272	1.0
Pulse Line	-		2,000		2,000	1.0
Stakeholder Relations	-		414,220		414,220	8.0
Strategic Communications	54,000		920,400		866,400	16.0
TOTALS	54,000	0%	6,007,892	1%	5,953,892	26.0
COMMUNITY & PROTECTIVE SERVICES						
Bylaw Services	3,079,900		2,692,696		(387,204)	51.0
Community Services	6,689,000		42,269,586		35,580,586	45.0
RCMP Support Services	3,315,900		47,280,600		43,964,700	92.0
TOTALS	13,084,800	2%	92,242,882	20%	79,158,082	188.0
ENGINEERING & ENVIRONMENTAL SERVICES						
Engineering	6,000		29,784,489		29,778,489	55.0
Environmental Services	36,590,282		57,822,855		21,232,573	249.0
TOTALS	36,596,282	5%	87,607,344	19%	51,011,062	304.0
HUMAN RESOURCES						
Human Resources	20,000		11,186,901		11,166,901	52.0
TOTALS	20,000	0%	11,186,901	2%	11,166,901	52.0
INDIGENOUS & RURAL RELATIONS						
Indigenous Relations	-		2,422,545		2,422,545	6.0
Rural Relations	-		392,820		392,820	9.0
TOTALS	-	0%	2,815,365	1%	2,815,365	15.0
PLANNING & DEVELOPMENT						
Economic Development	20,000		1,729,860		1,709,860	77.0
Land Administration	926,000		7,494,842		6,568,842	10.0
Planning & Development	5,170,200		13,765,484		8,595,284	9.0
TOTALS	6,116,200	1%	22,990,186	5%	16,873,986	96.0
PUBLIC WORKS & TRANSIT SERVICES						
Fleet Services	53,000		17,881,900		17,828,900	43.0
Fort Chipewyan Hamlet	117,600		5,716,180		5,598,580	25.0
Parks & Roads Services	1,137,800		54,404,625		53,266,825	175.0
Transit Services	1,084,500		20,474,800		19,390,300	137.0
TOTALS	2,392,900	0%	98,477,505	21%	96,084,605	380.0
REGIONAL EMERGENCY SERVICES						
Administrative Services	80,000		135,300		55,300	13.0
Emergency Management	-		80,000		80,000	4.0
Fire Chief – Administration	-		33,622,600		33,622,600	9.0
Operations & Technical Services	10,723,700		6,979,194		(3,744,506)	178.0
Training	-		219,300		219,300	9.0
TOTALS	10,803,700	1%	41,036,394	9%	30,232,694	213.0
CORPORATE FINANCE	734,221,451	91%	47,528,549	10%	(686,692,902)	-
WOOD BUFFALO RECOVERY COMMITTEE	-	0%	2,746,620	1%	2,746,620	-
Operating Surplus (Deficit)	804,261,033	100%	468,708,164	100%	(335,552,869)	1,479.5
Contribution to Capital	-		335,552,869		335,552,869	-
SURPLUS/ (DEFICIT)	804,261,033		804,261,033		-	1,479.5
					2017 Approved FTEs	1,479.5

2017 APPROVED OPERATING BUDGET SUMMARY BY DIVISION

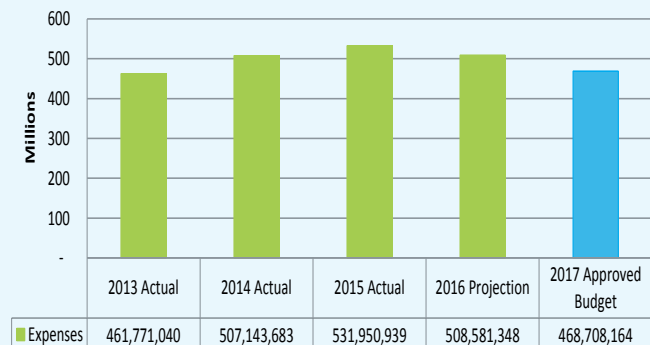
Regional Municipality of Wood Buffalo	Executive Offices (incl. Mayor & Council) \$	Chief Financial Officer \$	Communications & Stakeholder Relations \$	Community & Protective Services \$
REVENUES				
Property Taxes	-	714,312,151	-	-
Grants in Lieu - Taxes	-	742,900	-	-
Sales to Other Governments	-	-	-	-
Sales of Goods & Services	146,500	269,200	54,000	1,213,200
Other Revenue from Own Services	-	19,722,400	-	4,345,000
Grants	-	-	-	7,526,600
TOTAL REVENUES	146,500	735,046,651	54,000	13,084,800
EXPENSES				
Salaries, Wages & Benefits	5,471,700	33,528,804	4,659,872	27,075,192
Contracted & General Services	3,224,125	19,991,246	1,167,445	2,392,540
Purchases from Governments	-	100	-	28,490,000
Materials, Goods, Supplies & Utilities	92,525	315,800	166,575	888,950
Small Equipment & Furnishings	2,500	683,700	14,000	70,000
Transfers & Grants	-	26,000	-	33,326,200
Financial Service Charges	-	39,120,874	-	-
Other Expenses	-	1,139,700	-	-
TOTAL EXPENSES	8,790,850	94,806,225	6,007,892	92,242,882
Operating Surplus (Deficit)	(8,644,350)	640,240,426	(5,953,892)	(79,158,082)
Contribution to Capital	-	335,552,869	-	-
SURPLUS/(DEFICIT)	(8,644,350)	304,687,557	(5,953,892)	(79,158,082)

2013-2017 REVENUES AND EXPENSES TRENDS

REVENUES 2013-2017

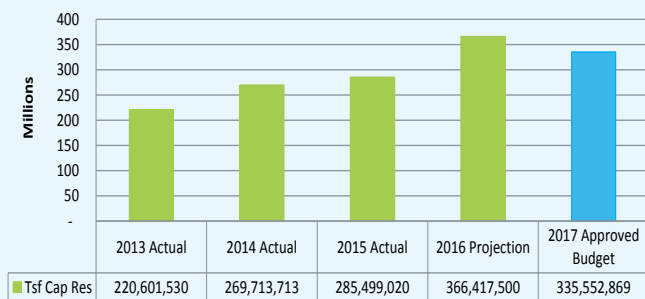


EXPENSES 2013-2017



Engineering & Environmental Services \$	Human Resources \$	Indigenous & Rural Relations \$	Planning & Development \$	Public Works & Transit Services \$	Regional Emergency Services \$	Wood Buffalo Recovery Committee \$	2017 Approved Operating Budget \$
178,200	-	-	-	155,000	-	-	714,645,351
-	-	-	-	-	-	-	742,900
3,039,102	-	-	-	-	209,700	-	3,248,802
33,369,380	20,000	-	140,500	2,140,300	2,620,000	-	39,973,080
9,600	-	-	5,975,700	67,600	60,000	-	30,180,300
-	-	-	-	30,000	7,914,000	-	15,470,600
36,596,282	20,000	-	6,116,200	2,392,900	10,803,700	-	804,261,033
48,476,120	7,609,743	2,300,470	14,646,136	60,227,475	37,723,694	711,400	242,430,607
21,841,759	3,119,733	205,295	8,273,010	25,857,950	2,072,800	2,012,220	90,158,123
-	-	-	21,000	606,000	-	-	29,117,100
16,499,965	444,725	309,600	23,800	11,502,180	1,124,500	20,000	31,388,620
749,500	7,900	-	9,240	280,400	57,600	3,000	1,877,840
-	-	-	-	-	50,000	-	33,402,200
40,000	4,800	-	15,000	3,500	7,800	-	39,191,974
-	-	-	2,000	-	-	-	1,141,700
87,607,344	11,186,901	2,815,365	22,990,186	98,477,505	41,036,394	2,746,620	468,708,164
(51,011,062)	(11,166,901)	(2,815,365)	(16,873,986)	(96,084,605)	(30,232,694)	(2,746,620)	335,552,869
-	-	-	-	-	-	-	335,552,869
(51,011,062)	(11,166,901)	(2,815,365)	(16,873,986)	(96,084,605)	(30,232,694)	(2,746,620)	0

TRANSFERS TO CAPITAL RESERVES 2013-2017





Financial Summaries:

Revenue Summaries 2013 - 2017

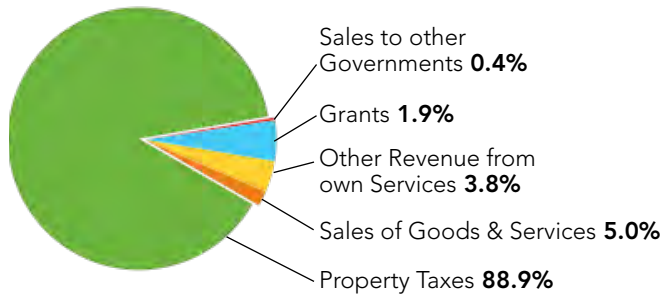
REVENUE SUMMARIES

The Regional Municipality of Wood Buffalo has five major sources of revenue: property taxes, sales to other governments, sales of goods and services, other revenue from own services, and grants. The 2017 approved operating budget total revenue is \$804,261,033.

2017 APPROVED OPERATING BUDGET \$804,261,033

WHERE DOES THE MONEY COME FROM?

	2017 Approved Budget	%
Property Taxes	715,338,251	88.9
Sales to Other Governments	3,248,802	0.4
Sales of Goods & Services	39,973,080	5.0
Other Revenue From Own Services	30,180,300	3.8
Grants	15,470,600	1.9
TOTAL	\$ 804,261,033	100

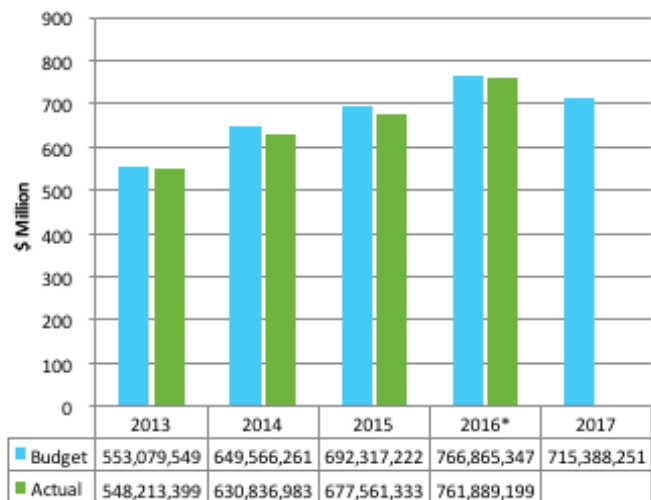


PROPERTY TAXES

The 2017 approved budget property tax revenue is \$715,388,251, which accounts for 88.9% of total revenue and represents a decrease of 6.7% from the 2016 budget.

No property tax rate increases are assumed in the 2017 budget. Council sets the effective property tax rates for each budget year prior to the property tax due date of June 30th.

PROPERTY TAXES 2013 - 2017

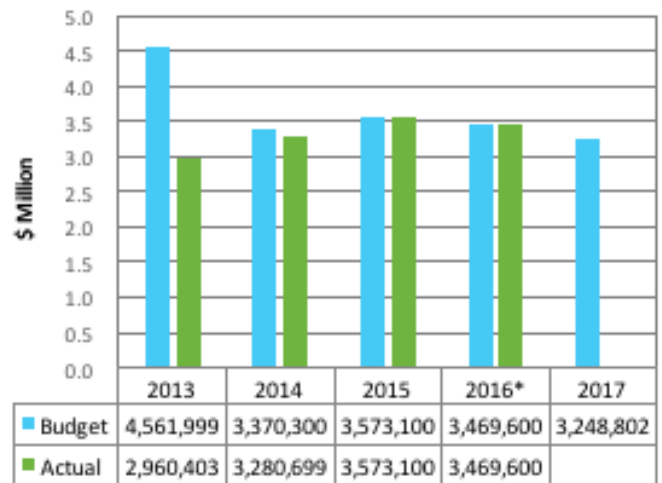


Property Taxes includes Property Taxes and Grants in-lieu of Taxes
*2016 Actual refers to Projections as of September 30, 2016

SALE TO OTHER GOVERNMENTS

The 2017 approved budget is \$3,248,802, which accounts for 0.4% of the total revenue and represents a decrease of 6.4% from the 2016 budget. Sales to Other Governments include revenue arising from transactions between the Municipality and other public entities, mostly in the form of reimbursements of actual spending.

SALES TO OTHER GOVERNMENTS 2013 - 2017

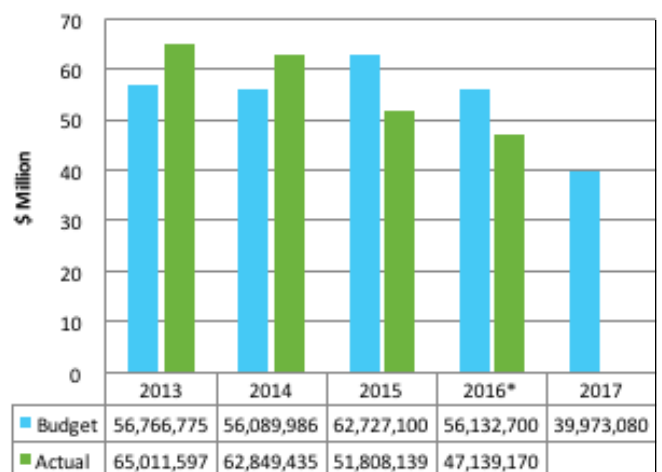


*2016 Actual refers to Projections as of September 30, 2016

SALES OF GOODS AND SERVICES

The 2017 approved budget is \$39,973,080, which accounts for 5.0% of total revenue, and represents a decrease of 28.8% from the 2016 budget attributed to the economic downturn the region is currently experiencing.

SALES OF GOODS AND SERVICES 2013 - 2017

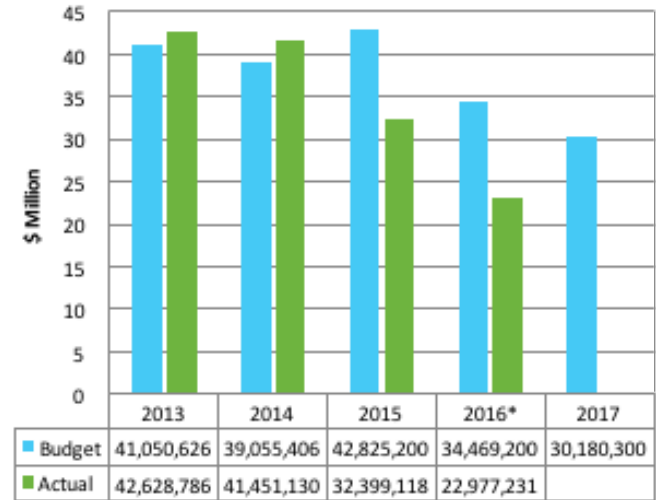


*2016 Actual refers to Projections as of September 30, 2016

OTHER REVENUE FROM OWN SERVICES

The 2017 approved budget is \$30,180,300, which accounts for 3.8% of total revenue, and represents a decrease of 12.4% from the 2016 budget due to the economic downturn. The major items in this category include investment income, franchise fees, permits, fines and penalties.

REVENUE FROM OWN SERVICES 2013 - 2017



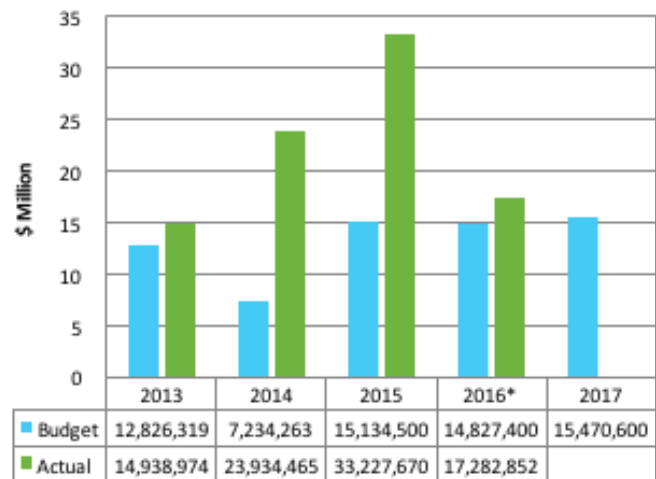
*2016 Actual refers to Projections as of September 30, 2016

GRANTS

The 2017 approved budget is \$15,470,600, which accounts for 1.9% of total revenue, and represents a 4.3% increase from the 2016 budget. Grants are amounts received from other levels of government (federal and provincial) to support operating programs. This section does not include grants received to support capital programs. Refer to capital funding sources for more information on capital grants.

Variances in this category are indicative of grants that the municipality received over and above the amounts projected during the budget process. This is due to a function of changes in the grant programs after the budget approval and the Municipality's own grant seeking initiatives.

GRANTS 2013 - 2017

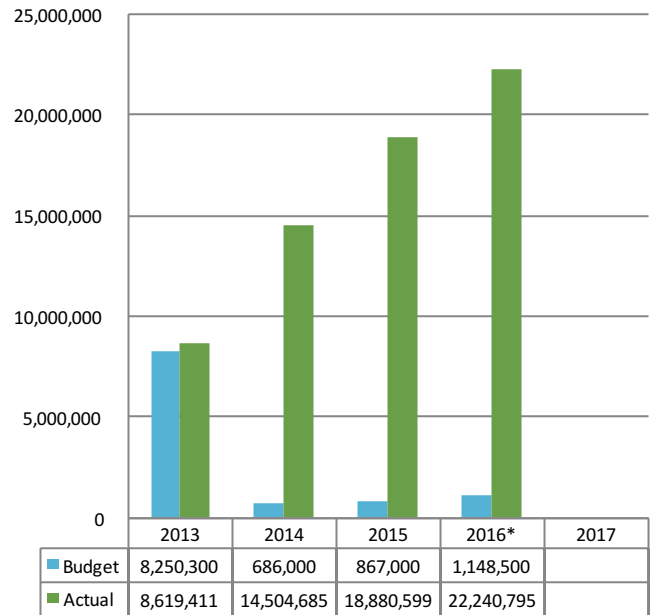


*2016 Actual refers to Projections as of September 30, 2016

OTHER TRANSFERS

For 2017, the Municipality adjusted its budget procedures, and has not requested any budget for Other Transfers, as these revenues only account for funds transferred from Reserve, and have no budgetary impact on the current fiscal year.

OTHER TRANSFERS 2013 - 2017



*2016 Actual refers to Projections as of September 30, 2016



Financial Summaries:

Expense Summaries 2013 - 2017

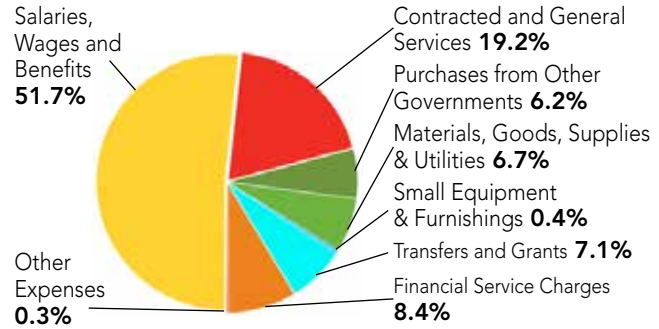
EXPENSE SUMMARIES

The Regional Municipality of Wood Buffalo has eight expense categories: Salaries, Wages and Benefits; Contracted and General Services; Purchases from Other Governments; Materials, Goods, Supplies & Utilities; Small Equipment and Furnishings; Transfers and Grants; Finance Service Charges and Other Expenses.

	2017 Approved Budget	%
Salaries, Wages and Benefits	242,430,607	51.7
Contracted and General Services	90,158,123	19.2
Purchases from Other Governments	29,117,100	6.2
Materials, Goods, Supplies & Utilities	31,388,620	6.7
Small Equipment & Furnishings	1,877,840	0.4
Transfers and Grants	33,402,200	7.1
Financial Service Charges	39,191,974	8.4
Other Expenses	1,141,700	0.3
Subtotal	\$ 468,708,164	100
Contribution to Capital	\$ 335,552,869	
TOTAL	\$ 804,261,033	

2017 APPROVED OPERATING BUDGET \$468,708,164

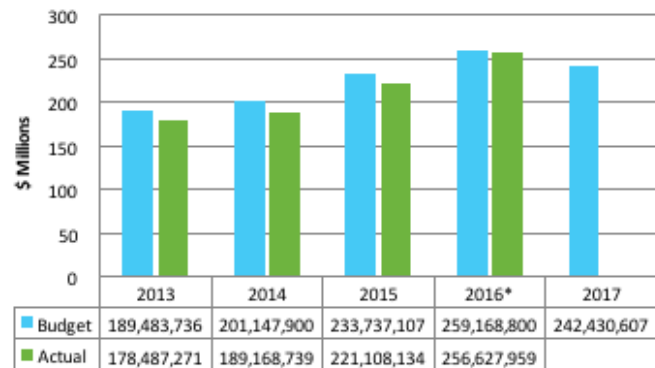
WHERE DOES THE MONEY GO?



SALARIES, WAGES AND BENEFITS

The approved 2017 budget is \$242,430,607, which accounts for 51.7% of total operating expenses and represents a 6.5% decrease from the 2016 budget. The decrease in budget is attributed mainly to the 2017 organizational realignment. A detailed discussion is provided in the personnel summary section of this budget document.

SALARIES WAGES AND BENEFITS 2013 - 2017

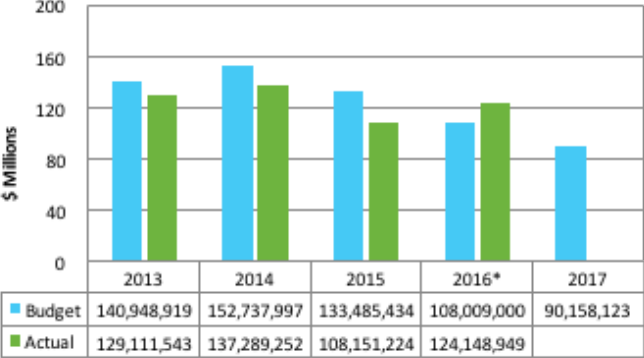


*2016 Actual refers to Projections as of September 30, 2016

CONTRACTED AND GENERAL SERVICES

The approved 2017 budget is \$90,158,123, which accounts for 19.2% of the total operating expense budget, and represents a 16.5% decrease from the 2016 budget. The decrease is a result of ongoing efforts to decrease reliance on external contractors by bringing services in-house.

CONTRACTED AND GENERAL SERVICES 2013 - 2017



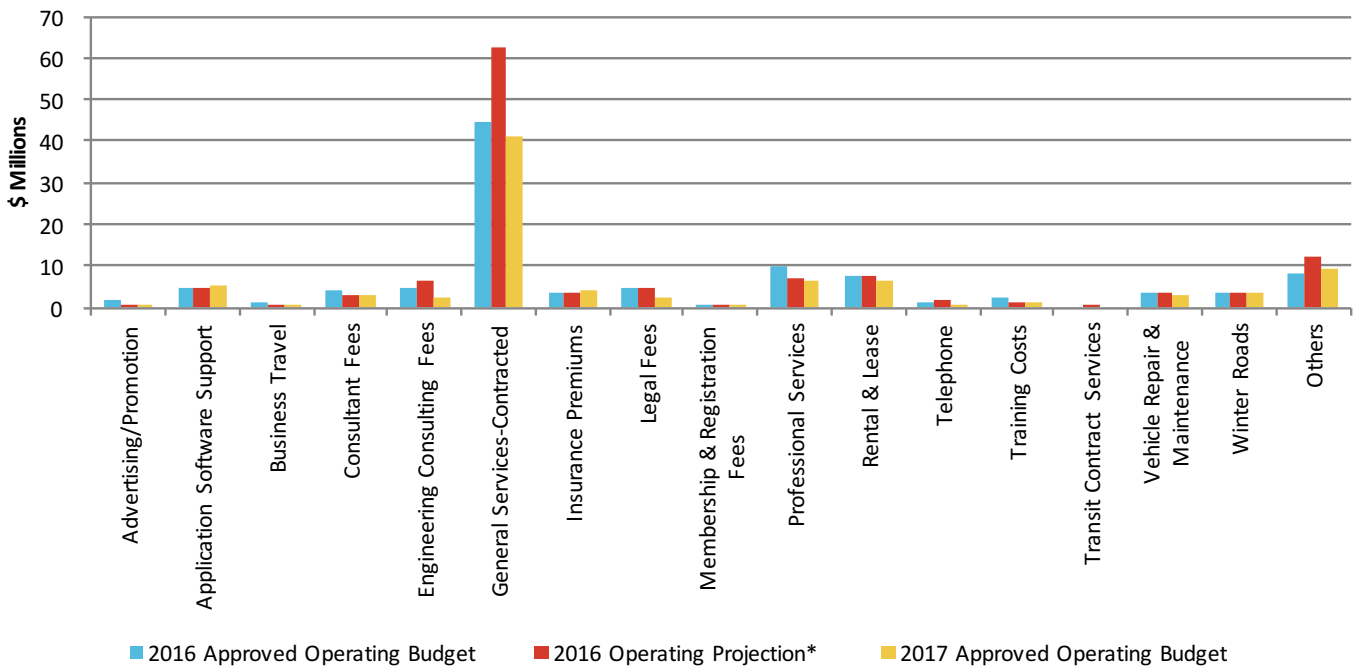
*2016 Actual refers to Projections as of September 30, 2016

2016 TO 2017 APPROVED BUDGET ANALYSIS FOR CONTRACTED AND GENERAL SERVICES

	2015 Operating Actuals	2016 Operating Budget	2016 Operating Projection*	2017 Approved Operating Budget	Change 2016 Operating Budget Vs 2017 Approved Operating Budget	
	\$	\$	\$	\$	\$	%
Advertising/Promotion	915,805	1,687,000	565,668	568,900	(1,118,100)	(66)
Application Software Support	3,298,593	4,971,900	4,508,521	5,366,569	394,669	8
Business Travel	525,882	1,180,650	559,474	727,065	(453,585)	(38)
Consultant Fees	2,663,881	4,430,800	2,898,911	2,812,500	(1,618,300)	(37)
Engineering Consulting Fees	5,751,624	4,925,000	6,398,741	2,305,000	(2,620,000)	(53)
General Services-Contracted	41,907,965	44,579,100	62,657,850	40,903,491	(3,675,609)	(8)
Insurance Premiums	3,913,987	3,795,000	3,809,015	4,312,357	517,357	14
Legal Fees	2,678,127	4,950,000	5,000,000	2,425,357	(2,525,000)	(51)
Membership & Registration Fees	363,913	435,350	386,342	336,120	(99,230)	(23)
Professional Services	5,283,319	9,674,700	6,908,684	6,261,400	(3,413,300)	(35)
Rental & Lease	6,867,809	7,836,400	7,520,385	6,611,700	(1,224,700)	(16)
Telephone	1,597,550	1,477,400	1,655,762	897,405	(579,995)	(39)
Training Costs	1,281,167	2,700,200	1,329,601	1,253,388	(1,446,812)	(54)
Transit Contract Services	12,854,999	-	150,000	-	-	-
Vehicle Repair & Maintenance	4,055,666	3,760,400	3,685,249	2,776,100	(984,300)	(26)
Winter Roads	2,900,958	3,700,000	3,700,000	3,300,000	(400,000,000)	(11)
Others	11,289,979	7,905,100	12,414,747	9,301,129	1,396,029	18
Total	108,151,224	108,009,000	124,148,949	90,158,123	(17,850,877)	(17)

* as at September 30, 2016

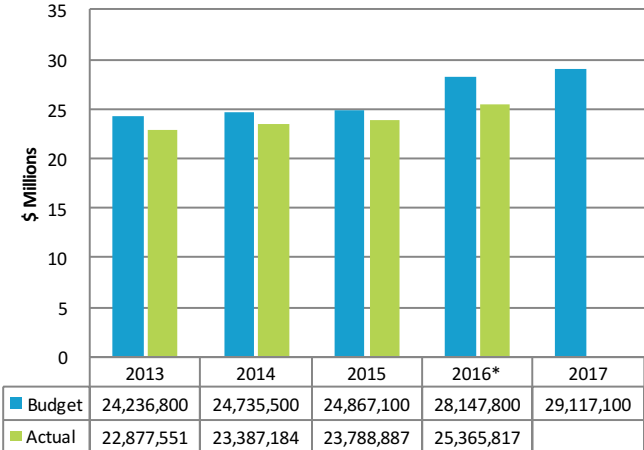
CONTRACTED AND GENERAL SERVICES COMPARISON GRAPH



PURCHASES FROM OTHER GOVERNMENTS

The approved 2017 budget is \$29,117,100, which accounts for 6.2% of the total operating budget and represents a 3.4% increase from the 2016 budget. Purchases from Other Governments comprises of transactions between the Municipality and other public agencies. A significant portion of these costs (97.8%) relate to the Royal Canadian Mounted Police contract.

PURCHASES FROM OTHER GOVERNMENTS 2013 - 2017

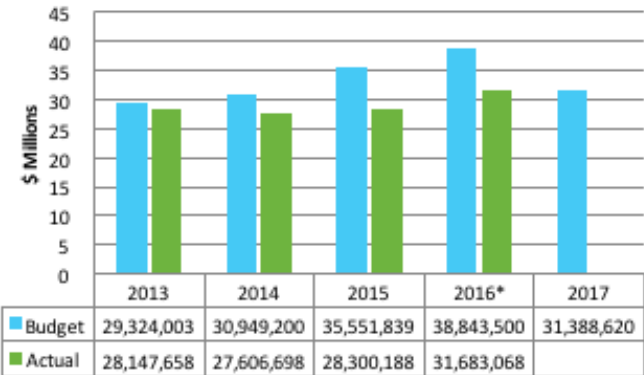


*2016 Actual refers to Projections as of September 30, 2016

MATERIALS, GOODS, SUPPLIES AND UTILITIES

The approved 2017 budget is \$31,388,620, which accounts for 6.7% of the total operating budget and represents a 19.2% decrease from the 2016 budget. Materials, Goods, Supplies and Utilities includes expenses from Electricity, Fuels & Lubes, Supplies, Chemicals and Salts, Plant Materials, etc.

MATERIALS, GOODS, SUPPLIES AND UTILITIES 2013 - 2017

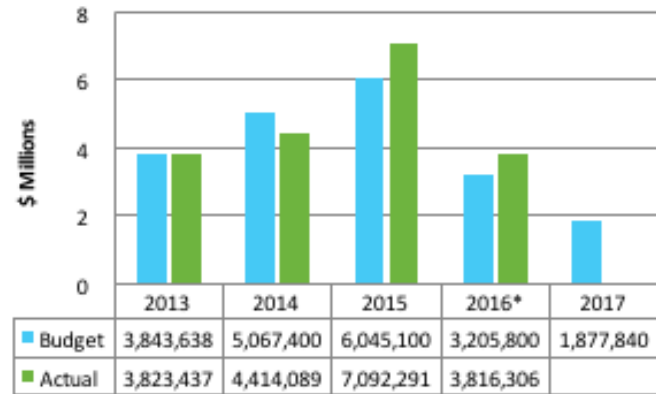


*2016 Actual refers to Projections as of September 30, 2016

SMALL EQUIPMENT AND FURNISHINGS

The approved 2017 budget is \$1,877,840, which accounts for 0.4% of the total operating budget and represents a 41.4% decrease from the 2016 budget. The decrease is mainly driven by a significant reduction in computer hardware as the majority of hardware purchases occurred in 2014 - 2016.

**SMALL EQUIPMENT AND FURNISHINGS
2013 - 2017**

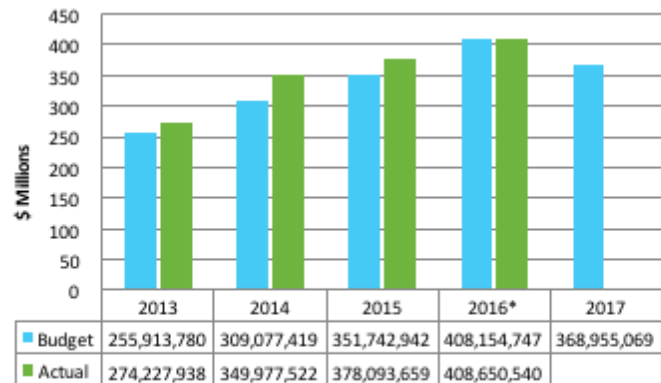


*2016 Actual refers to Projections as of September 30, 2016

TRANSFERS AND GRANTS

The approved 2017 budget is \$368,955,069, and includes a transfer of \$335,552,869 to the Capital Infrastructure Reserve, for capital expenditures, and represents a 9.2% decrease from the 2016 budget.

TRANSFERS AND GRANTS 2013 - 2017

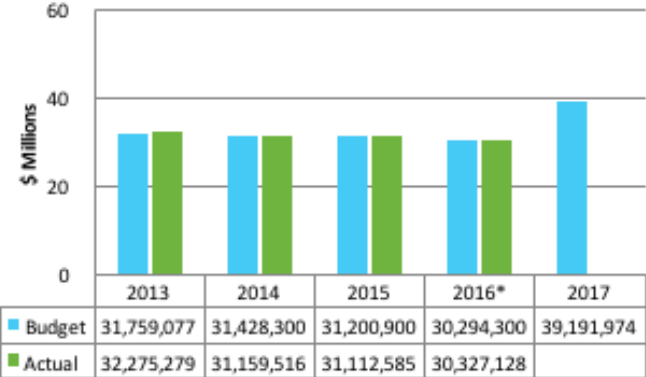


*2016 Actual refers to Projections as of September 30, 2016

FINANCIAL SERVICE CHARGES

The approved 2017 budget is \$39,191,974, which accounts for approximately 8.4% of the total operating expense budget in 2017 and represents a 29.4% increase from the 2016 budget. The major items included in this category are debt payments (interest and principal) and bank charges. A detailed discussion of debt and debt service is provided in the debt summaries section.

FINANCIAL SERVICE CHARGES 2013 - 2017

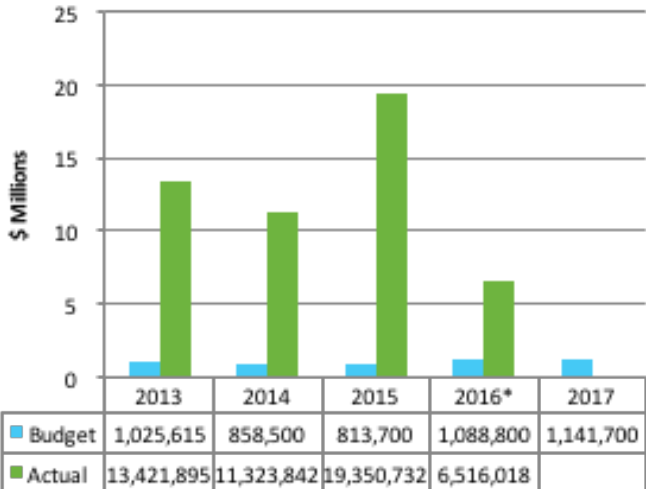


*2016 Actual refers to Projections as of September 30, 2016

OTHER EXPENSES

The approved 2017 budget is \$1,141,700, which accounts for approximately 0.2% of the total operating budget in 2017 and represents an increase in 4.9% from the 2016 budget. Allowance for bad debts, inventory shrinkage, and internal transfers are recorded in this category. Tax Appeal payments account for the significant variances each year, as they are funded from reserves, and captured under the Other Transfer (Revenue) section, and therefore not budgeted on an annual basis.

OTHER EXPENSES 2013 - 2017



*2016 Actual refers to Projections as of September 30, 2016



Financial Summaries:

Personnel Summary 2013 - 2017

PERSONNEL SUMMARIES

The Regional Municipality of Wood Buffalo is committed to be an employer of choice that develops a self-motivated and empowered workforce to achieve its strategic goals and provide efficient and effective service to its residents. The organization values training and development of its employees, with an emphasis on safety, wellness, and performance excellence in the workplace.

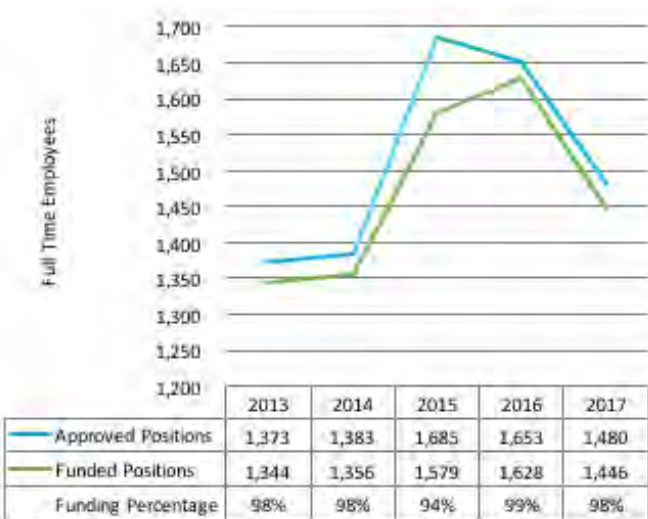
OVERVIEW

The Regional Municipality of Wood Buffalo had 1,652.5 authorized Full Time Employee (FTE) positions at the end of 2016. An organizational realignment was completed in February 2017, whereby 173 FTE positions were eliminated, resulting in a total of 1,479.5 authorized FTE positions for 2017.

Based on the budget guidelines, the Municipality only provides full funding for positions that are occupied, and partial funding for positions that are vacant, which equates to funding for a total of 1,446 positions.

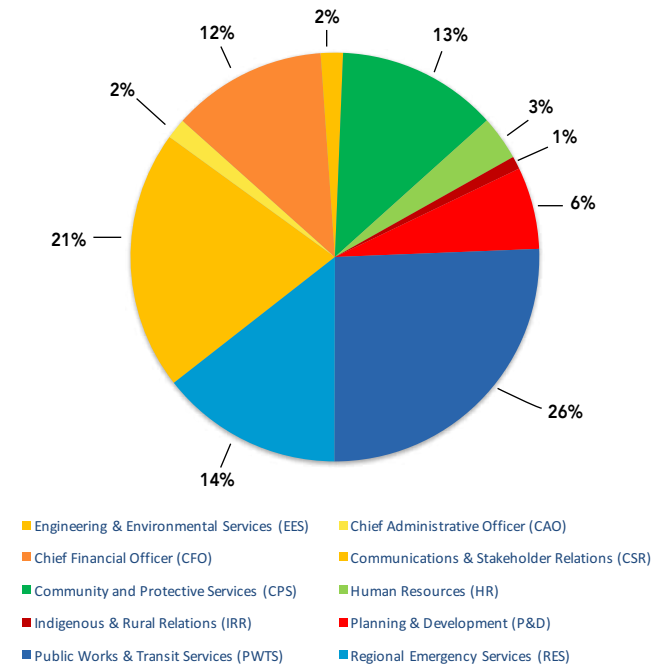
The following graph shows the position control and funding trend from 2013 to 2017:

POSITION CONTROL AND FUNDING 2013 - 2017



The authorized 1,479.5 FTE positions are distributed among the operating and support areas as follows:

APPROVED PERSONNEL POSITIONS FULL TIME EMPLOYEES TOTAL: 1,479.5



POPULATION AND EMPLOYEES

The Municipality's total employee count between 2013 - 2017 has adjusted in tandem with population levels. This is expected as service and infrastructure demand would also fluctuate, as population levels change.

POPULATION AND POSITIONS 2013 - 2017



Population data provided by RMWB Planning & Development - Population Projection Report; utilized for budget development purposes only. 2016 & 2017 population remains unchanged, as per the 2015 publish Census figures (Subject to revision when new results for 2016-2017 becomes available).

EMPLOYEE PER CAPITA

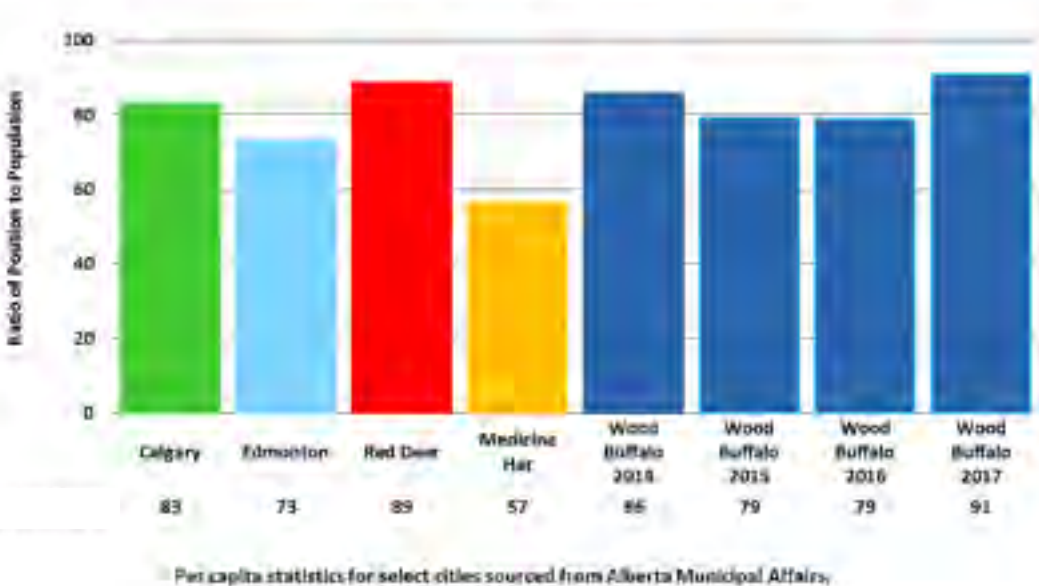
A benchmark measure that is used to evaluate relative workload per employee is the ratio of employee count to total population. In 2015, the Municipality had a ratio of 1:86 or 1 funded employee for every 86 residents. In recent years, the Municipality's ratio has readjusted due to both the challenges in the Oil & Gas industry and the May 2016 wildfire.

EMPLOYEE PER CAPITA 2013 - 2017



The employee per capita ratio can also be used to evaluate the size of total employees in an organization relative to other organizations. The following chart is a comparison of the employee to population ratios for 2014 in selected municipalities.

2014 SELECT CITIES EMPLOYEE PER CAPITA



The comparison is based on 2014 official population and employee counts published by Alberta Municipal Affairs. Fluctuations between years may be a function of labour market and talent mobility or lack of as well as reorganization and realignment within an organization.

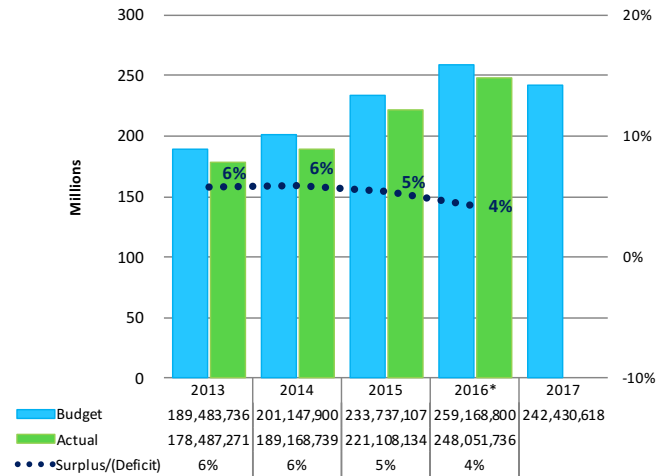
2017 PERSONNEL BUDGET

The approved 2017 personnel budget is \$242,430,607. This represents 51.7% of the Municipality's 2017 operating budget, as well as a 6.5% decrease over the 2016 amended budget. The decrease is attributed mostly to the 2017 organizational realignment. Other components of the 2017 budget include:

- 2017 Salaries, Wages and Benefits increases. Provisions for wage increases for Canadian Union of Public Employees (CUPE) and Transit-CUPE staff are in accordance with each collective agreement. Exempt staff salary increases are based on performance, as per the exempt compensation plan and have been budgeted under a contingency. Furthermore, the current collective agreements for International Association of Fire Fighters (IAFF) and CUPE expires in December 31, 2016 and 2017 respectively. Budget provisions for wage increases for 2017 are kept in contingency for IAFF.
- The employer's contribution for extended health benefits for 2017 has increased by 19% over 2016 rates. This is due mainly to:
 - increased overall usage of the plan, especially drugs and paramedical services; and
 - premiums paid by the Municipality were insufficient to fund the paid claims component on its own.
- 2017 budget provisions were also made for Salaries, Wages and Benefits (not covered by the Province's Disaster Recovery Program) for the Wood Buffalo Recovery Committee.
- Funding for outstanding vacant positions has been included based on planned occupancy.

The following graph indicates personnel budget performance from 2013 to 2017.

SALARIES WAGES & BENEFITS, 2013 - 2017



*2016 budget amended downwards to include \$2.1m transfer to General Contracted Services for \$10m budget reduction target.

2017 PERSONNEL BUDGET DEVELOPMENT PRINCIPLES

A number of considerations have been incorporated in developing the 2017 personnel budget:

- **Improved Position Control:** During 2015, the Municipality's Workforce Management Position Control Procedure was reviewed and updated. The updated procedure provides a means of effective control over the total number of FTEs and their distribution within the Municipality. It also provides guidelines and a structured process on the establishment of new positions.

An example of the revised procedure, was the review of long-term vacancies and the business needs which resulted in some positions being eliminated while others were reallocated between business units.

- **Consistent Budgeting Model:** A consistent approach that aligns budget provisions to hiring delays is now in place, whereby current vacant positions will only be partially funded for 2017.

PERSONNEL CHANGES IN 2017

A restructuring exercise was conducted in the first quarter of 2017 leading to an adjustment of FTE positions and putting in place strategies to address a structural vacancy rate. This organizational realignment has assisted to position the Municipality to identify opportunities to further decrease reliance on contracted services and achieve cost savings.

Financial Summaries:

Debt and Debt Management Summaries 2013 - 2019

DEBT AND DEBT MANAGEMENT SUMMARY

Authority to incur debt for Municipalities in Alberta is granted through the Alberta Municipal Government Act (MGA) and the Alberta Regulation (AR) 255/2000 and in special cases, variation can be granted through a Ministerial Order. Sections 251 through 274 of the MGA provide guidance regarding indebtedness for operating and capital purposes. These sections provide instructions related to process and levels of indebtedness.

The general debt limits for Alberta Municipalities allow for debt of 1.5x revenue and 0.25x revenue for debt service. The Regional Municipality of Wood Buffalo (along with the cities of Calgary, Edmonton and Medicine Hat) has a debt limit of 2x revenue and a debt service limit of .35x revenue through AR255/2000.

Council in turn, through policy, has set its limits at 85.0% of the Alberta Debt Limit Regulation (AR) 255/2000 in November 2012.

The Regional Municipality of Wood Buffalo's (Municipality) debt policy is rooted in best practices that include the following deliberate choices:

- Promotes attainment of financial planning and management objectives;
- Takes a comprehensive approach to affordability;
- Reflects the community's attitudes and Council philosophy towards indebtedness;
- Sets limits but preserves flexibility; and
- Requires periodic review of indebtedness guidelines.

The Municipality uses debt to finance its capital budget through the capital budget process. Use of debt in this regard is based on the principle of 'inter-generation equity', which states that each generation that benefits from an asset must pay or be financially responsible for an equitable share based on benefits derived or received. This approach is also known as inter-generational equity or 'pay-as-you-use'.

Long term debt falls under two categories: general obligation debt and revenue or secured debt. General obligation debt also falls into two categories: limited general tax debt and unlimited general tax debt. Unlimited general tax debt is secured by a pledge of a Municipality's full faith credit and unlimited taxing power. In this instance, the Municipality promises to use its power to levy property tax to pay the debt. Since property tax revenue is from all property owners in a community, such financing is appropriate for projects benefiting the community as a whole. A variation of this type of debt is where statutory limitations are placed such as limiting the debt and debt

service to set percentages of property values or of total revenue or some other variation thereof. Such is the case for Alberta Municipalities where levels of indebtedness are specified through the MGA or a Ministerial Order. Revenue or secured debt is secured by resources generated from fees and charges paid by users of the financed facilities or from dedicated revenue streams. The Municipality utilizes general obligation debt limited by statutory provisions of the Alberta Municipal Government Act as amended through a ministerial order or by an act of the provincial legislature.

Further, the Municipality's debt policy directs that Alberta Capital Finance Authority (ACFA) be the Municipality's lender of choice, unless a more attractive loan arrangement is available from another acceptable lender (Policy FIN. 120).

DEBT OVERVIEW

In discussing levels of debt and debt service for the Municipality, an understanding of two terms is imperative: actual debt and committed debt. Actual debt refers to amounts that the Municipality has borrowed and is now paying debt service for. Committed debt is the total actual debt, plus the amount of debt that Council has approved through the capital budget process but has not yet been drawn.

The following chart and graph depict the year-end actual debt levels from 2013 through 2016 and projected debt levels from 2017 through 2019 for the Municipality:

Actual Debt and Committed Debt

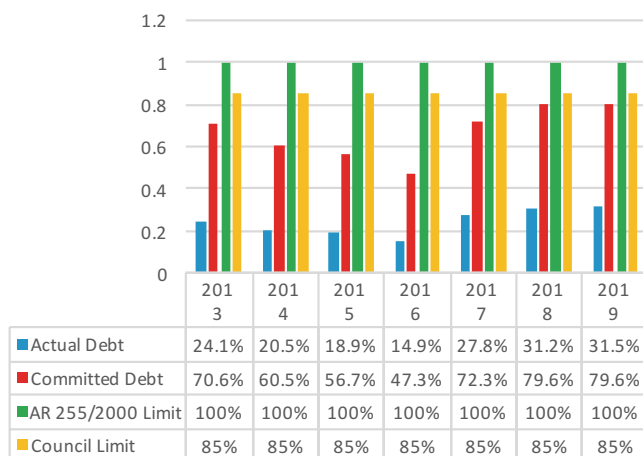
(Revenue as per 2017 budget)

Year	Actual Debt	Actual Debt %*	Committed Debt	Provincial Limit	Committed %
2013	332,230,196	24.10%	973,140,075	1,378,640,966	70.59%
2014	317,005,108	20.48%	937,121,103	1,547,746,752	60.55%
2015	301,240,816	18.93%	901,909,182	1,591,756,018	56.66%
2016	299,838,478	14.87%	954,028,795	2,016,969,322	47.30%
2017	447,275,146	27.81%	1,162,363,067	1,608,522,066	72.26%
2018	509,233,328	31.17%	1,300,044,649	1,633,728,066	79.58%
2019	518,506,067	31.52%	1,309,317,388	1,645,014,586	79.59%

* (Actual Debt / Provincial Limit of Debt Permitted)

Debt figures for 2013 to 2016 are actuals and 2017 to 2019 includes actual plus expected additional debt to be borrowed. The difference between actual debt and committed debt is a function of project delivery and scheduling. Actual debt will increase as more capital projects are undertaken where debt is the approved funding source.

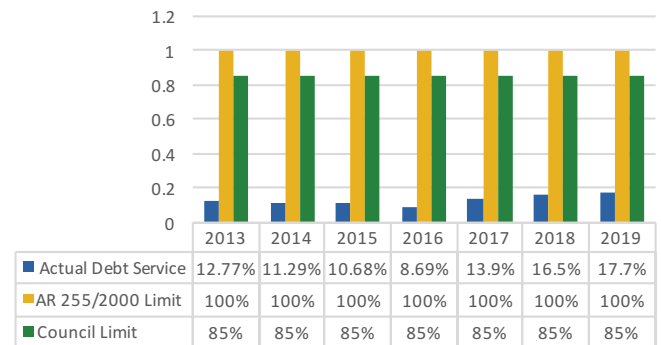
DEBT LIMIT



The Debt Limit chart, shows that the Municipality's debt levels are within legal and policy limits.

Another limitation placed on debt service, by the directives of the MGA, is the level of principal and interest payments as a percentage of revenue. The Municipality's debt service level is under both legal and policy limits.

DEBT SERVICE LIMIT PERCENTAGE OF REVENUE



In both limits, debt amount and debt service, the Municipality has committed to levels significantly lower than legal limits. The debt the Municipality has incurred has all been invested in tangible capital assets. Over time, once the infrastructure gap is significantly reduced, less debt financing will be required. More resources at that point will be required for asset maintenance and replacement.

2017 DEBT AND DEBT SERVICE CHANGES

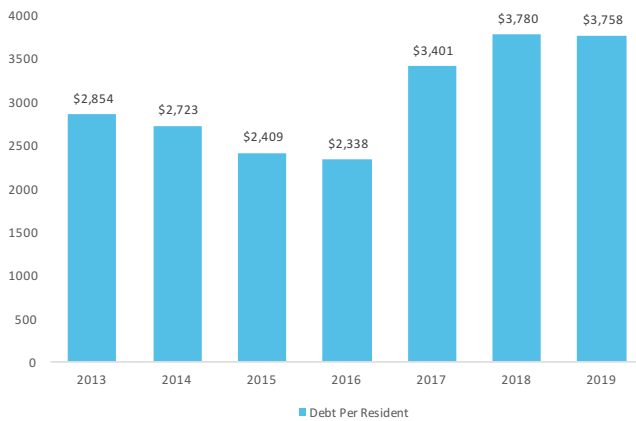
The 2017 debt funding requirements will be determined after the projects are prioritized.

Associated debenture bylaws will be brought forward for Council consideration subsequent to the approval of the 2017 capital budget.

DEBT BURDEN

Debt financing requires recurring payments of principal and interest over the term. Debt service funding is levied through property taxes on an annual basis. Two measures are used to gauge the debt burden on residents as well as on available resources: debt per resident and debt service as a percentage of total expenses.

DEBT PER RESIDENT



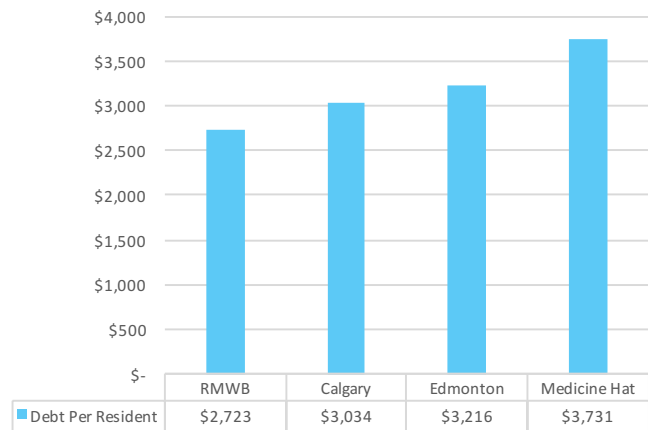
*Population numbers are provided by Planning and Department

Debt per resident is a ratio of debt to total population.

As the population increased between 2013 – 2016, debt per resident decreased accordingly. With the slowdown in the oil industry in 2015, along with the subsequent wildfire in 2016, the population has significantly decreased and as a result, debt per resident has increased.

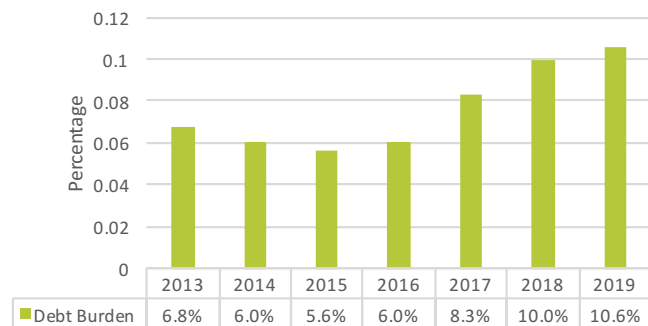
The following graph compares the debt per resident for a select group of cities and municipalities. The debt information for other cities is retrieved from Alberta Municipal Affairs website.

2014 DEBT PER RESIDENT SELECTED CITIES



Debt service payments as a percentage of total expenditure indicates how much of available resources are directed towards debt service payments.

DEBT BURDEN PERCENTAGE OF TOTAL EXPENSES

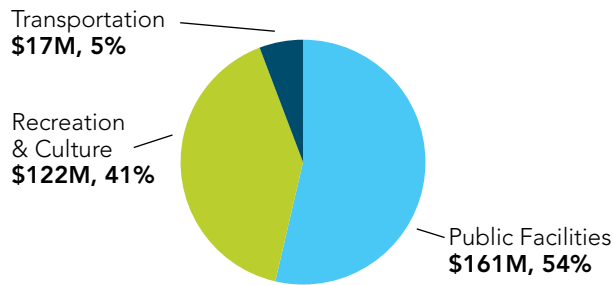


Actual debt burden has averaged 6% of total expenses between 2013 and 2016, and 2017 onwards, it is projected to rise as the Municipality plans to draw additional debt to finance the capital projects approved in the 2018-2022 Capital Plan.

2016 ACTUAL/COMMITTED DEBT OVERVIEW

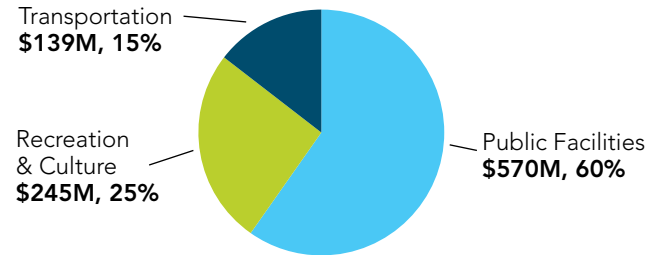
ACTUAL DEBT – \$300 MILLION

As at December 31, 2016



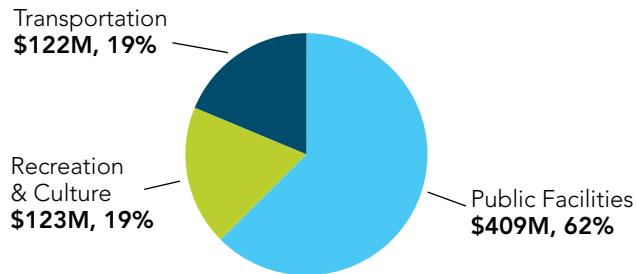
COMMITTED DEBT – \$954 MILLION

As at December 31, 2016



UNDRAWN DEBT – \$654 MILLION

As at December 31, 2016





Appendix A:

2017 BUDGET DEVELOPMENT PRINCIPLES

2017 BUDGET DEVELOPMENT PRINCIPLES

2014 ACCOUNTABILITY, INTEGRITY AND TRANSPARENCY AUDIT

In early 2014, Council of the Municipality concluded that there was a need to complete an Accountability, Integrity and Transparency Audit to position the Municipality for current and future success. Through an open proposal process, Council engaged KPMG to conduct this audit.

The overall objective of the Accountability, Integrity and Transparency Audit was to provide Council with a “health-check” of the Municipality’s existing practices with the intent of providing recommendations for enhancing and improving upon the current policies and procedures in place, and where possible, benchmarking the Municipality’s current environment against leading practices.

With the release of KPMG’s report on September 23, 2014, the Municipality has been hard at work updating and implementing a number of internal processes including:

- Governance;
- Council Policies;
- Organization review – Communications and Public Affairs;
- Honorariums;
- Land acquisitions and expropriations;
- Travel and living expenses;
- Consultants and contractors; and
- Tenders and proposals.

2017 – 2019 OPERATING BUDGET GUIDING PRINCIPLES

The 2017 operating budget, along with the 2018 – 2019 operating plans, are guided by fiscal health measures of: sustainability, flexibility and vulnerability.

- **SUSTAINABILITY** – The degree to which the Municipality can maintain existing programs and meet existing creditor requirements without increasing the debt burden.
- **FLEXIBILITY** – the degree to which the Municipality can increase its financial resources to respond to rising commitments, by either expanding its revenues or increasing its debt burden.
- **VULNERABILITY** – the degree to which the Municipality becomes dependent on, and therefore vulnerable to, sources of funding outside of its control or influence.

2017 BUDGET THEME

“MAINTAINING THE FOUNDATION FOR TODAY AND THE FUTURE”

The 2017 budget is built on the basis of a number of plans, including, but not limited to, the Municipal Development Plan, 2015 – 2017 Strategic Plan.

MUNICIPAL DEVELOPMENT PLAN FOR 2011 – 2030 SUSTAINABLE COMMUNITY GOALS

The Regional Municipality of Wood Buffalo will lead the way, by charting a course to make Wood Buffalo a global model for sustainable living in the north. The Municipal Development Plan will achieve sustainable communities by adhering to the following six (6) goals:

- **Responsible Development** – We must enable responsible development, ensuring the timely availability of developable land to stimulate investment, accommodate population growth, and fuel prosperity. Responsible Development will be achieved by providing sufficient land for urban and rural development, following comprehensive development practices, achieving responsible investment in municipal infrastructure, and reducing the risk to environmental hazards.
- **Environmental Stewardship** – Through practicing environmental stewardship, we will respect and sustain our rich natural surroundings, reduce energy consumption and waste, and play our part in the global effort to reduce greenhouse gas emissions. Environmental stewardship will be achieved by promoting healthy ecosystems that support biodiversity, taking action on climate changes, providing access to clean air and water, and ensuring responsible waste management.
- **Economic Resilience** – We can establish a more resilient economy through diversification, supporting local businesses, and promoting a culture of innovation, education and training. Economic resilience will be achieved by continuing to build a diversified regional economy, utilizing integrated regional economic development, following responsible natural resource development and promoting skills and knowledge development.
- **Home and Belonging** – By building attractive, livable communities that offer a high quality of life, we can foster a sense of home and belonging that will attract residents to settle in the region for the long-term. Home and belonging will be achieved by building complete, livable communities, providing diverse and attainable housing choices, providing a safe and secure region, and promoting caring communities that support wellness.
- **Vibrant Culture** – We can support and promote a vibrant culture that will bring our story to life through celebrations, events, and the arts, as well as through high quality urban design that will help build pride in our region. Vibrant culture will be achieved by ensuring we have thriving heritage, culture, and diversity, supporting vibrant arts and culture, providing culture of the outdoors, and showing regional pride.
- **Working Together** – By working together, municipal government and the region’s stakeholders can achieve coordinated service delivery, mutually supportive relationships, and effective communication to help us achieve a more sustainable future for all. Working together will be supported by delivering good governance, providing valued services, encouraging engaged residents and undertaking effective partnerships.

STRATEGIC PLAN

2015-2017 STRATEGIC PLAN

The Strategic Plan identifies seven implementation priorities of the Municipal Development Plan and is intended to guide and inform the actions of the Municipality, with goals that reflect the priorities of Council, residents and stakeholders. The Plan will be adjusted as new issues, challenges and opportunities emerge over the planning horizon of the Strategic Plan and it will be used to align all Municipal planning decisions, provide direction for departmental business plans and budgets, and continually monitor progress towards desired outcomes. The seven implementation priorities for the 2015 – 2017 Strategic Plan are as follows:

PRIORITY #1: BUILDING RESPONSIBLE GOVERNMENT

Goal: To ensure that the Municipality operates effectively and efficiently, by demonstrating accountability, integrity and transparency in all that it does.

From 2015-2017, a priority goal for Council is operational excellence in all areas of the Municipal government. The Municipality will continue to offer outstanding services in areas that are strong and will rebuild other areas by bringing in resources, and by offering training, due diligence and oversight.

Municipal staff will be supported so they can do the best job possible for residents of the Region. The Municipality will increase the internal capacity to carry out municipal development through improved procedures, enhancement of skills and knowledge of employees, better communication and improved information-sharing with partners throughout the region.

Objectives:

- Implement a governance model that fosters a leadership-based approach.
- Implement business delivery processes that enhance customer service for residents throughout the region.
- Ensure consistency and continuity of Municipality policies and procedures.
- Strengthen responsible financial management procedures.
- Enhance public engagement in all areas of municipal activities.
- Strengthen the organizational capacity to plan, self-assess, and report.

- Strengthen a positive work environment of trust and respect.
- Improve working relationships with other levels of government as well as Aboriginal stakeholders.

PRIORITY #2: BUILDING BALANCED REGIONAL SERVICES

Goal: To deliver high quality and well-planned services to our residents.

By re-focusing attention to core services, as outlined in the Municipal Government Act, and by clearly defining service standards, the Municipality will strengthen service delivery to all residents and businesses within the Region. Our core services are:

- Roadways, streets and sidewalks
- Flood protection
- Police, Fire and Emergency Services
- Public Transit
- Solid Waste
- Water
- Sanitary and storm drainage
- By-law Enforcement
- Parks and Recreation
- Cemeteries
- Planning and Development

Objectives:

- Strengthen regional service delivery quality.
- Strengthen service delivery monitoring practices.
- Implement, improve and maintain core service infrastructure.

PRIORITY #3: BUILDING A VIBRANT ECONOMY TOGETHER

Goal: To systematically collaborate with local businesses, residents and industry to encourage creation of a viable and sustainable marketplace.

Working together with residents, businesses, the Province and industry, the Municipality supports programming, policy, and a fiscal environment to encourage and grow business and industry. Specifically, the Municipality will help address the lack of affordable retail and commercial space. The downtown will be revitalized through a balanced mix of improvements that reflect our focus on the whole Region.

Objectives:

- Increase collaboration with the oil sands industry to understand growth trends, as well as corporate and employee needs.
- Increase the presence of businesses in the Region to create a balanced economic model.
- Leverage local economic conditions for high and low pricing.
- Increase opportunities for local businesses in urban and rural areas.
- Enhance local workforce residency.
- Improve business intelligence gathering and use.

PRIORITY #4: BUILDING AN EFFECTIVE LAND STRATEGY

Goal: To have an integrated and planned approach to the effective and efficient release and development of land.

Land is one of the Region's most precious assets. Because of historic issues relating to fast growth and the oil sands development, the land release process has not kept up with the increasing needs of residents, business and industry.

A renewed planning approach will efficiently and effectively align current planning documents, such as the Municipal Development Plan (MDP), Downtown Area Redevelopment Plan, and the Municipality's Structure Plan, which will result in faster processes for developers and residents. The Municipality will examine new planning models, including the creation of a Transportation Authority that ties some aspects of land release to direct funding for transportation improvements.

Objectives:

- Improve land planning.
- Foster stronger integrated land planning and development.
- Improve the efficiency of land release process in urban and rural areas.
- Strategic and critical analysis-based approach to land release.

PRIORITY #5: BUILDING A RELIABLE TRANSPORTATION SYSTEM

Goal: To provide sustainable and reliable transportation and so improve the quality of life throughout the Region.

Addressing the transportation infrastructure and plans is one of the most important issues for businesses, industry, and residents of the Region because our bustling oil sands economy relies heavily on a functioning transportation system. The Municipality is committed to collaborating with the provincial government as well as leaders of business and industry to improve transportation throughout the Region.

Objectives

- Enhance collaboration with the province and industry to improve regional transportation.
- Improve the transportation infrastructure to meet industry, business and resident needs.
- Ensure safe, barrier free urban and rural transit services that have the flexibility to accommodate the current and future needs.
- Improve transportation service delivery capacity.

PRIORITY #6: BUILDING A SUSTAINABLE REGION

Goal: To value our environment as our natural, community and economic foundation.

The Municipality is committed to its role as a steward of sustainable practice. Together, we will strengthen our image as a responsible government by making balanced decisions with respect to the environment, local community and economy. Our successes in this area will be shared by all.

Objectives:

- Implement a business model to provide sustainable water, waste water and other related utilities.
- Protect the natural environment
- Reduce and enable the reduction of carbon footprint in the region by maintaining carbon neutral level or better.
- Reduce landfill waste.

PRIORITY #7: BUILDING FOR A HEALTHY AND ACTIVE LIFESTYLE

Goal: To connect people and communities through accessible, regional-based leisure and wellness activities, programs and public gathering places.

Working with partner organizations and through direct delivery of services to residents throughout the Region, the Municipality provides opportunities for community members to enjoy a high quality of life. Opportunities will include arts, recreation, health and wellness, as well as leisure activities.

Objectives:

- Encourage the use of the Region's recreational and community facilities, including natural amenities.
- Encourage and support the social profit sector.
- Increase accessible recreation and leisure opportunities for all user groups in the Region.
- Increase opportunities for large-scale sports/cultural tourism events.
- Increase tourism, culture and arts programming throughout the Region.

2017 BUDGET DEVELOPMENT WORK PLAN

The following is a high-level 2017 Budget Development Work Plan:

Month/2016	Activity
January – April	Develop 2016 – 2018 Fiscal Management Strategy Develop 2016 Property Tax Bylaw
April – May	Council consider/approve 2016 – 2018 Fiscal Management Strategy – Approved July 2016 Council consider/approve 2016 Property Tax Bylaw – Approved July 2016 Present 2017 Proposed Budget Development Work Plan to Council – Presented September 2016
May – June	Develop 2017 Pre-Budget guidelines & templates Present 2017 Budget guidelines & timelines to the Executive Leadership Team Present 2017 Budget Development Work Plan to Council - Presented September 2016 Capital Budget Business Case development
July	Departmental Budget preparations
August	Draft Departmental Operating Budget Notes due to Financial Planning for review Draft Capital Budget package to Financial Planning Review of Business Cases by Financial Planning Draft Capital Budget package to be distributed to Directors Capital Budget submissions to Financial Planning
September	Draft Departmental Operating Budget Notes to Directors for review Draft Capital Budget Requests to Capital Steering Committee Initial Departmental Operating Budget and Capital Budget to Budget Review Committee – September 26 – 30 Council Budget Requests submission deadline – September 30
December	Proposed Budget documents presentation to Council (Operating & Capital) – December 2 Council consider 2017 Budget and 2018-2021 Plans–December 13 Council approved Capital Budget – December 13 Council approved interim Operating Budget – December 13
February, 2017	Zero Based Budgeting Workshop – February 14-15
March, 2017	2017 Operating Budget, 2018 and 2019 Financial Plans approved – March 10

Appendix B:

2017 OPERATING BUDGET AND 2018 - 2019 FINANCIAL PLAN GUIDELINES

2017 OPERATING BUDGET DEVELOPMENT GUIDELINES

GENERAL GUIDELINES AND ASSUMPTIONS

2017 Operating Budget and 2018-2019 Operating Plans:

- Align budget with Municipal Development Plan and 2015 – 2017 Strategic Plan;
- Maintain approved fiscal stability reserves;
- Provide sufficient asset maintenance funding;
- Maintain quality of life programs in place;
- Identify increasing service levels based on demonstrated demand; and
- Maintain competitive compensation and benefits package for Municipality's employees.

2017 BUDGET PREPARATION

The 2017 budget is set by taking into account existing recurring costs, fiscal strategy, trends and adjusting for annualized costs (where applicable), growth, program/ service level changes and inflation.

GOODS & SALES TAX (GST)

All operating expenses are budgeted net of the Goods & Services Tax (GST).

INFLATIONARY IMPACT ASSUMPTIONS

Expenses subject to inflationary increases are budgeted using the inflation assumptions approved by Executive Leadership Team for the current budget/financial plan horizon as follows:

Cost Category	2017 – 2019
Fuel	Gasoline prices dropped by 3.4% between May 2015 and May 2016. ¹
Natural Gas, Electricity	Prior year actual plus inflation. Budget owners are reminded that items such as Natural Gas and Electricity represent a significant amount of cost to the municipality, and every effort should be made to reduce their department's consumption levels.
Contracted Services	Per contract terms
Others	Alberta's inflation rate for May 2016 totals 0.9% ² To accommodate an increase in inflation when building your department's 2018 and 2019 Financial Plans, the following should be adhered to: <ul style="list-style-type: none"> • 2018 Financial Plan = 2017 Proposed Budget + 1% • 2019 Financial Plan = 2018 Financial Plan + 1% If specific expenses are forecasted to be added or removed from your 2018 or 2019 Financial Plans, this should be completed prior to your inflation adjustment.

¹ <http://www.statcan.gc.ca/pub/62-001-x/62-001-x2016005-eng.pdf>

² <http://www.finance.alberta.ca/aboutalberta/economic-trends/2016/2016-06-economic-trends.pdf>

POPULATION GROWTH ASSUMPTIONS

Comprehensive Planning Branch has provided the following population growth assumptions for the municipality as of May 2017.

The following urban population projections are the basis for budget/financial plan development:

Population	2016	2017	2018	2019
Urban Service Area Projected Population	73,000	72,100	77,100	77,300
Rural Service Area Projected Population	3,600	3,400	3,700	3,650
Shadow Population (Project Accommodations) Projected Population	26,000*	27,000**	27,200*	29,800*
	102,600	102,500	108,000	110,750

The Urban and Rural Service Area projected population data is based on the average of the Population projection presented and approved by council on May 9, 2017. This information is provided by Planning and Development.

Urban Service Area annual average growth is projected at 2.0% - 3.5%

Rural Service Area annual average growth is projected at 2.0%

Shadow population (Projection accommodations) annual average growth is projected at 4.6% between 2017-2019

*Estimate of project accommodations by Conference Board of Canada. This estimate of project accommodations population is based on production, investment, prices, revenues, costs, and profits analysis from the Canadian Association of Petroleum Producers (CAPP), the National Energy Board (NEB), and the Alberta Energy Regulators (AER).

** Estimate of project accommodations population as of April 3rd, 2017. This estimate is based on a count of a sample of project accommodations conducted by Planning and Development.

DEVELOPMENT GROWTH ASSUMPTIONS

Comprehensive Planning Branch has provided the following population growth assumptions for the municipality as of June 2017.

DWELLING TYPE	2016*	2017	2018	2019
Single Family	12,148	12,491	12,784	12,930
Semi-detached	1,455	1,581	1,689	1,743
Town house/Condo	2,058	2,323	2,549	2,662
Apartment	6,795	6,832	6,864	6,880
Mobile Home	2,816	2,872	2,920	2,944
TOTAL	25,272	26,099	26,806	27,159

*All figures have been adjusted based on the 2015 Municipal Census to account for the 2016 wildfire.

**The figures do not include secondary basement suites. Secondary basement suites provide housing for a portion of the RMWB's population.

This urban development growth is based on the assumption that the rebuild of dwellings destroyed by the 2016 wildfire is likely to be the primary focus of residential dwelling developments between 2017 and 2019. As such, the urban development growth figures in this table are based on activities related to the rebuild. These development growth figures will likely return the average people per household in the RMWB to its pre-wildfire level of 2.99 by 2019.

¹ <http://www.statcan.gc.ca/pub/62-001-x/2015005/t059-eng.htm>

² <http://www.finance.alberta.ca/aboutalberta/economic-trends/2015/2015-06-economic-trends.pdf>

2017 - 2019 REVENUE ASSUMPTIONS

Revenues are estimated using an objective, analytical process utilizing trends, judgment, and statistical tools, as appropriate. Since revenues are subject to both local and regional economic conditions, revenue estimates are conservative.

The following categories/line items make up RMWB revenues:

- i. Property Taxes
- ii. Sales to Other Governments
- iii. Sales of Goods & Services
- iv. Other Revenue from Own Services
- v. Grants

Budget figures for revenues are based on an analysis of 2014 actuals and budget, 2015 actuals and budget, as well as 2016 projections (September) and budget.

LINE ITEM DETAIL

i. Property Taxes

Property Taxes are budgeted based on the current assessment role, provided by the Assessment and Taxation department. Allowances are made for possible appeal losses at 3% for all classes except Machinery and Equipment at 5%.

ii. Sales to Other Governments

Sales to Other Governments includes revenue received from the Municipality's agreement with Indigenous and Northern Affairs Canada (INAC), which includes a cost recovery component from services provided to First Nations reserves within the Municipality.

iii. Sales of Goods & Services

Sales of Goods & Services is a category that includes various items such as revenue from:

- Utility rates
- Ambulance fees
- Community programs
- Facility fees
- Other user fees and charges

This category contains a number of revenues (Residential Water, Bulk Water, Transit Fares, etc.) that are in direct

correlation to both residential and commercial population levels within the Municipality. Any adjustments to these revenues for future time periods should be in-line with population expectations, or other specific circumstances.

While much of the revenue from Sales of Goods & Services is in direct correlation to the current residential and commercial population levels within the Municipality, budget owners must be looking at all factors (Population, Camp Population, Commercial Activity, Transit Ridership, etc.) within our region that could potentially affect these revenues, and not rely solely on population changes as a basis of budgeting.

iv. Other Revenue from Own Services

This category includes revenue from:

- Permits & Licenses
- Fines & Penalties
- Franchise Fees
- Interest from Investments

Special attention should be paid to items that may have changed dramatically based on the current economic climate (Building Permits), as well as the May 2016 wildfire (Demolition Permits, Gas/Power Franchise, Investment Income, etc.).

v. Grants

Grants include funds from federal and provincial governments such as the Municipal Policing Assistance Grant (MPAG), Alberta Health Services and Community Plan for Homelessness (CPH) grants.

Budget figures are for approved specific grants to be received in 2017.

The Municipality encourages the use of grants under the following principles:

- All grants made available to the Municipality are approved by Chief Financial Officer and supported by properly executed grant contract;
- All grants are vetted and inventoried through the office of Grants Administrator;
- Each recipient department is responsible for coordinating the grant application, interim reporting and grant close out process with the office of Grants Administrator;

- Each recipient department ensures that funds received are spent for eligible costs;
- Operating grants available to support operations are utilized based on grant agreement terms and conditions;
- Each recipient department ensures that recipients of pass-through operating grants are fully informed of specific grant guidelines and enter into suitable grant agreements with recipients where applicable; and
- Some grants are subject to annual audit by Municipality's external auditor, as specified in the grant agreement.

2017 - 2019 EXPENSE ASSUMPTIONS

The following categories/line items make up RMWB expenses:

- Salaries, Wages & Benefits
- Contracted & General Services
- Purchases from Other Governments
- Materials, Goods, Supplies & Utilities
- Small Equipment & Furnishings
- Transfers & Grants
- Financial Service Charges
- Other Expenses

Budget figures for expenses are based on an analysis of 2014 actuals and budget, 2015 actuals and budget, as well as 2016 projections (September) and budget.

i. Salaries, Wages & Benefits

This category captures salaries, wages and benefits of all employees, and are budgeted based on:

Funding levels for all FTE positions are as follows:

- Occupied position – 12 months
- New positions – Pro-rated, maximum 6 months provision
- Vacant for more than 6 months – Pro-rated, maximum 6 months provision
- Vacant for less than 6 months – Pro-rated, maximum 9 months provision

In an effort to review all new positions requested, Personnel Business Cases must be completed by the requesting department, and will subsequently be reviewed by the Executive Leadership Team, and ultimately approved or denied.

ii. Contracted & General Services

Contracted & General Services consist of various expense categories including recruitment, training, travel, telephones and internet, professional services, legal costs and other expenses.

Training is budgeted based on the training policy (HRM-540) introduced in 2015.

Council has adopted a policy (FIN-230) in regards to gratuities, which replaces the Municipality's honourarium procedure.

General Services Contracted, Professional Services, etc, are listed to determine accurate amounts required, rather than just increasing/decreasing amount required from 2016.

All advertising costs are to be centralized through the Communications and Stakeholder Relations department. Details of the advertising required, including what the advertising is for, and the cost of the advertising must be provided to Communications and Stakeholder Relations within the budget development period, so that this budget amount can be requested.

Insurance Premiums are to be budgeted on a cost centre level. While the initial invoice is charged to Insurance

Services, it is then re-distributed, by asset, to the appropriate cost centre.

All legal costs are to be centralized through the Legal and Legislative Services department. Details of the legal assistance required, must be provided to Legal and Legislative Services within the budget development period, so that this budget amount can be requested.

iii. Purchases from Other Governments

Purchases from Other Governments include transactions between other municipalities and other public agencies. Where applicable, the budget is based on existing contracts. If no contract is in place, or will be lapsing during the upcoming year, every effort should be made to determine what these costs will be, so that there is minimal variances created.

iv. Materials, Goods, Supplies & Utilities

Materials, Goods, Supplies & Utilities consists of expenses incurred to maintain and operate the Municipality. Special attention should be paid to:

- Based on the Snow and Ice policy (PRL-150), many winter road-clearing costs may have increased.
- Chemicals and Salts, which contain Water Treatment chemicals, may increase based on more non-residents within the region assisting with rebuilding efforts.
- Natural Gas expenses were substantially lower than originally anticipated based on a warmer than average winter. Projections for items of this nature, should follow a much longer trend to remove these type of annual anomalies.

v. Small Equipment & Furnishings

Special attention is paid to:

- Computer hardware should be centrally budgeted in Information Services
- Products that are purchased that cost over \$10,000, must go through the Capital Business Case process, rather than being recorded as an Operating Expense
- Mobile Phones purchases are recorded in this category, rather than being lumped together with monthly charges, which are recorded under Mobile Phone costs.

vi. Transfers & Grants

List details of specific transfers and grants, with amounts by reviewing previous years' details. Analyze each transfer and grant individually to estimate the baseline either by taking an average of the most recent three years or based on input from the department and your judgement.

vii. Financial Service Charges

Items in this category include bank charges, debenture principal and debenture interest. Extensive work should be completed with the Treasury department, within Financial Planning, to understand the impact, and timing of Debenture Interest / Payments paid out throughout the year.

viii. Other Expenses

Other Expenses contains mainly internal expense categories, such as Bad Debt, Collection Costs and Internal Charges.

Appendix C:

2017 CAPITAL BUDGET AND 2018- 2021 CAPITAL PLAN GUIDELINES

CAPITAL BUDGET DEVELOPMENT GUIDELINES

FUNDING CAPACITY

Total estimated funding available for new and ongoing capital projects for 2017 are approximately \$335.5M. Approved debt limit for the RMWB is 85.0% and in 2017, actual and committed debt is approximately 75.5% (excluding Alternative Capital Financing eligible projects). Based on limited funding capacity, due diligence and prioritization are part of the capital project selection process.

GENERAL GUIDELINES

Capital projects consist of the construction of an asset or the purchase of an asset that meet the definition of a tangible capital asset as defined in the Administrative Directive – Tangible Capital Assets. They are non-financial assets having physical substance that are used in operations on a continuing basis; have useful lives extending beyond one year and are not for resale in the ordinary course of operations.

Consideration must also be given to whether a capital request is a “betterment” versus “maintenance” as defined within the Municipality’s Administrative Directive – Tangible Capital Assets. “Betterment” is a cost to enhance the service potential of a tangible capital asset. Service potential may be enhanced when there is an increase in the previously assessed physical output or service capacity, where associated operating costs are lowered, the useful life of the property is extended or the quality of the output is improved.

Capital funding requests for 2017 require a Capital Business Case and requests for 2018 and beyond will require a Capital Business Plan Summary. Also, previously approved multi-year projects will require a submission of a Capital Business Case; the existing Capital Business Case should be updated and submitted. The Capital Business Case includes executive summary, strategic priority actions, justification, assumptions, basic priority score, cash flow and total cost of ownership of the project.

Capital projects are classified in the following three distinct phases:

1. Predesign
2. Design
3. Construction

The templates are located on the SharePoint page under Capital Project Steering Committee/Budget Planning/2017/2017 Business Case Templates.

In order to ensure that the appropriate type and timing of funding is provided, each phase must be budgeted as a separate project requiring a separate request form. The naming of the project should include the phase (E.g. Water Treatment Plant Predesign, Water Treatment Plant Design, and Water Treatment Plant Construction). Predesign costs will be funded from a source other than debt.

The separation of each phase will allow more accurate information to be reflected in the capital request form as the project progresses. For example, upon completion of the design phase, more accurate budget estimates will be available to support the debenture borrowing estimate and total project costs. Feasibility studies are to be budgeted within the operating budget. A feasibility study may not result in the next phase of a capital asset.

CAPITAL REQUESTS WITH OPERATING BUDGET IMPACTS

Capital requests which require operating budget resources (during construction of the project and for ongoing operations/maintenance after completion) must be identified in the Capital Business Case and be incorporated into the departmental operating budgets for affected years as well as operating maintenance costs for completed capital projects.

Appropriate due diligence must be dedicated to this portion of the capital budget request to ensure that all information is available at the time a decision is made. Failure to incorporate adequate operating budget impact information could lead to the rejection of the project.

CAPITAL REQUEST CRITERIA

In 2015, the municipality developed the Strategic Plan. The Strategic Plan addresses the steps the Municipality will take from 2015 – 2017 to address the vision and the goals of the longer-term Municipal Development Plan (MDP). Each goal and strategy within the three-year Strategic Plan aligns with one or more of the strategies from the MDP. Council's Strategic Plan sets the direction for the next three years and clarifies the important goals and accomplishments that are needed to continue to build the Region. Council requires that all Business Plans, which includes Capital, be based on the Council's Strategic Plan this will provide transparency to residents and stakeholders about how the Municipality will achieve these goals.

To ensure we are following the principals of the Strategic Plan one or more of the seven strategies must be recognized in your business case.

In addition we are requiring that all Capital Business Cases are reviewed and prioritized by the Director of each department based on a Criteria Matrix that provides further analysis on the justification and alignment of the Project to the Strategic Plan.

The Capital Steering Committee uses these criteria to help in its decision making process.

FLEET AND OTHER EQUIPMENT PURCHASES

All equipment purchases over the value of \$10,000 and with a life expectancy greater than one year requires a separate business case to be prepared.

All fleet purchase requests must be completed and submitted to Fleet Services to ensure specifications and budget information is adequate. Individual capital request forms will be categorized and included as a consolidated budget amount within the categories determined. Summarized listings will also be included in the capital budget request.

The Fleet Vehicle and Equipment Request template can be found on the SharePoint page under Capital Projects Steering Committee/ Budget Planning/ 2017/ 2017 Business Case Templates.

CAPITAL FUNDING SOURCES

An effective capital funding strategy employs a mix of funding options or instruments.

CAPITAL INFRASTRUCTURE RESERVE

A portion of taxation revenue is allocated to fund capital projects.

DEBT

In order to acquire debt, the Municipality must conform to Alberta Regulation 255/2000 of the Municipal Government Act and the Municipality's Debt Management Policy FIN -120. Council must approve a debenture bylaw before debt funding is secured through a lender. The Alberta Capital Finance Authority (ACFA) is the lender of choice unless a more attractive loan arrangement is available from another acceptable lender. Debt funding is generally assigned to projects of higher value and projects under construction.

OFFSITE LEVIES/DEVELOPMENT IMPACT FEES

Developer fees are charged for development impact and properly segregated to fund infrastructure associated with the development.

CAPITAL GRANTS

On an ongoing basis, the Grant Administrator researches opportunities for capital grant funding availability.

The Regional Municipality of Wood Buffalo encourages the use of capital grants under the following principles:

- All grants made available to the Municipality are approved and supported by a properly executed grant agreement.
- All grants are vetted and inventoried through the office of Grants Administrator.
- Each recipient department is responsible for coordinating grant application, interim reporting and grant close out process with the office of Grants Administrator.

OTHER

Examples of other funding sources include provincial land transfers and alternate capital financing.

COMMUNITY GROUP CAPITAL GRANTS

Capital funding requests from community groups must comply with the conditions of the contribution agreement.

CAPITAL BUDGET PROCESS

Month/2016	Activity
July 26 - August 16	Prepare Business Cases and Review with Department Director
August 17	Submit completed Business Cases to Finance Officers
August 17 - 24	Finance Officers will review to ensure everything is completed. A summary Capital Plan will be developed by Finance.
August 25 - 31	Capital Budget submission will be distributed to Directors for their review and revision (if necessary)
Sept 1 - 5	Finance Officers will review and submit to the Capital Steering Committee
September 6 - 16	Draft to be reviewed by the Capital Steering Committee
September 26 - 30	Department 2017 Budget presentations to Executive Leadership Team-Round 1
November 1	Presentation to Council
November 3 - 5	Council Workshops
December 13	Present to Council for Approval





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