

# 2018 Budget

## *Maintaining Balance*

Core Services vs Growth

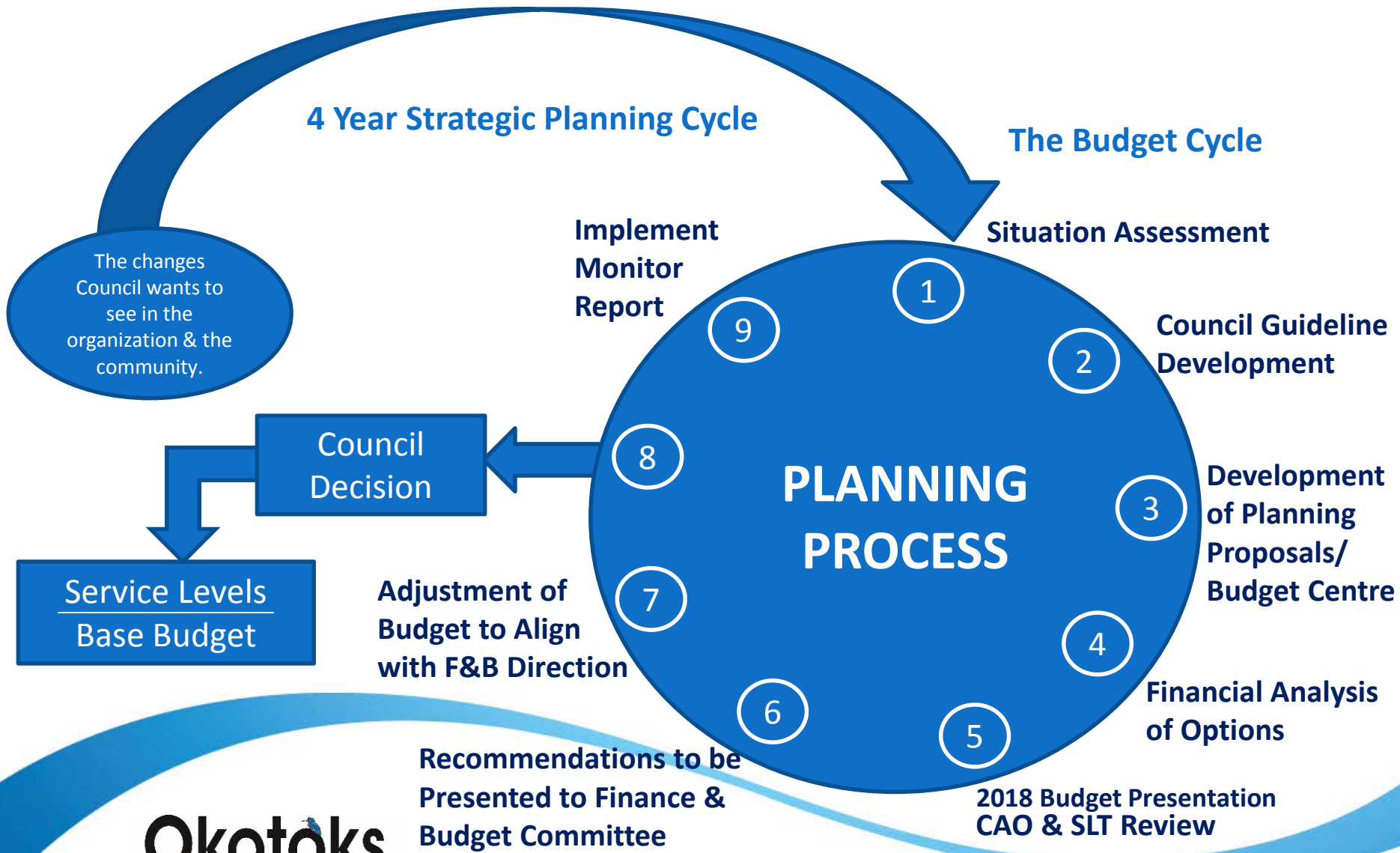


# Agenda

- Budget Process
- Highlights of Budget Guidelines
- Public Engagement
- Budget Highlights
- Capital Budget
- Capital Project Funding
- Five Year Capital Funding Strategy
- Five Year Estimated Debt Limits
- Ten Year Capital Plan Financial Strategy & Maps
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- Reserves & Debts
- Impact of Capital on Operating Budget
- Operating Budget with 2019-2022 Forecast
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- Operating Budget 2018/2017 Comparison Charts
- Operating Budget Highlights
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- 2018 Service Level Reviews
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- Operating & Non-operating Projects
- Transit
- Renewable Energy Certificates
- Policies for Consideration
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- Okotoks 2016 Financial Indicator Graphs
- Regional Comparisons
- Questions



# Budget Process



# Highlights of Budget Guidelines

- **3% tax increase for 2018**
- **4% yearly for next 3 years**
- **10 year capital plan required**
- **Target service level reviews for the following areas:**
  - I. Align service standards for active transportation policy
  - II. Municipal enforcement: School resource officer
  - III. Child care: Especially before and after school care
  - IV. Downtown level of service: Street sweeping
  - V. Service efficiency: Mowing and tree pruning

# Public Engagement: Citizen Budget

From June 9-July 9, Administration launched an online survey tool on the Town's website called Citizen Budget. The tool invited residents to participate in the budget process by submitting their priorities for the 2018 budget. Citizen Budget was promoted through social media, the Town Pages in the Western Wheel and through radio advertising.



The interactive and educational tool had investment sliders for Parks, Recreation & Culture, Public Works & Transportation, Protective Services and Development Services. Residents were then able to select to either maintain, increase or decrease the Town's current service levels.

## Summary:

310 people visited the site

**114 completed the survey**

Highest number of visitors was on June 22

## Highlights:

Programs and services are very good/fairly good Value for tax dollars – 64%

Programs and services are fairly poor or very poor value for tax dollars – 47%

*Approximately 400 responses would be needed for the results to achieve a statistical representation of the population. This was the first time that the Town has included a participatory for budget process; we anticipate that responses will increase in future budget preparations.*

*It was not possible to create geographic restrictions on eligibility so anyone had access to complete it.*



2018 Budget Presentation

# Budget Highlights



# Budget Highlights

- **Maintain Services**
- **Water & Wastewater Improvements**
- **Continue Construction on Okotoks Community Campus Lands**
- **Further Downtown Redevelopment**
- **Laurie Boyd Pedestrian Bridge**
- **Proposed Service Level Increases**
- **Pason Centennial Arena Expansion**
- **Snow & Ice Control: Pathways**
- **Pilot Local Transit**



# Capital Budget 2018

## Major Capital Projects 2018

(\$M's)

Okotoks Community Campus Playfield Development	\$ 0.50
Highway 783 Improvements	\$ 0.25
Zone 2S Distribution Mains	\$ 1.75
Zone3N/4N Reservoir Upgrade	\$ 1.35
Dedicated Mains & Zone 2S/3S Upgrades to Southwest Reservoir	\$ 0.75
Municipal Enforcement Devices	\$ 0.03
Internal Infrastructure	\$ 0.73
Wayfinding & Entry Signage	\$ 0.17
Fleet Vehicles	\$ 0.63
Laurie Boyd Pedestrian Bridge	\$ 2.70
Parks/Recreation Enhancements	\$ 0.77
Water, Storm Water & Solid Waste Improvements	\$ 2.75
Wastewater Treatment Plant Improvements	\$ 0.50

<b>Total</b>	<b>\$12.88</b>
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Multi-Year Projects	\$12.95
Sub Total	\$25.83
Estimated carry forward capital amount	\$8.62
Pre-approved project from 2017 Budget	\$0.15
Council Approval of Capital Project List	\$34.60



# 10 Year Capital Plan - Financial Strategy

## \$239M Total Projects

### TIMELINE

2018

2019

2020

2021

2022

2023

2024

2025

2026

2027

\$0.75M  
Community Campus



\$4.5M  
South Growth Area



\$14.4M  
Northwest Growth Area



\$9.7M  
Southwest Growth Area



\$0.69M  
Fire Hall

\$0.03M  
Municipal Enforcement



\$13.7M  
Urban Master Plan

\$20.0M  
Internal Infrastructure



\$0.55M  
Signage



\$39.75M  
Major Community Amenities



2018 Budget Presentation

CAPITAL PROJECTS

# 10 Year Capital Plan - Financial Strategy

## \$239M Total Projects

### TIMELINE

2018

2019

2020

2021

2022

2023

2024

2025

2026

2027

\$10.8M  
Fleet



\$12.7M  
Active Transportation



\$3.1M  
Recreation Infrastructure Enhancement



\$4.1M  
Recreation Master Plan



\$4.8M  
Operations Site

\$53.3M  
Water



\$4.4M  
Storm



\$0.66M  
Solid Waste

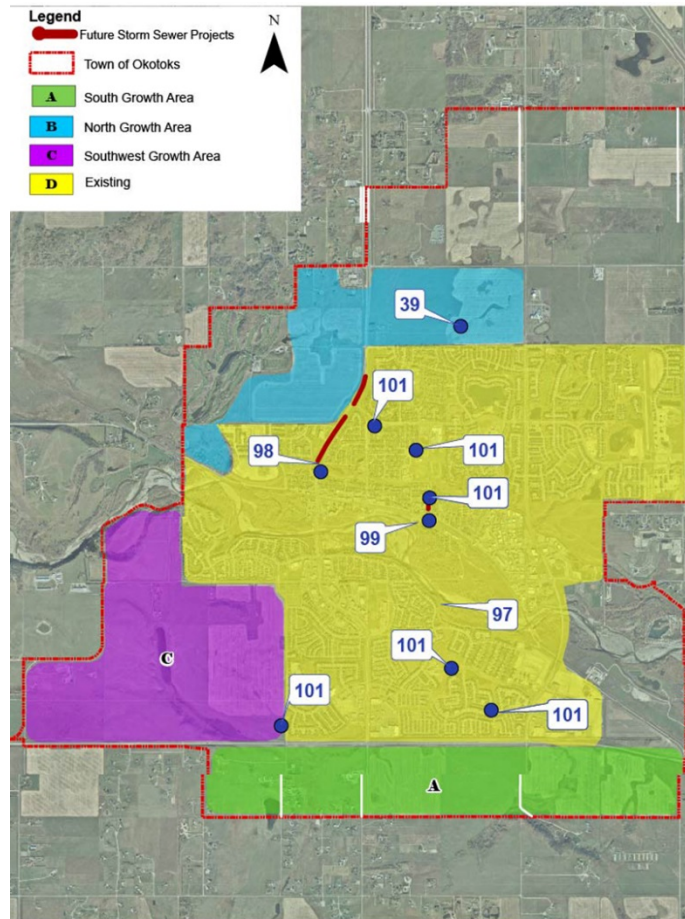


\$41.1M  
Waste Water Treatment Plant

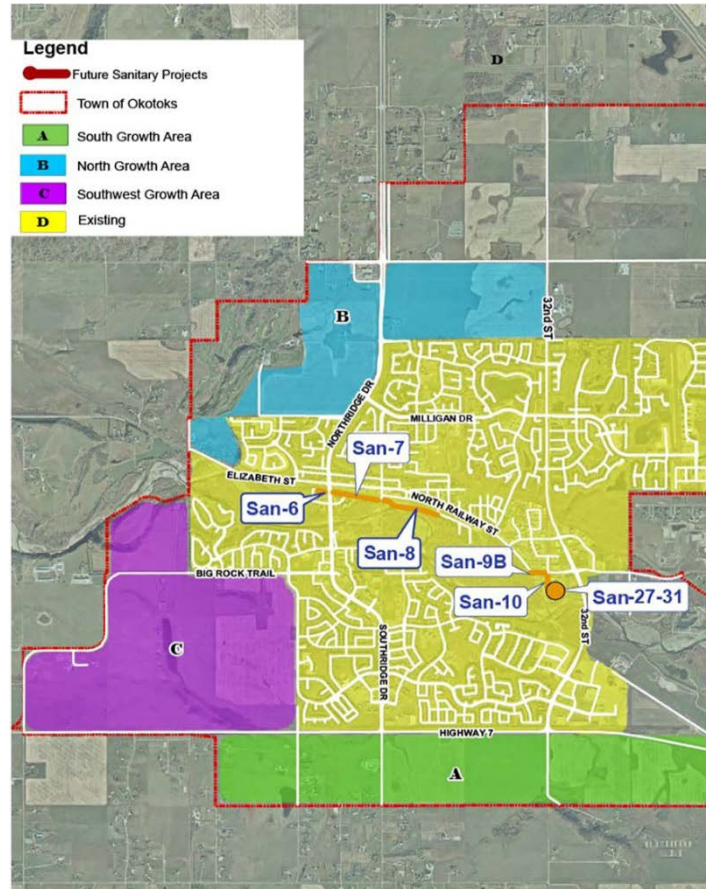


## CAPITAL PROJECTS

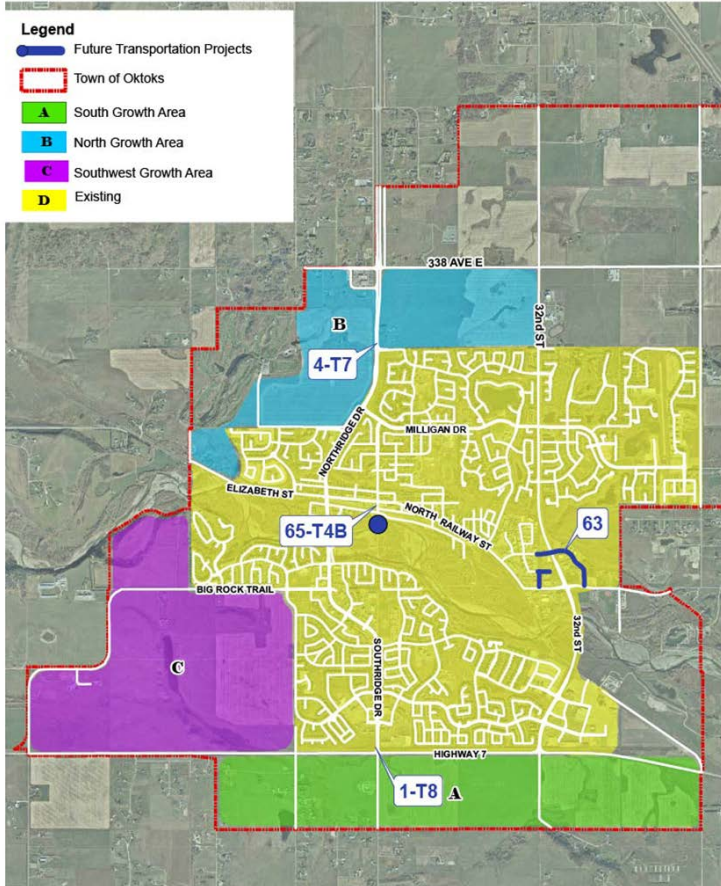
# 10 Year Capital Plan - Storm System



# 10 Year Capital Plan - Sanitary System

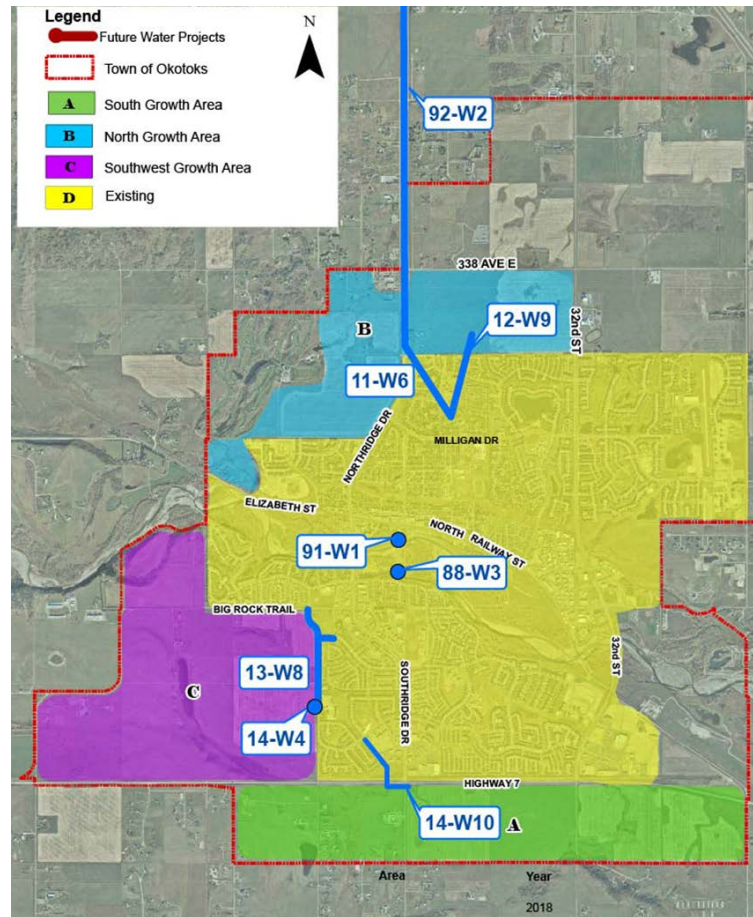


# 10 Year Capital Plan -Transportation Projects



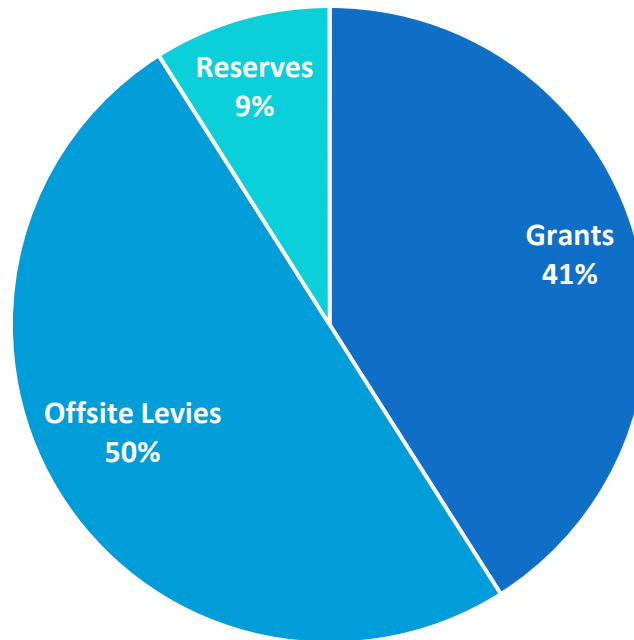
2018 Budget Presentation

# 10 Year Capital Plan - Water System



# 2018 Capital Project Funding

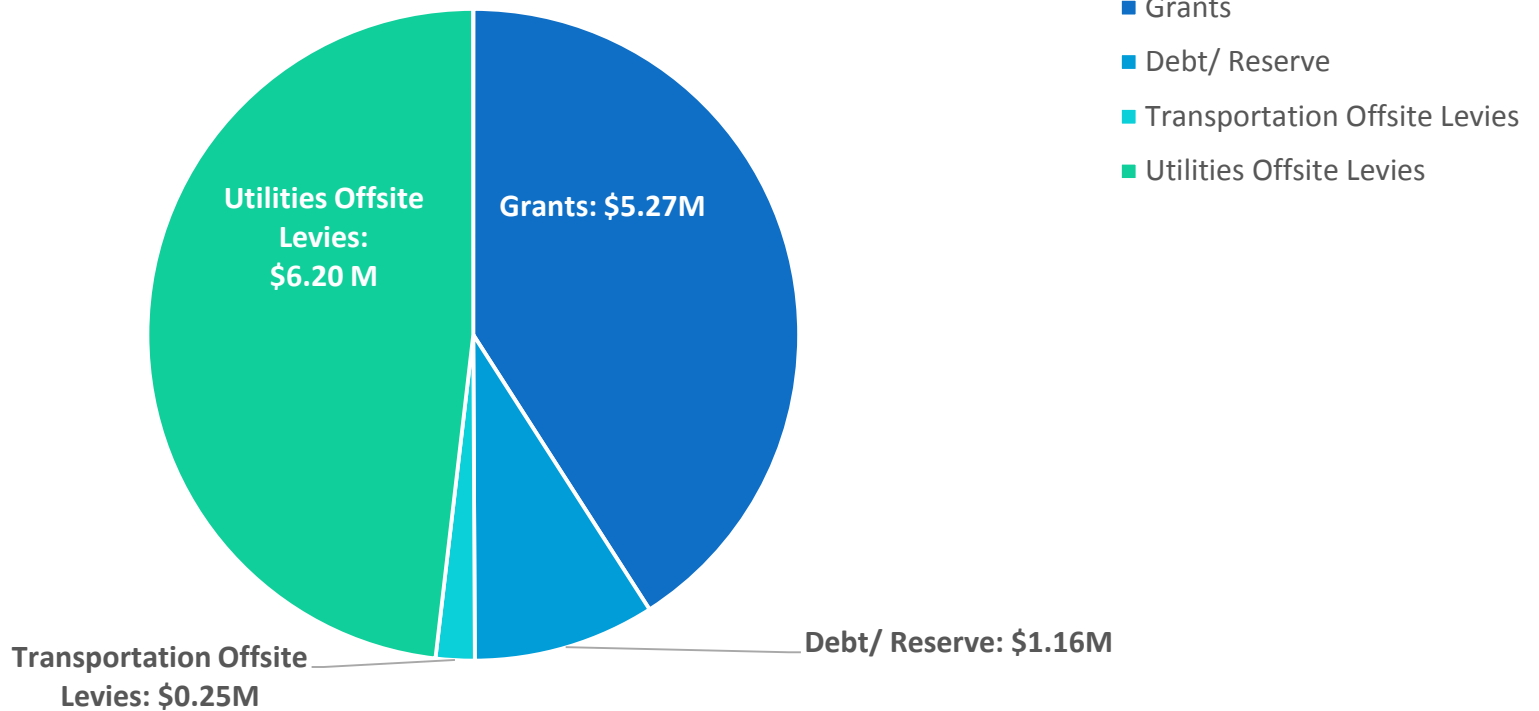
## 2018 Capital Project Funding



- Grants
- Offsite Levies
- Reserves

# 2018 Capital Financial Strategy

## 2018 Financing \$12.88M



# 2018 Projects - Grants

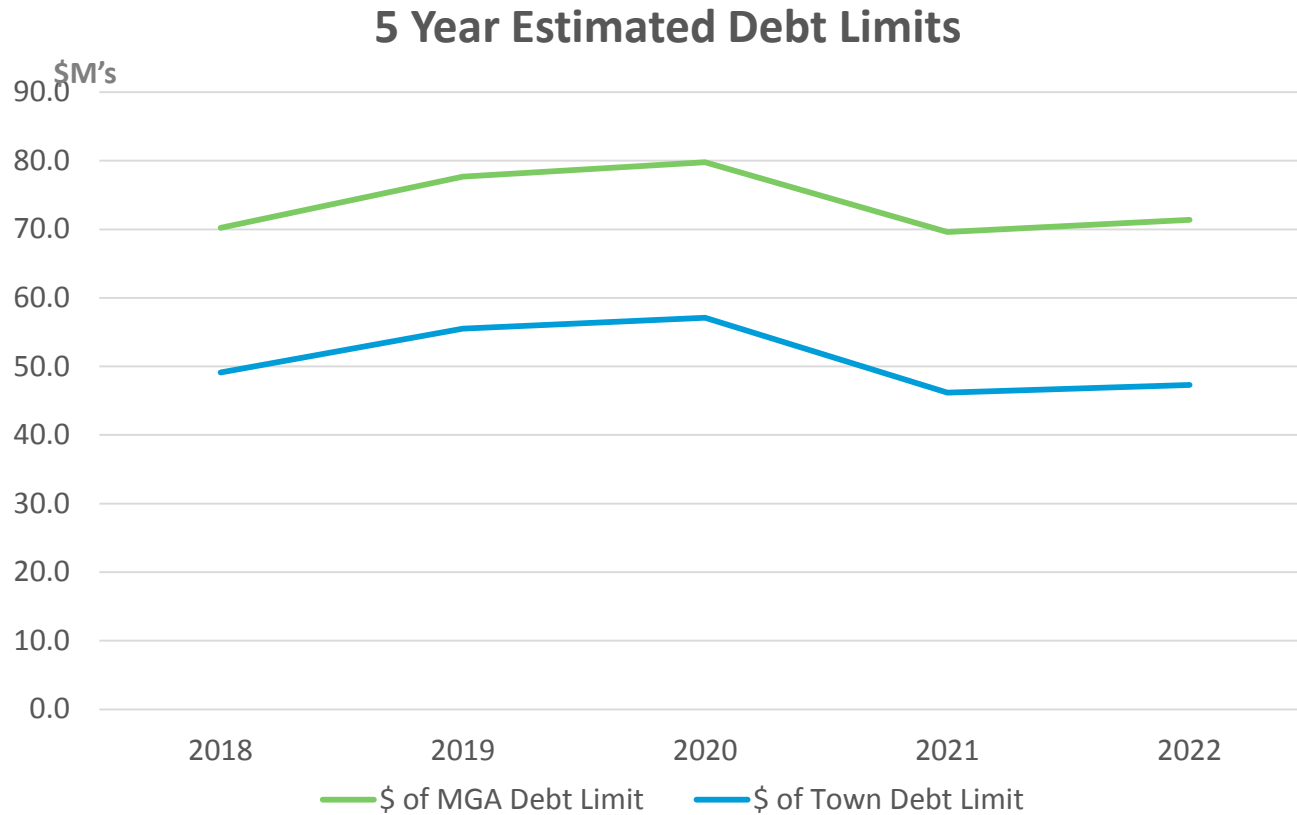
The Town will utilize \$5.5M in grants for operating and capital projects in 2018.

The grants include:

- Municipal Sustainability Initiative
- Base Municipal Transportation
- Gas Tax Fund

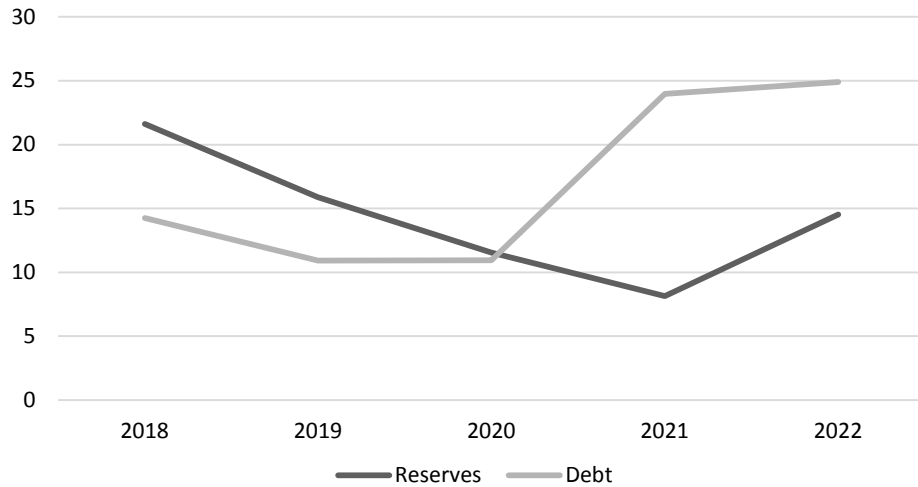


# 5 Year Estimated Debt Limits

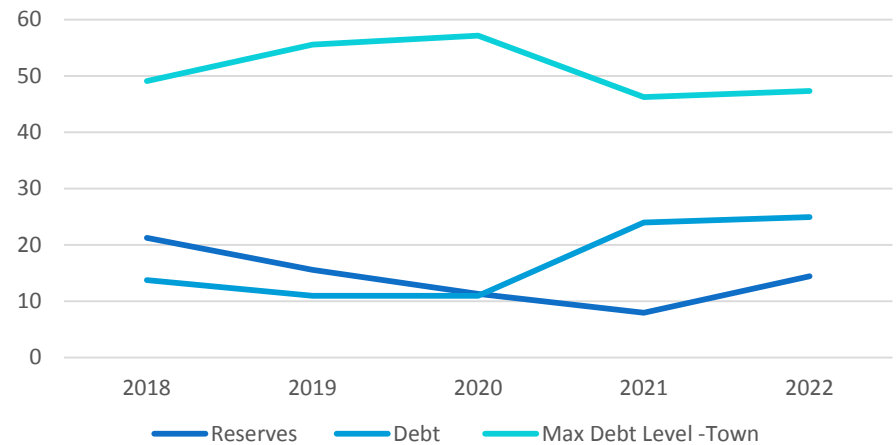


# Funding: Reserves and Debt 2018-2022

Funding - Reserves and Debt 2018-2022 (\$M's)



Funding - Reserves, Debt, and Town Debt Maximum Limits 2018-2022 (\$M's)



# Impact of Capital on Operating Budget: Annual Cost of Debt Calculations

Annual Cost of Debt as of Nov 7, 2017 Alberta Capital Finance Authority (ACFA):			
Debt	Term	Rate	Operating Budget Impact (\$M's)
\$1,000,000	10	2.612%	\$0.114
	20	3.204%	\$0.068
	30	3.340%	\$0.053
Debt	Term	Rate	Operating Budget Impact (\$M's)
\$10,000,000	10	2.612%	\$1.142
	20	3.204%	\$0.681
	30	3.340%	\$0.530

# Operating Budget: 2018 Budget with Forecast 2019 -2022 (\$M's)

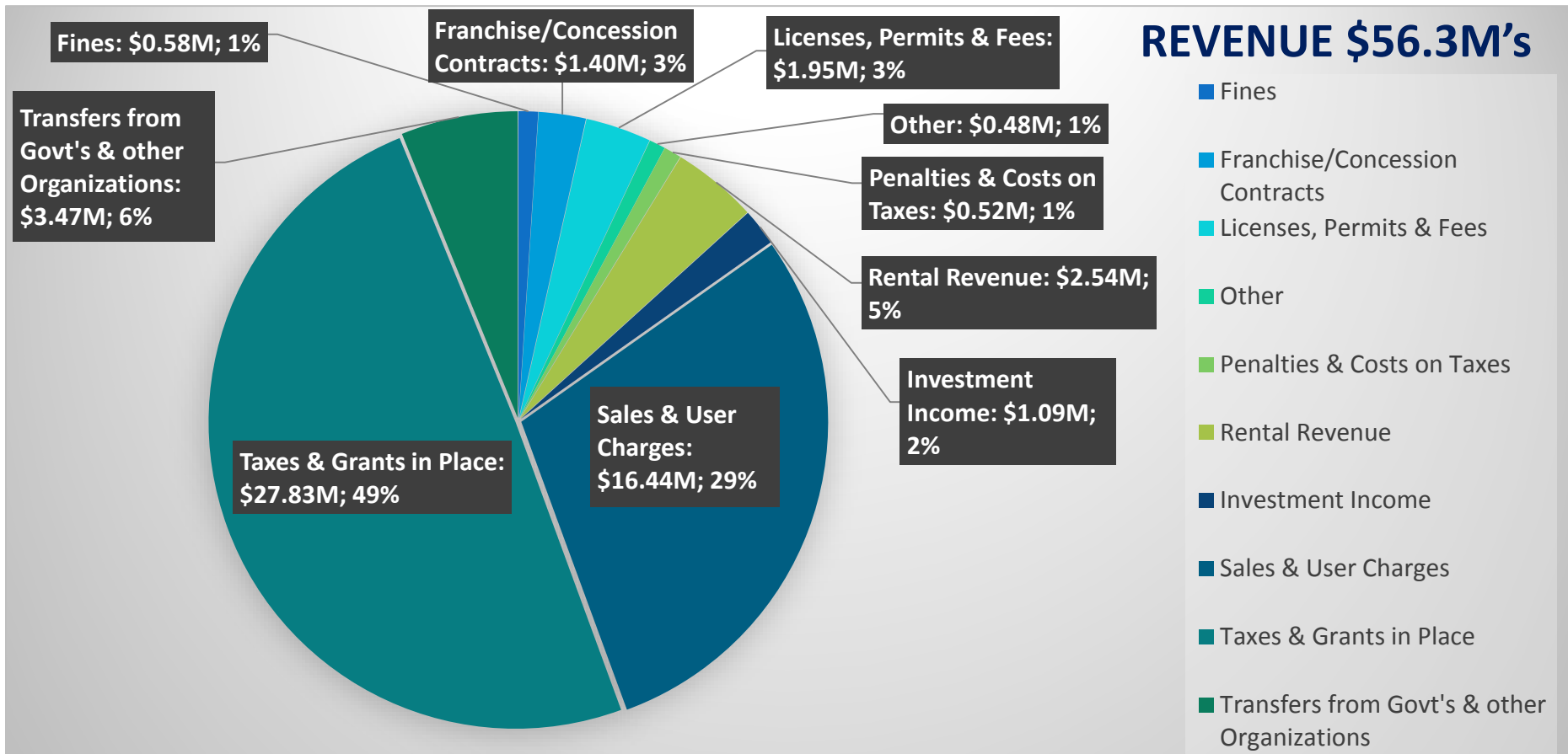
Category	2018	2019	2020	2021	2022
Revenue	56.301	59.077	60.524	62.414	64.194
Expense	48.627	49.924	50.419	52.231	53.623
<b>Excess Revenues over Expenditures</b>	<b>7.648</b>	<b>9.153</b>	<b>10.105</b>	<b>10.183</b>	<b>10.571</b>
Debt Principal	3.205	3.601	3.509	2.773	3.180
Transfers to/from other Funds	4.401	5.409	6.452	7.266	7.247
Transfers to/from Reserves	.069	.144	.144	.144	.144



# Operating Budget: Revenue & Expense Summary 2018 (\$M's)

Category	Total	Utility	Tax
Revenue	56.302	13.806	42.496
Expense	51.832	10.301	41.531
Sub-Total	4.470	3.505	0.965
Reserves	4.470	2.202	2.268
Net	-	1.303	(1.303)

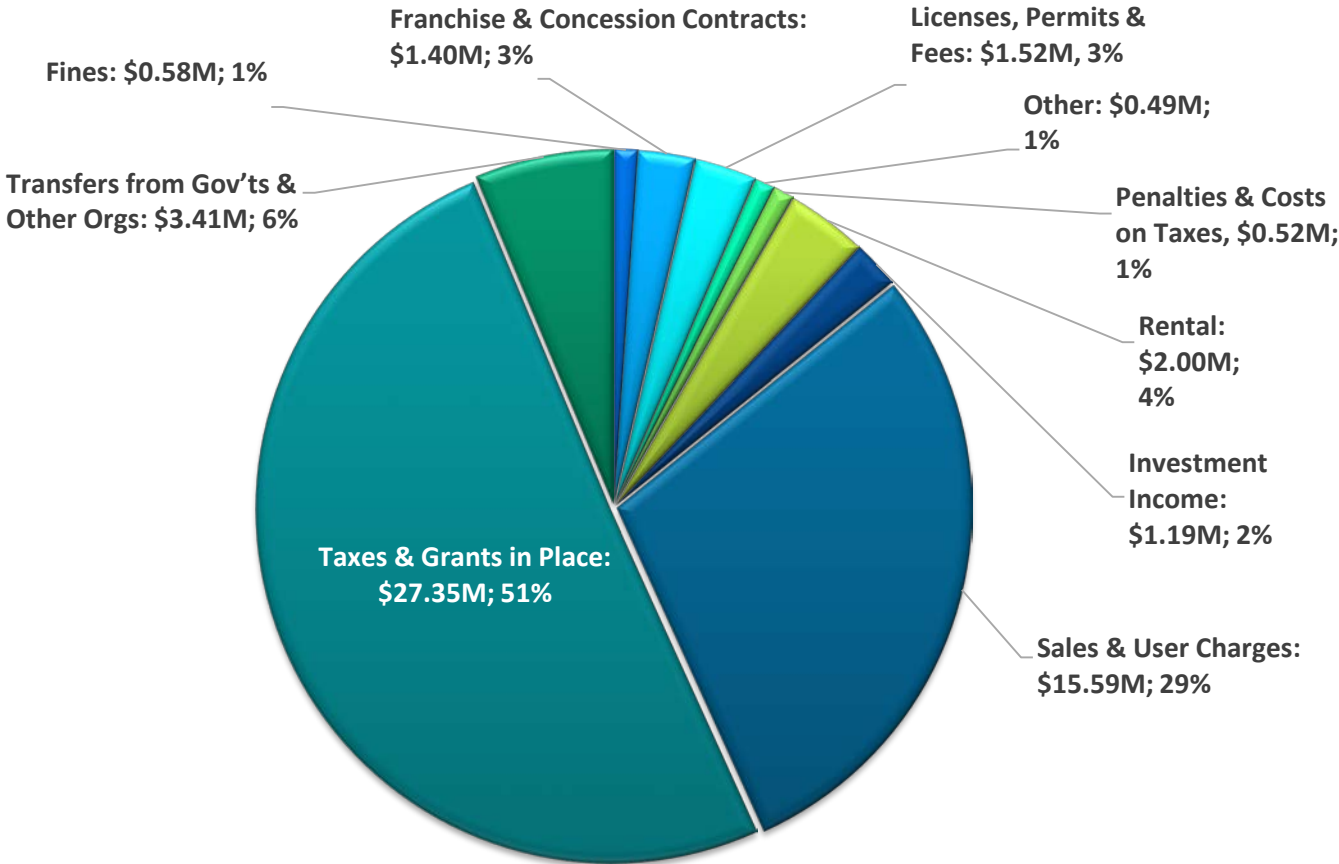
# Operating Budget: Total Revenue by Category 2018



# Operating Budget: Total Revenue by Category 2017

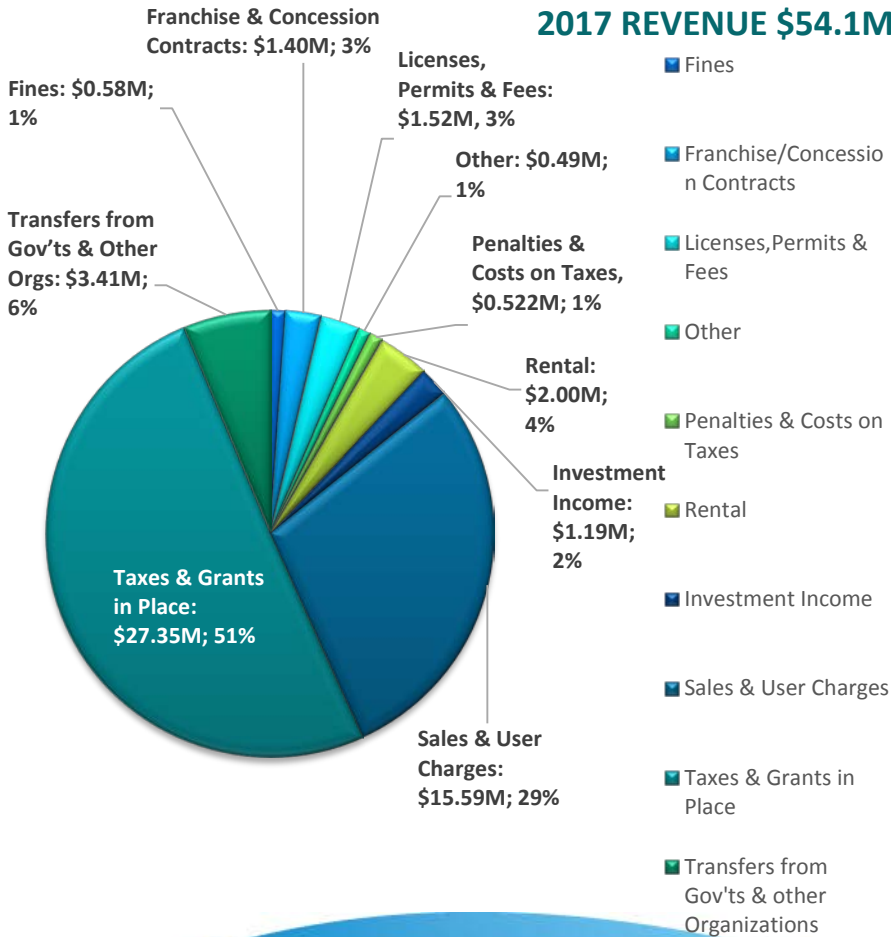
## REVENUE \$54.1M's

- Fines
- Franchise & Concession Contracts
- Licenses, Permits & Fees
- Other
- Penalties & Costs on Taxes
- Rental
- Investment Income
- Sales & User Charges
- Taxes & Grants in Place
- Transfers from Gov'ts & other Organizations

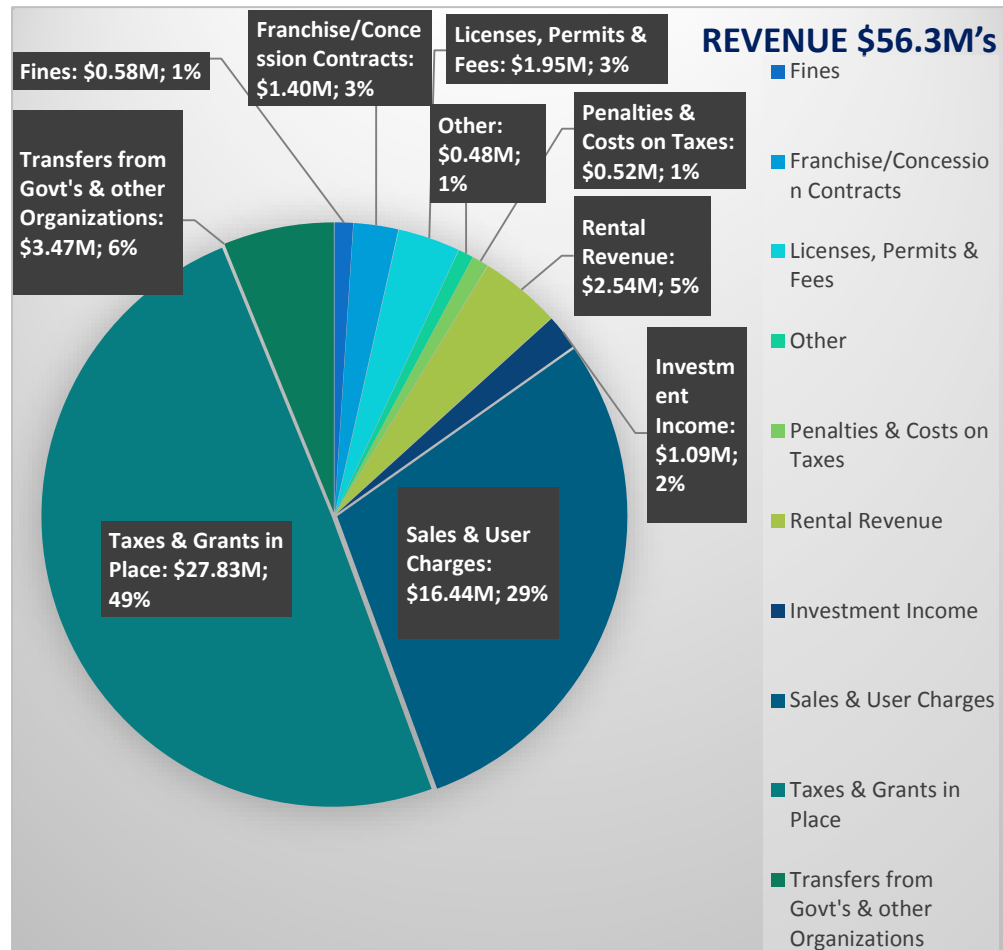


# Comparison: Total Revenue by Category 2017-2018 (\$M's)

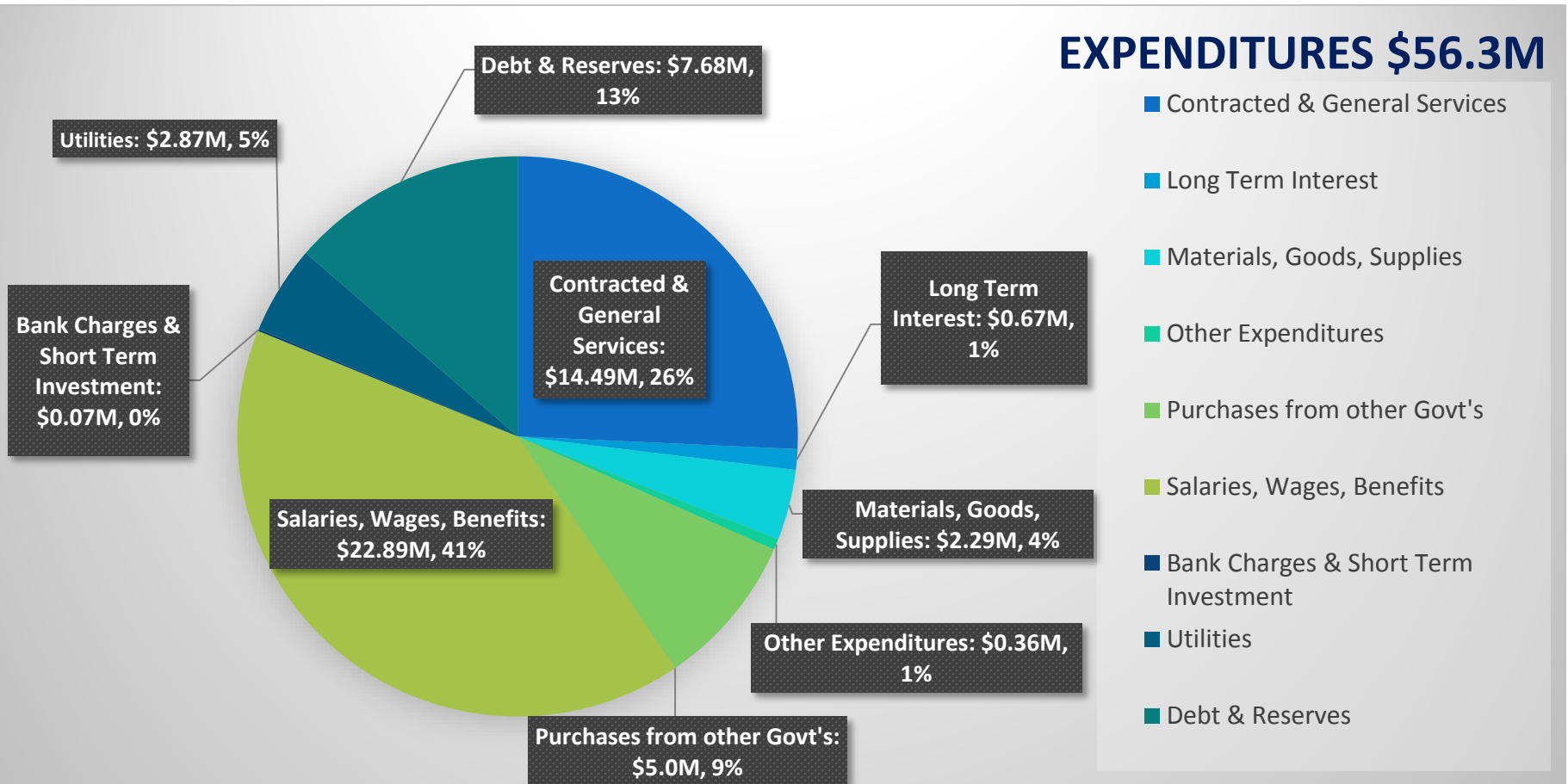
## 2017 REVENUE \$54.1M



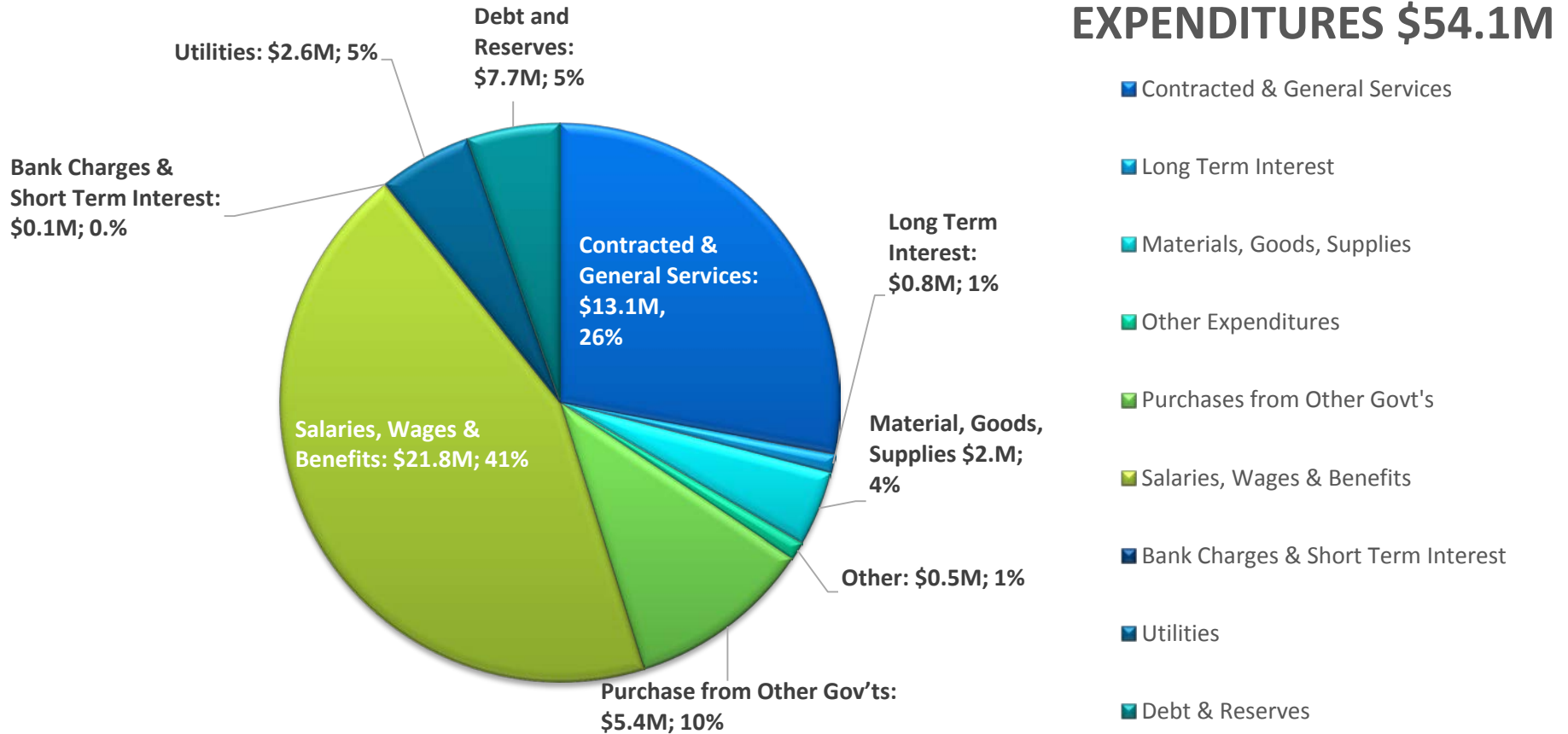
## REVENUE \$56.3M's



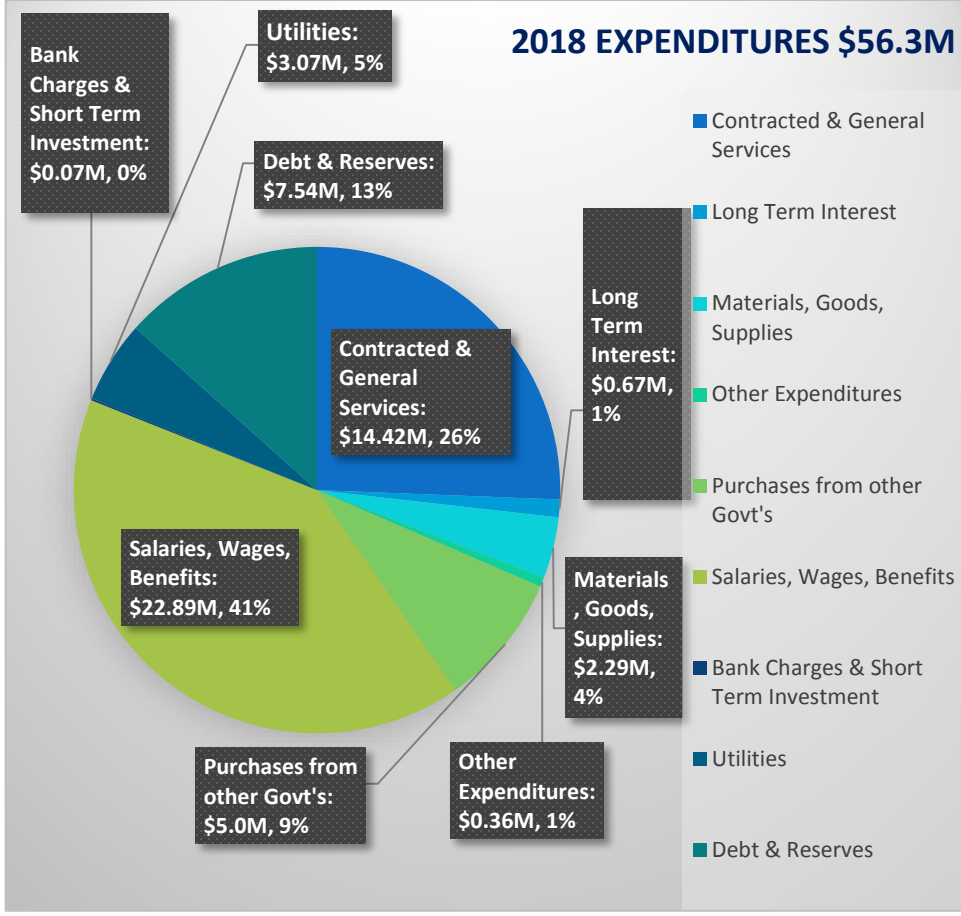
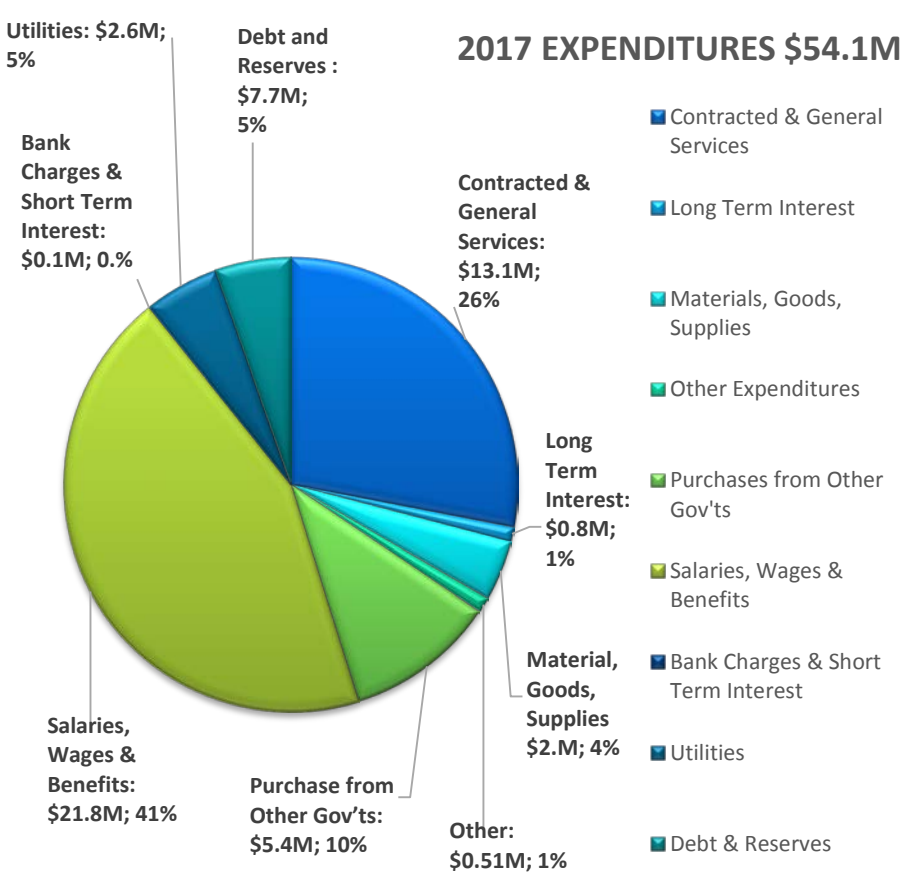
# Operating Budget: Total Expenditures by Category 2018



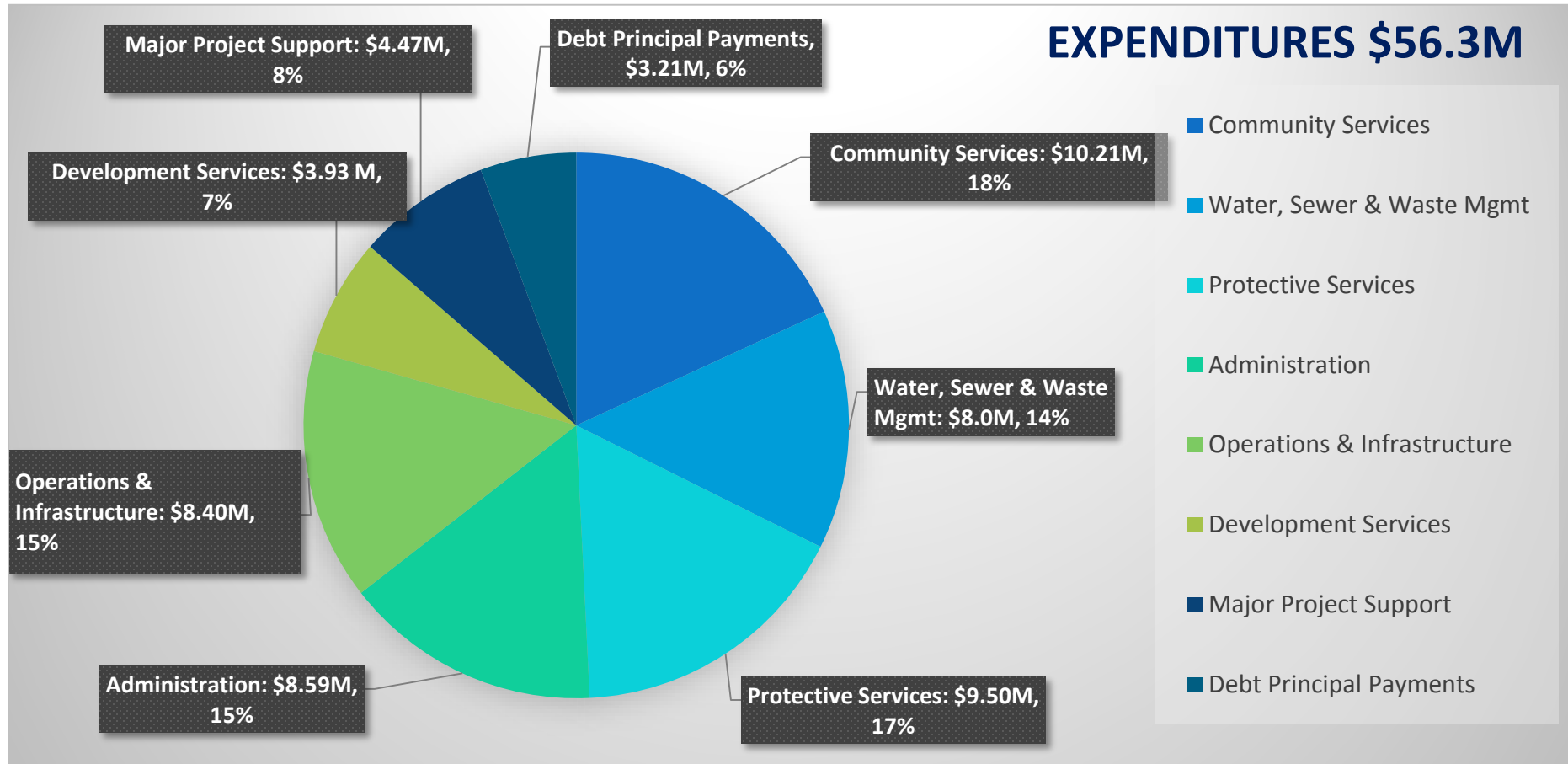
# Operating Budget: Total Expenditures by Category 2017



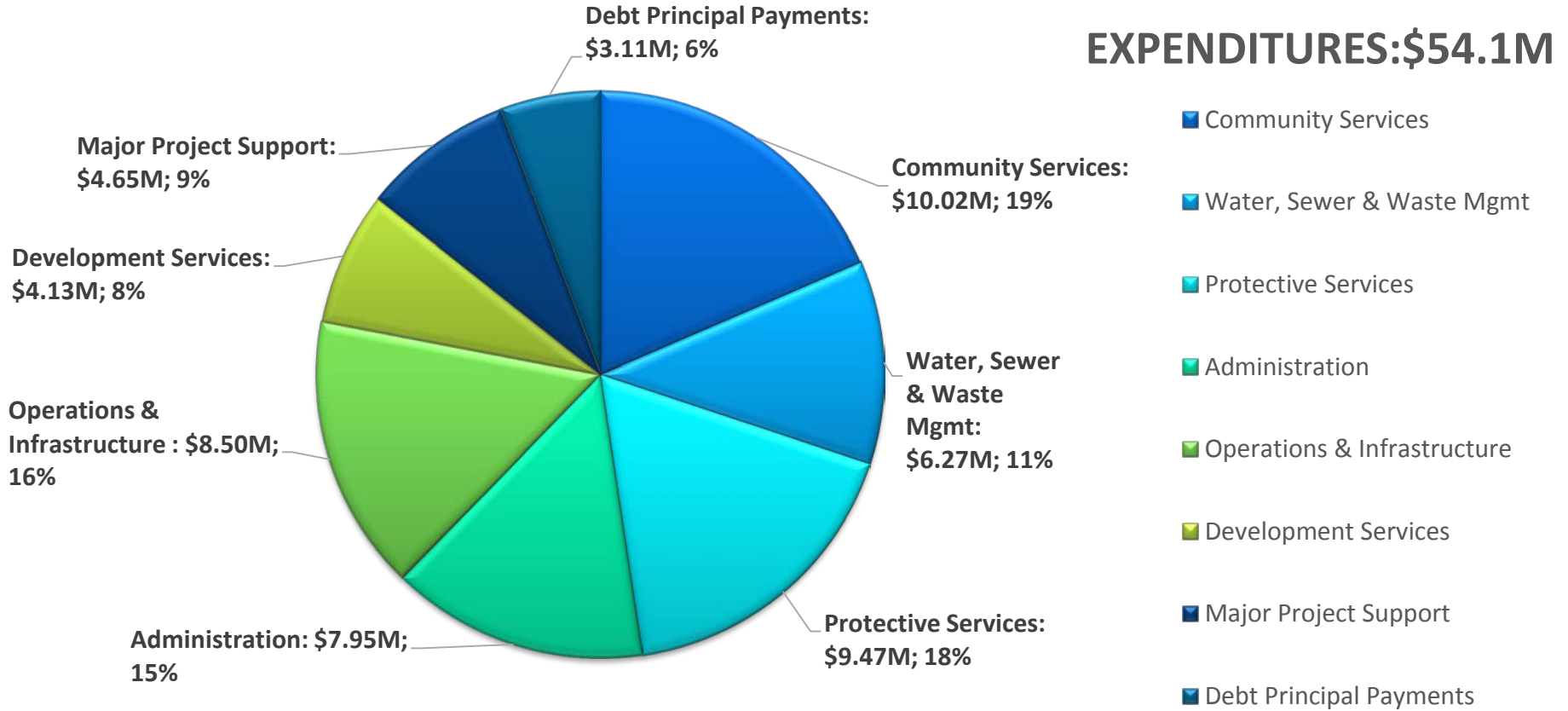
# Comparison: Total Expenditures by Category 2017-2018 (\$M's)



# Operating Budget: Total Expenditure by Division 2018



# Operating Budget: Total Expenditure by Division 2017



# Operating Budget Highlights



**3%**  
**PROPOSED TAX INCREASE**



**\$5.63** Per Month  
**PROPOSED MUNICIPAL PROPERTY TAX INCREASE FOR A TYPICAL DWELLING (excluding requisitions)**

RESIDENTIAL AVERAGE (based on assessed value of \$450,000)	2017	2018
TOTAL MUNICIPAL TAXES (excluding requisitions)	\$2,269	\$2,337



# Operating Budget Highlights



**4.24%** average increase for

- Water,
- Sewer,
- Storm & Waste fees



**5%** Increase for

- Recreation fees & facility rental rates

# Cost Savings, Efficiencies & Effectiveness

## Examples of Corporate Efficiencies & Effectiveness Initiatives:

- Automate and improve processes
- Cross-train staff
- Cross-functional sharing of resources
- Work performed by staff instead of using more costly contract services to increase skills
- Direct cost savings: online supply purchasing for best price, yard waste drop-off site changes, fuel supply moved to Operations , asphalt reuse, LED light installations, electrical demand savings, non-potable water use, radio-read water meter install, use of new bucket truck, changed process to reduce assessment appeals, negotiated multi-year contracts, more electronic funds transfers for A/P.
- Increased revenue: by researching new grants, sponsorships and donations
- Enhanced service areas: integration of annexed land into systems and processes, waste sorting stations at special events and in all Town buildings, Council Agenda management software for streaming video

# Cost Savings, Efficiencies & Effectiveness

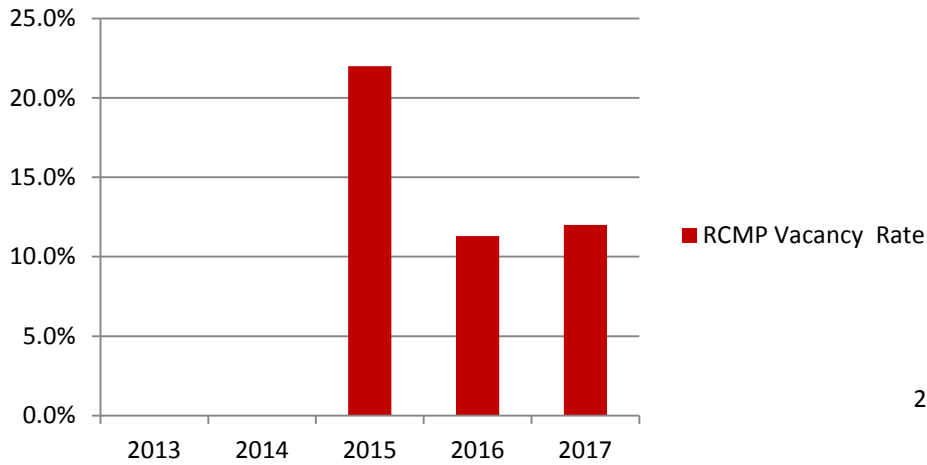


## 2018 OPERATING BUDGET COST SAVING EFFICIENCIES (\$M's)

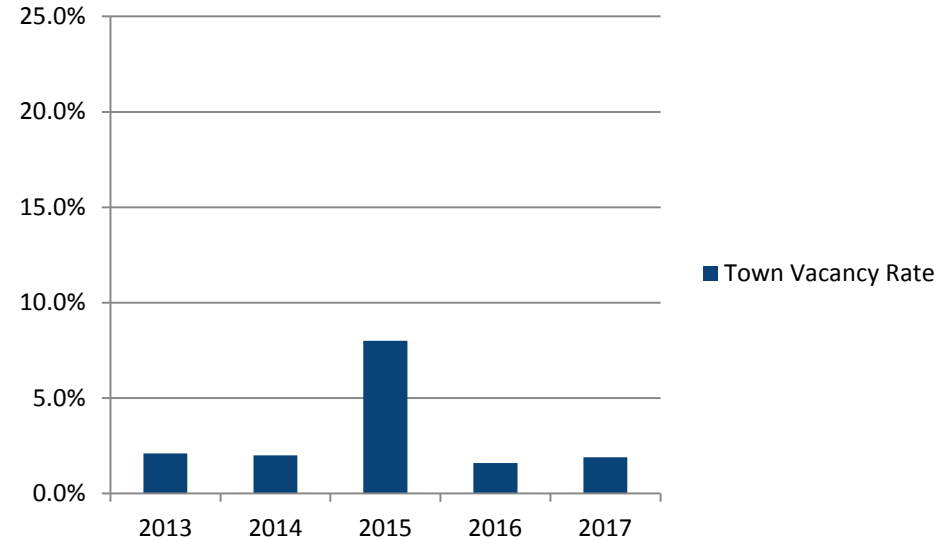
Division	Examples of efficiencies	Cost	Increased	Potential
		Savings	Revenue	Savings
Protective Service	Practicum students in bylaw services			0.090
	RCMP contract service vacancy factor	0.230		
Corp & Strategic Service	Corporate staff vacancy factor	0.330		
	Corporate recognition	0.070		
	Click n Fix app eliminated	0.015		
	My Heat subscription eliminated	0.020		
	CRAZ membership eliminated	0.003		
Community Service	Rental revenue increases for aquatics from Sept - Dec		0.001	
	Increase Program revenue by 5% (cost of registrations)		0.025	
	Increase revenue from summer student grant revenue		0.004	
	Donations for special events to match 2017		0.009	
	Rental of large multi purpose room to parent link		0.010	
	Increase aquatic program aquatic lesson by 1.5%		0.006	
	Increase sales of fire pits		0.003	
	Additional major events for PCA B ice rental		0.058	
	Reduce contract	0.003		
	Development Service	Free advertising for Okotoks at YYC and Calgary Transit		
New Assessment proactive mediation process				0.030
Telus Fibre optic revenue permit fees			0.400	
Operations	Partnerships for grants for temporary staff and practicums			0.018
	Work performed by staff instead of contract services			0.028
	Non-potable water use for playfields, tree watering			0.023
	Yard waste drop off changes (May-October)			0.010
	Electrical minimum demand contract amendment	0.026		
	Rental revenue for SES and 8 McRae Street		0.120	
Finance & Systems	Online supply purchasing for best price	0.010		
	Increased reviews of outstanding Accounts receivable	0.005		
	Review of Interest and Other Finance Charges	0.005		
	Natural Gas savings (will offset 75% of carbon tax)			0.047
	<b>Total</b>	<b>0.717</b>	<b>0.636</b>	<b>0.266</b>

# Vacancy Factor

## RCMP Vacancy Rate



## Town Vacancy Rate



# 2018 Service Level Reviews

## **Service Level Review – Mowing**

Division: *Infrastructure and Operations*

Business Centre: *Parks*

Service(s) being delivered: *Mowing Maintenance services*

## **Service Level Review**

Division: *Infrastructure and Operations*

Business Centre: *Transportation*

Service(s) being delivered: *Street Sweeping*

## **Service Level Review – Tree Pruning**

Division: *Infrastructure and Operations*

Business Centre: *Parks*

Service(s) being delivered: *Tree Pruning*

## **Service Level Review - Licensed Out of School Care**

Division: *Community Services*

Business Centre: *Community Programs and Events*

Service(s) being delivered: *Licensed Out of School Care*

## **Service Level Review – Trails, Roads and Sidewalk Maintenance**

Division: *Infrastructure and Operations*

Business Centre: *Transportation and Parks*

Service(s) being delivered: *Trails, Roads and Sidewalk Maintenance*

**Finance and Budget recommended moving the service to 7 days a week on priority pathways**

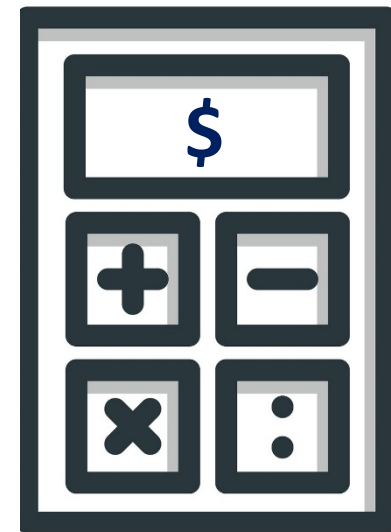


# Rates & Fees for 2018

Council direction for fees and charges is provided by the Rates and Fees Bylaw.

The first reading of this bylaw came forward at the November 27 meeting.

The second and third readings are scheduled at the same time as budget approval on December 11.



# 2018 Operating & Non-Operating Projects

## Major Operating & Non-Operating Projects 2018

\$M's

### Operating:

Council Strategic Initiatives	\$0.050
Procurement & Assessment Management Charter	\$0.090
IT Infrastructure Updates	\$0.128
GIS Mapping Data Collection	\$0.030
Transit Pilot	\$0.309
Climate Change Action Plan (2 phases)	\$0.100
Water Rate Structure & Review	\$0.075
Predictive Analysis	\$0.025
Off-site Levy Review Study	\$0.030
Corporate Lands Strategy for Municipal Owned Properties-/Municipal Reserves	\$0.075
Champion Park Operating Model Analysis	\$0.050
Pool Maintenance	\$0.178
Downtown Black Ash Tree Replacement	\$0.032

\$1.172  
funded by reserves & grants

### Non-Operating:

Annexation	\$0.201
Facilities Maintenance	\$0.301
Utilities (EPCOR)	\$0.405
Engineering Survey Control Fees & Subdivision Applications	\$0.120
Environmental Monitoring	\$0.120
Debt Principal Repayment	\$1.264
Snow Removal	\$0.065
Debt Principal Repayment	\$1.264

\$2.743  
funded by reserves

**Total**

**\$3.915**



2018 Budget Presentation

# Transit: On Demand (\$M's)

## 2 Options for Consideration:

- Option 1: \$0.324 – start May 1, 2018
- Option 2: \$0.237 – start Sept 1, 2018

Option 2 has been built into the budget.

- The Finance and Budget committee recommended Option 2.

# Transit: Regional (\$M's)

Current On-It Regional Pilot continues until September 2018.

- Deficit in first year: \$0.038
- Deficit in year 2 has been budgeted at: \$0.06

Regional impacts and decision making may impact future service delivery.

No regional services have been budgeted beyond September



2018 Budget Presentation

# Renewable Energy Certificates (REC)

- Significant changes within the energy market
- REC's likely not the best use of investment because of changes

Options moving forward:

- Continue REC procurement (\$0.2M)
- Stop REC procurement and use money for:
  - A. photovoltaic purchase
  - B. Move to Reserve until Renewable Energy Strategy is developed (anticipated by June 30, 2018)
  - C. Remove from budget and take the savings

Finance and Budget Committee recommended Option C

# Policies for Consideration

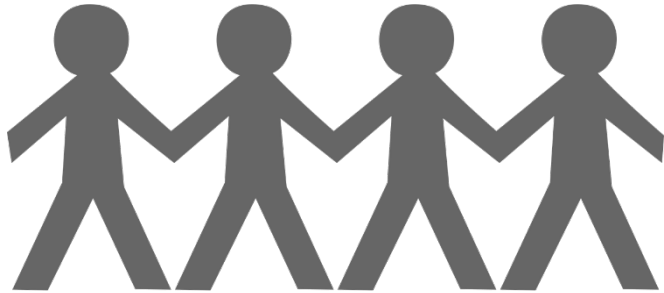
- Capital Carry Forward policy:
  - Align capacity, cash flow, capital requirements
  - 2 year window to start work - withdrawal of project approval if not started
  - Reported at the same time as the financial statements
- Snow and Ice Control Integrated Transportation Network - ensuring Council establishes the service levels for snow and ice control for the community.
- Finance and Budget Committee recommended approval of these two policies which are covered in a different section of today's agenda

# Staffing

\$22.8M 2018    \$21.8M 2017

## OUR STAFF CONSISTS OF 243 EMPLOYEES:

- 203 permanent full-time & permanent part-time positions
- 40 non-permanent positions (seasonal, on-call, temporary)



New Positions Included	FTE	Budget
Asset Management	0.30	
Purchasing	0.30	
Payroll	0.38	
Communications	1.00	
Firefighters (4)	3.20	
Planner	0.80	
Misc. (Museum, Programs, Recreation)	0.76	
<b>New FTE's for 2018</b>	<b>6.74</b>	
Annualized 2017 FTEs	5.28	
<b>Total</b>	<b>12.02</b>	<b>\$1M</b>
Annualized 2019 FTEs	2.7	\$0.249M

FTE = Full Time Equivalent  
 A unit of measure that is equal to the full time hours for one position

### 2018 Budget Presentation



# Questions



# Budget Detail: Utilities

**User Fees:**

Proposed increased for monthly bill based on a consumed water consumption rate of 19 cubic meter: **\$116.08** (4.24% increase)

5 Year Historic Utility Rates						
Utility Rates Over Time						
	2014	2015	2016	2017	2018	
Water	64.44	66.95	69.16	76.99	80.2	4.17%
Sewer	83.58	86.84	89.71	93.16	95.8	2.83%
Storm	11.32	11.32	11.55	11.55	12	3.90%
Waste	41.40	39.00	41.00	41.00	44.15	7.68%
<b>Total</b>	<b>200.74</b>	<b>204.11</b>	<b>211.42</b>	<b>222.70</b>	<b>232.15</b>	<b>4.24%</b>
Percentage Change		1.7%	3.6%	5.3%	4.24%	
<b>Cost per bi-monthly billing period</b>						
<b>Water and Sewer based on average consumption of 19 m3/month</b>						
<b>Waste based on provision of all services</b>						

