



2022 - 2025 OPERATING BUDGET AND 2026 OPERATING FORECAST

Issue

The proposed 2022 -2025 Operating Budget and the 2026 Operating Budget Forecast planning tools are presented to Council for approval.

Motion Proposed by Administration

1. That the four year 2022 -2025 Operating Budget: Revenues and Expenditures – Summary of All Function Areas, excluding the Corporate Community Engagement Budget, be approved as recommended by the Joint Council and Finance and Audit Committee.
2. That the 2022 Corporate Community Engagement Operating Budget in the amount of \$1.292 Million be approved as recommended by the Joint Council and Finance and Audit Committee.
3. That the 2026 Operating Budget Forecast be approved as a planning tool, as recommended by the Joint Council and Finance and Audit Committee.
4. That the recommended four year 2022-2025 One-Time Operating Expenditures List, with the funding sources as identified in the 2022-2025 One-Time Expenditures be approved as recommended by the Joint Council and Finance and Audit Committee.
5. That the 2026 One-Time Operating Expenditures be approved as a planning tool as recommended by the Joint Council and Finance and Audit Committee.

Report, Analysis and Financial Implications

The 2022-2025 Budget was prepared in accordance with the Town's Fiscal Principles, Practices, and Policies including the Long-term Financial Health Framework approved by Council. Over three (3) days in November, the Strategic Leadership Team presented the proposed budget at a public meeting to a Joint Committee of the Finance and Audit Committee and Council. Council appreciated the support and expertise of the Finance and Audit Committee citizen members, as the budget and its implications were reviewed

Budget Summary

Municipal Taxation - The 2022 recommended Operating Budget represents an overall 2.5% increase in the property tax amount for municipal purposes only. The owner of a typical home will pay approximately \$58.95 more per year (\$4.91 per month) in municipal taxes.

Revenue - Tax revenue represents 47% of total revenue required to meet the Town's annual Operating Budget. Other sources of funding include Sales and User Charges 47%, and Grants 6%. Sales and User Charges include utility charges, licenses and permits, facility rentals, and program fees.

Utilities - In general, an aggregate increase of 2.80% across four utilities (water, sanitary sewer, storm, and waste management) will be realized in 2022. For the average customer, this amounts to an increase of \$7.07 per bi-monthly billing period or \$42.42 per year.

Permits and Licenses - The 2022 Budget was based on Fees, Rates, and Charges Bylaw 09-22. Second and third readings of this Bylaw will be considered at this Council Meeting.

Recreation and Cultural User Fees - A minor increase in rental rates for all recreation and cultural facilities will be realized. There will also be minor increases in some of the drop-in/single admission rates. Rental rates continue to be mid-market in comparison to similar facilities

In accordance with the Master Shared Services Agreement, Foothills County is required to pay for fire, recreation, recycling, library, and cemetery services provided by the Town to Foothills County residents. The Foothills County 2022 contribution for these services is projected to be \$2.387M, a small increase of \$0.026M over 2021.

Expenditures - The Town is challenged with managing increasing costs that result from both growth and inflation.

The impact of inflation and contractual obligation for goods and services purchased by the Town to provide municipal services continues in 2022. The Town continues to implement strategies to manage these cost pressures rather than passing them on to Town residents in the form of higher taxes and user fees. These strategies include, but are not limited to:

- Improved processes in most Business Centres;
- Long term energy contracts to mitigate energy fluctuations;
- Facility maintenance focused on energy efficiencies;
- Investments in equipment to provide more efficient services

The Town's Debt Management Policy supports the responsible management of the Town's financial resources. Regulations prescribing municipal debt limits have been established by the Province in the *Municipal Government Act*. Further, Council has imposed limitations at 75% of those set by the Province. The Town plans its capital needs and, through a combination of reserve and debt management, minimizes the use of long-term debt. The Town is currently accessing 16% of its self-imposed available debt limit, and 12% of its available debt servicing limit. Additional information to help inform decision making that highlights sensitivity of interest rate increases, fluctuations in land development and growth in assessment base has been considered. This additional information is attached to the Council Report.

The Town maintains both Operating and Capital Reserves. The Operating Reserves are used to address lifecycle maintenance, temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities. The Capital Reserves are mainly used to support the Town’s long-term capital planning. The 2022 Budget maintains the Town’s commitment to saving for asset management through contributions to major capital reserves.

During the Annual Budget Meeting held November 23-25, 2021 the 2022-2025 Operating Budget and One-Time Operating Expenditures List were submitted for consideration. In general, the Joint Council and Finance and Audit Committee recommended the Operating Budget and 2022-2025 One-Time Operating Expenditures List be brought to the December 13, 2021 Regular Council Meeting for consideration.

Service Level Enhancements

During the review of the budget, several service levels were recommended for approval and are factored into the four (4) year Operating Budget being presented December 13, 2021. The recommended services level enhancements are to:

- 1) Increase the number of Municipal Enforcement Officers by 0.5 FTE’s in January 2022 and an additional 2.0 officers in July 2022 while offsetting the number of RCMP officers from 25 to 22 for 2022. The Town will be developing a phased in process to move back to the 25 officers from 2023 to 2026 and is not included in the budget at this time.
- 2) Hire 8 firefighters to meet service level requirements. This will ensure equity in service across the community, respond to increased demands for medical response and ensure fire fighting standards are met.
- 3) Increase the level of service for transit. Transit will now provide service an extra half hour each day by starting at 5:30 AM instead of 6:00 AM, provide service 7 days a week including Sundays and also on all statutory holidays with the exception of Christmas.
- 4) Increase Aquatics by 0.5 FTE to meet the provincial safe swimming standards required.

Strategic Plan Goals

<input type="checkbox"/>	Manage Community Growth	<input checked="" type="checkbox"/>	Provide Strong Governance
<input type="checkbox"/>	Provide Quality Community Infrastructure	<input type="checkbox"/>	Healthy and Safe Community
<input type="checkbox"/>	Enhance Organizational Excellence	<input type="checkbox"/>	Foster Economic Vitality
		<input type="checkbox"/>	Promote Environmental Excellence

Governing Policies/Bylaws/Legislation or Agreements

Town of Okotoks financial policies and the *Municipal Government Act*.

Public Participation Strategy

At the beginning of the budget cycle, public participation activities focused on input activities where citizens responded to questions about what they want to see maintained or changed with Town services. Once we move into phase 9 of the budget process, which Council decision is making, we will then move into inform zone activities to ensure the public is aware of the decisions made by Council

The budget review sessions were held November 23-25, 2021 and were available to the public to participate. In addition, all the budget material was posted on the Town's website for public viewing.

Alternatives for Consideration

n/a

CAO Comments

The budget recommended to Council for approval invests in the Town of Okotoks and ensures readiness for the recent and future growth of the community.

On the operating side, the community will benefit from significant investment in service level enhancements to the community. The community will see significant investments in community health and safety with the RCMP level of funding maintained, the addition of 2.5 municipal enforcement officers, the addition of 8 full time firefighters, small additions to ensure compliance with lifeguarding, snow and parks service levels and investments in some services to ensure 24/7 on call service needs can be met.

It is also important to note that this budget invests an additional \$0.500M annually for our tax supported asset management strategy.

A 2.5% tax increase is approximately an annual increase in the Town of Okotoks operating budget of \$0.740M. The annualized costs of the service level increases with staffing are approximately \$1.300M. This represents value for money for taxpayers and is the key deliverable of the first four (4) year operating budget.

Attachment(s)

1. Operating Budget Summary 2022-2025
2. Where the Money Comes From 2022-2025 Operating Budget
3. Operating One Time Expenditures 2022-2025
4. Other Information

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