

MAYORS' CAUCUS 2009

Money Matters

Mayors' Caucus, Edmonton
September 2-4, 2009

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MAYORS' CAUCUS 2009

Outline

1. Money Matters – the Province and Alberta Municipalities
 1. Provincial Economy
 2. Impact on Municipal Governments
 3. AUMA's Proposal
2. AUMA Money Matters – Our Association
 1. Corporate Structure
 2. Revenue Sources
 3. 2010 Outlook

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MONEY MATTERS – THE PROVINCE AND MUNICIPALITIES

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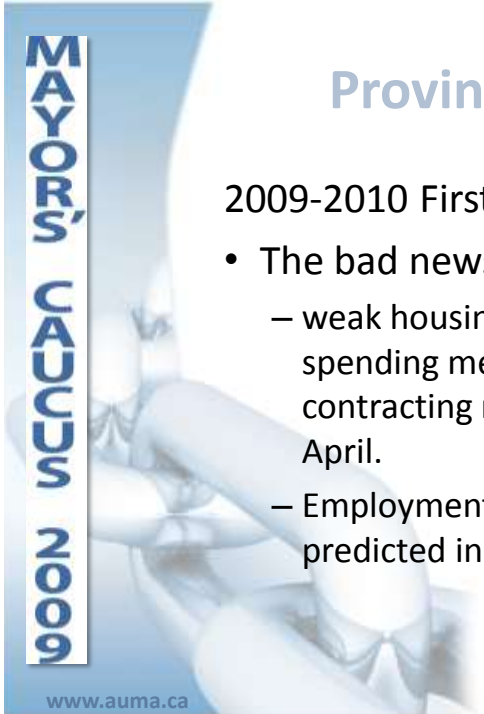
Provincial Economy

2009-2010 First Quarter Update:

- The good news...
 - “The most severe global recession in sixty years is nearing an end...”
 - Oil prices are rebounding
 - Inflation worldwide remains well contained
 - Non-residential construction costs are down

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Provincial Economy

2009-2010 First Quarter Update:

- The bad news, in Alberta...
 - weak housing starts and consumer spending means the economy is contracting more than was predicted in April.
 - Employment is declining more than was predicted in April.

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Provincial Economy

April 2009 Provincial Budget	2009-2010 First Quarter Update
\$4.7 Billion Deficit	\$6.877 Billion Deficit

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Impact on Municipal Governments

- **April 2009 Provincial Budget** – cuts were made to the MSI
- **June 2009 meeting with Treasury Board President** – Need for a \$2 Billion “Fiscal Correction”
- **August 2009 Quarterly Update** – Deficit increases from April 2009

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Impact on Municipal Governments

- Looking ahead to Budget 2010 – Municipal governments will face cutbacks. **Why?**
 - Own revenues via property tax.
 - Municipal reserves.
 - Province feels municipal grants totalling between \$2 and \$3 Billion annually are too high.

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Impact on Municipal Governments

AUMA's research shows:

- 174 municipalities exceed 10 equalized mill rate. The highest are at 40.
- 27 of the 174 municipalities exceeding 10 equalized mill rate are Municipal Districts.
- Of the 20 municipalities with the highest equalized Tax Rates, the majority are Villages.

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Impact on Municipal Governments

Total municipal reserves in Alberta are:

\$4,671,877,092

Muni Type	Total Reserves by Muni Type	Per capita Average Reserves by Muni Type
Cities	\$ 2,938,598,462	\$ 1198.53
Spec. Munis	\$ 327,606,233	\$ 3089.66
MDs and Counties	\$ 932,854,643	\$ 7300.38
Towns	\$ 432,981,110	\$ 1977.13
Villages	\$ 29,921,719	\$ 1256.66
Summer Villages	\$ 9,914,925	\$ 3068.34

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AUMA's Proposal

- **2008 Convention:** AUMA adopted a resolution calling for a new relationship between Alberta municipalities and the Government of Alberta through a Provincial-Municipal Sustainability Partnership Agreement.
- **August 2009:** AUMA proposes a solution that assists the Government with its fiscal correction, and allows for implementation of the Partnership Agreement.

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AUMA's Proposal

A Provincial-Municipal Partnership Agreement that links the provincial economy to municipal transfers is established and is used permanently for provincial-municipal transfers.

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AUMA's Proposal

An agreement allowing AUMA to work directly with the Government of Canada in areas of municipal interest not deemed a priority by the Government of Alberta.

Cap Education Property Tax Dollars at 2009 level.

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Switching Gears Now...

AUMA – MONEY MATTERS

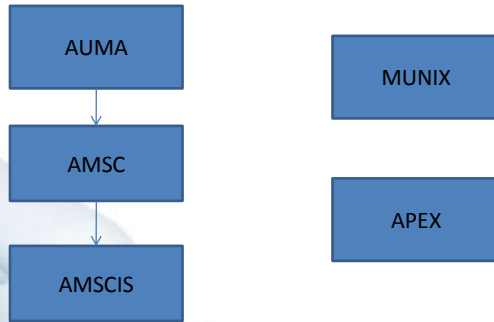
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AUMA – Money Matters

Corporate Entity Structure



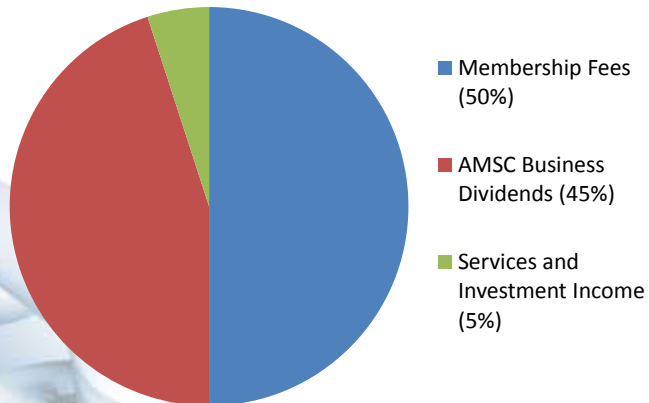
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AUMA's Revenue Sources



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AUMA – Money Matters

- AMSC is a for-profit subsidiary of AUMA
- AMSC Businesses earn profit for the following reasons:
 - To ensure fiscal sustainability of the organization;
 - To build products, services and solutions for Alberta municipalities; and
 - To provide support to AUMA's advocacy efforts.

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AUMA – Money Matters

Outlook for 2010 onwards:

- Building transition will be complete.
- Your business through AMSC services ensures AUMA's continued advocacy efforts. Without member participation in AMSC services, AUMA advocacy efforts would be diminished.

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