

## MEMORANDUM

**To:** Greg Switenky, CAO

**From:** Steven Gerlitz, Assistant CAO

**Date:** December 14, 2018

**Re:** Interim Operating Budget 2019

### Recommendation:

That the Town of Stettler Council adopt, per Section 242(2) of the *Municipal Government Act*, the Draft 2019 – 2021 Operating Budget Estimates with Expenditures totaling \$17,702,529 Revenues totaling \$18,746,647 and Amount Available for Capital of \$1,044,118 for the year 2019 as an Interim Operating Budget for that part of 2019 prior to the Operating Budget being adopted by Council.

### Background

Section 242 of the *Municipal Government Act (MGA)* requires Council to adopt an operating budget for each calendar year. Section 242 further states that a Council may adopt an interim operating budget for part of a calendar year. Since the Town's 2019 Operating Budget will not be adopted until April/May 2019, an interim operating budget is required to provide legal expenditure authority per Section 248 of the MGA.

The interim operating budget is not used to set definitive property tax rates; rather it is used as the authority to provide services, programs and overall corporate continuity. It is further used by Council to justify the setting all municipal utility rates for the subsequent year. An interim operating budget ceases to have any effect when the operating budget and tax/mill rate bylaw is adopted.

Council and Senior Administration held an Interim Operating Budget Session on December 11, 2018 at which time Council reviewed the financial impacts on three consecutive years of organizational activities 2019 – 2021.

<b>Total Operational Budget Summary Memo</b>	<b>2018</b>	<b>2019</b>	<b>Difference</b>	<b>2020</b>	<b>2021</b>
Amount available for capital	\$1,026,905	\$1,044,118	\$17,213	\$1,036,650	\$963,244
Minor capital in operations	\$493,320	\$517,530	\$24,210	\$522,040	\$517,250
Community Partners	\$2,748,350	\$2,838,049	\$89,699	\$2,916,026	\$3,007,676
Salaries and benefits	\$5,717,710	\$5,784,230	\$66,520	\$5,956,820	\$6,169,140
Labour Contingency	\$50,000	\$50,000	\$0	\$50,000	\$50,000
Electricity (rate/MWh 2018 - \$58.29, 2019 & 2020 - \$53.10, 2021 & 2022 - \$43.92 / delivery cost 3% increase)	\$906,452	\$904,920	-\$1,532	\$922,152	\$895,391
Natural Gas (2018-2022) -\$2.67 from \$3.75 / carbon tax no increase in 2019 (1.51/GJ) / Delivery cost increase 5%	\$175,955	\$180,134	\$4,179	\$182,648	\$195,768
Electricity and natural gas contingency	\$30,000	\$30,000	\$0	\$30,000	\$30,000
Debt service debt servicing (2018 - lagoon & 52ave)	\$806,110	\$760,003	-\$46,107	\$691,590	\$694,400
Policing Contract - (2019 decrease in police contract \$70,011 per member - \$56,736 (171,644 - 163,941) accommodation etc (\$13,275)	\$1,141,849	\$1,071,838	-\$70,011	\$1,060,686	\$1,074,942
Assessment Contract	\$80,958	\$81,855	\$898	\$81,990	\$82,123
Bylaw enforcement contract	\$151,832	\$155,627	\$3,795	\$159,518	\$163,506
Garbage collection contract	\$179,696	\$185,910	\$6,214	\$193,000	\$198,200
Recycling collection contract	\$109,140	\$141,500	\$32,360	\$145,397	\$149,397
<b>Operational Budget Summary</b>	<b>\$13,618,277</b>	<b>\$13,745,714</b>	<b>\$110,225</b>	<b>\$13,948,517</b>	<b>\$14,191,037</b>
ASFF	\$2,322,377	\$2,362,171	\$39,794	\$2,385,267	\$2,414,812
<b>Total Operational Budget Summary Memo</b>	<b>\$15,940,654</b>	<b>\$16,107,885</b>	<b>\$150,019</b>	<b>\$16,333,784</b>	<b>\$16,605,849</b>
<b>Total Operational Budget Expenditures</b>	<b>\$17,318,754</b>	<b>\$17,702,529</b>		<b>\$18,012,683</b>	<b>\$18,379,832</b>
	92.04%	90.99%		90.68%	90.35%

Administration now requires Council to adopt an Interim Operating Budget for the year 2019.

The three-year Interim Operating Budget forecasts the following property tax increases for municipal purposes:

- 2019 2% (subject to further detailed review prior to setting the 2019 Tax Rate)
- 2020 2%
- 2021 2%

And also forecasts the following municipal utility **Bylaw** rate increases effective January 1, 2019:

- **Municipal Tax** increase of **2%** (\$112,730)
- **Water Rate** increase of **\$0.01m<sup>3</sup>** (\$2.79 to \$2.80) (\$5,902)
- **Sewer Rate** increase of **\$0.25** (\$22.25 to \$22.50) (\$6,340)
- **Garbage Rate** increase of **\$0.25** (\$23.25 to \$23.50) (\$6,570)
- **Recycling Rate** increase of **\$0.25** (\$6.25 to \$6.50) (\$6,480)
- Financial Impact on Average Residential Customer (municipal only) – **1.51%**

The 2019 interim operating budget estimates the combined amount available for capital expenditure purposes to be \$1,044,118 (General \$676,821 & Utility \$367,297).

Town Council and Administration consider the property tax and utility rate increase estimates included in the 2019 – 2021 Interim Operating Budget necessary given the present and future obligations required in our community. The three-year forecast reflects Council's intent to be fiscally responsible and accountable to its residents.

The 2019 – 2021 Interim Operating Budget enables Council to sustain the current high level (Mission Statement: To Provide a High Quality of Life...) of public services, facilities and utilities for all Stettler residents and visitors, as well as continue to renew aging capital infrastructure and equipment on an affordability basis.

	2014	2015	2016	2017	2018	2019	2020	2021
Total Revenues	\$15,787,405	\$16,344,323	\$17,475,500	\$17,785,191	\$18,345,659	\$18,746,647	\$19,049,333	\$19,343,076
Total Expenditures *	\$14,817,975	\$15,421,559	\$16,184,230	\$16,801,224	\$17,318,754	\$17,702,529	\$18,012,683	\$18,379,832
<b>Net Revenue Generated</b>	<b>\$969,430</b>	<b>\$922,764</b>	<b>\$1,291,270</b>	<b>\$983,967</b>	<b>\$1,026,905</b>	<b>\$1,044,118</b>	<b>\$1,036,650</b>	<b>\$963,244</b>
<b>Available for Capital</b>								
Utility Source Capital	\$561,500	\$629,283	\$579,417	\$523,839	\$445,438	\$367,297	\$386,232	\$359,978
General Source Capital	\$407,930	\$293,481	\$711,854	\$460,128	\$581,467	\$676,821	\$650,418	\$603,266
<b>Net Revenue Generated</b>	<b>\$969,430</b>	<b>\$922,764</b>	<b>\$1,291,271</b>	<b>\$983,967</b>	<b>\$1,026,905</b>	<b>\$1,044,118</b>	<b>\$1,036,650</b>	<b>\$963,244</b>
<b>Plus External Grants (pending)</b>								
Street Improvement Grant(SIP) @ \$60/cap	\$344,880	\$344,880	\$344,880	\$344,880	\$357,120	\$357,120	\$357,120	\$357,120
Federal Gas Tax (FGTF)	\$325,631	\$301,327	\$309,892	\$310,904	\$328,277	\$328,277	\$328,277	\$328,277
MSI Operating - Police	\$54,446	\$54,445	\$53,284	\$52,513	\$53,680	\$53,680	\$53,680	\$53,680
MSI Capital	\$1,063,495	\$1,125,861	\$1,043,475	\$1,947,237	\$561,531	\$1,018,614	\$1,018,614	\$1,018,614
<b>Total Grants</b>	<b>\$1,788,452</b>	<b>\$1,826,513</b>	<b>\$1,751,531</b>	<b>\$2,655,534</b>	<b>\$1,300,608</b>	<b>\$1,757,691</b>	<b>\$1,757,691</b>	<b>\$1,757,691</b>
<b>Total New Available Funds</b>	<b>\$2,757,882</b>	<b>\$2,749,277</b>	<b>\$3,042,802</b>	<b>\$3,639,501</b>	<b>\$2,327,513</b>	<b>\$2,801,809</b>	<b>\$2,794,341</b>	<b>\$2,720,935</b>

## 2019 – 2021 Budget Highlights

The 2019 – 2021 Interim Operating Budget includes continued funding for our Community Program Partners and regional joint collaborative initiatives as follows:

Town of Stettler							
Community Partners							
		2017	2018	2019	2018-2019 Difference	2020	2021
1	Family Community Support Services (FCSS-2017-Botha)	\$197,250	\$196,435	\$196,435	\$0	\$196,435	\$196,435
	Provincial Funding (80%) - \$157,148						
	Municipal Funding (20%) - \$39,287						
2	Museum	\$32,000	\$34,000	\$34,000	\$0	\$36,000	\$38,000
3	Board of Trade (net)	\$202,168	\$209,607	\$244,217	\$34,610	\$257,499	\$264,776
	Community Event	\$5,000	\$5,000	\$5,000		\$5,000	\$5,000
	Community Event - Steel Wheel Stampede	\$10,000	\$10,000	\$10,000		\$10,000	\$10,000
	Community Event - Adult Learning Council			\$3,000		\$3,000	\$3,000
	Community Development (\$44,000 - Programs)	\$34,000	\$34,000	\$31,000		\$31,000	\$31,000
4	Beautification - HBC (grant)	\$22,200	\$22,200	\$22,200	\$0	\$22,200	\$22,200
5	Public Library 2-74-11-00-00-765	\$231,334	\$237,244	\$245,702	\$8,458	\$252,832	\$258,168
6	Parkland Reg Library (requisition - \$8.12/2017-\$8.04)	\$46,214	\$48,330	\$49,104	\$774	\$50,086	\$51,088
7	Senior Handi Bus Society (grant-2-62)	\$20,000	\$25,000	\$25,000	\$0	\$25,000	\$25,000
8	Senior Housing Authority (requisition) (4%)	\$290,362	\$314,393	\$326,968	\$12,575	\$343,316	\$360,482
9	Solid Waste Management (\$3-swma req/pop inc 5952)	\$350,628	\$369,024	\$386,880	\$17,856	\$404,736	\$422,592
10	Heartland Youth Centre (playground program)	\$40,000	\$40,000	\$50,000	\$10,000	\$50,000	\$50,000
11	Fire Protection (Town share - net / Salary/equip repair)	\$385,294	\$444,006	\$465,511	\$21,505	\$491,668	\$514,552
12	Policing (net) (contract)	\$721,187	\$748,556	\$703,209	-\$45,347	\$696,602	\$713,830
13	Airport (net) (runway repairs)	\$29,937	\$37,555	\$39,823	\$2,268	\$40,652	\$41,553
<b>Total Community Partners</b>		<b>\$2,617,574</b>	<b>\$2,775,350</b>	<b>\$2,838,049</b>	<b>\$62,699</b>	<b>\$2,916,026</b>	<b>\$3,007,676</b>
14	Education (ASFF)	\$2,221,393	\$2,322,377	\$2,362,171	\$39,794	\$2,385,267	\$2,414,812
15	Recreation (net)	\$2,187,196	\$2,214,680	\$2,202,951	-\$11,729	\$2,303,514	\$2,359,933

## 2019 – 2021 Operating Budget Conclusion

Town of Stettler							
Annual Financial Incremental Impact on Average Residential Customer:							
Assumptions:		Municipal only (does not included ASFF or Senior Lodge Requistions)					
		No market increase in Assessment					
	2015	2016	2017	2018	2019	2019	Diff
Assessment	\$265,140	\$265,140	\$265,140	\$265,140		\$265,140	
<b>2%</b> Tax (interim) 2019	\$1,697.69	\$1,731.64	\$1,766.27	\$1,801.60	\$36.03	\$1,837.63	\$36.03
Water Rate per Cubic Meter Based on 17 M3 per Month - (2017 - \$2.78 / 2018 - \$2.79 / 2019 - \$2.80)	\$554.88	\$556.92	\$567.12	\$569.16	\$2.80 x 17m3 x 12	\$571.20	\$2.04
Water Fixed Rate - \$10.00 per Month	\$120.00	\$120.00	\$120.00	\$120.00	\$10 x 12	\$120.00	\$0.00
Sewer Fixed Rate per Month - (2017 - \$22.00 / 2018 = \$22.25 / 2019 - \$22.50)	\$252.00	\$258.00	\$264.00	\$267.00	\$22.50 x 12	\$270.00	\$3.00
Garbage Fixed Rate per Month - (2017 - \$23.00 / 2018 = \$23.25 / 2019 - \$23.50)	\$252.00	\$270.00	\$276.00	\$279.00	\$23.50 x 12	\$282.00	\$3.00
Recycling Fixed Rate - (2017 - \$6.25 / 2018 - \$6.25 / 2019 - \$6.50)	\$72.00	\$72.00	\$75.00	\$75.00	\$6.50 x 12	\$78.00	\$3.00
<b>Total</b>	\$2,948.57	\$3,008.56	\$3,068.39	\$3,111.76		\$3,158.83	\$47.07
		\$59.99	\$59.83	\$43.37		\$47.07	
<b>Overall Percentage Change</b>	4.39%	2.03%	1.99%	1.41%			1.51%

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<b>\$10/month plus</b>	<b>\$10/month plus</b>	<b>\$10/month plus</b>	<b>\$10/month plus</b>	<b>\$10/month plus</b>	<b>\$10/month plus</b>
	<b>630,000 m<sup>3</sup></b>	<b>630,000 m<sup>3</sup></b>	<b>630,000 m<sup>3</sup></b>	<b>590,000 m<sup>3</sup></b>	<b>590,000 m<sup>3</sup></b>	<b>590,000 m<sup>3</sup></b>
	<b>@ \$2.73 m<sup>3</sup></b>	<b>@ \$2.78m<sup>3</sup></b>	<b>@ \$2.7900 m<sup>3</sup></b>	<b>@ \$2.8000 m<sup>3</sup></b>	<b>@ \$2.8200m<sup>3</sup></b>	<b>@ \$2.8500 m<sup>3</sup></b>
Revenue - Water	\$ 3,002,702	\$ 3,026,251	\$ 2,992,355	\$ 3,128,812	\$ 3,153,643	\$ 3,172,675
Expenditures - Water	\$ 2,794,070	\$ 2,823,535	\$ 2,816,041	\$ 3,033,843	\$ 3,082,311	\$ 3,110,648
Net Budget Impact	\$ 208,632	\$ 202,716	\$ 176,314	\$ 94,969	\$ 71,332	\$ 62,027
Net Depreciation, not included	\$ 302,731	\$ 300,215	\$ 297,241	\$ 299,040	\$ 298,358	\$ 297,677
Debenture Principal, included	\$ 130,180	\$ 135,850	\$ 145,570	\$ 148,220	\$ 154,780	\$ 161,640
Plus R.O.I. Included in Exp.	\$ 260,000	\$ 250,000	\$ 240,000	\$ 235,000	\$ 225,000	\$ 216,000
Debenture Interest, included in Exp.	\$ 105,600	\$ 99,730	\$ 96,830	\$ 87,300	\$ 80,660	\$ 73,720
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<b>@ \$21.50/month</b>	<b>@ \$22/month</b>	<b>@ \$22.25/month</b>	<b>@ \$22.50/month</b>	<b>@ \$22.75/month</b>	<b>@ \$23.00/month</b>
Revenue - Sewer	\$ 921,740	\$ 905,890	\$ 948,010	\$ 941,490	\$ 946,490	\$ 951,490
Expenditures - Sewer	\$ 658,851	\$ 681,482	\$ 754,073	\$ 714,907	\$ 657,054	\$ 660,439
Net Budget Impact	\$ 262,889	\$ 224,408	\$ 193,937	\$ 226,583	\$ 289,436	\$ 291,051
Debenture Princ & Int	\$ 226,750	\$ 226,580	\$ 262,100	\$ 226,280	\$ 160,940	\$ 160,900
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<b>2175/month</b>	<b>2180/month</b>	<b>2185/month</b>	<b>2190/month</b>	<b>2195/month</b>	<b>2200/month</b>
	<b>@ \$22.50/month</b>	<b>@ \$23/month</b>	<b>@ \$23.25/month</b>	<b>@ \$23.50/month</b>	<b>@ \$23.75/month</b>	<b>@ \$24.00/month</b>
Revenue - Garbage	\$ 614,170	\$ 631,580	\$ 639,615	\$ 648,725	\$ 657,927	\$ 667,219
Expenditures - Garbage	\$ 525,484	\$ 548,813	\$ 582,938	\$ 593,120	\$ 618,176	\$ 641,352
Net Budget Impact	\$ 88,686	\$ 82,767	\$ 56,677	\$ 55,605	\$ 39,751	\$ 25,867
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<b>2145</b>	<b>2150</b>	<b>2160</b>	<b>2160</b>	<b>2165</b>	<b>2170</b>
	<b>@ \$6/month</b>	<b>@ \$6.25/month</b>	<b>@ \$6.25/month</b>	<b>@ \$6.50/month</b>	<b>@ \$6.50/month</b>	<b>@ \$6.50/month</b>
Revenue - Recycling	\$ 154,440	\$ 161,250	\$ 162,000	\$ 168,480	\$ 168,870	\$ 169,260
Expenditures - Recycling/Compost	\$ 135,230	\$ 140,970	\$ 143,490	\$ 178,340	\$ 183,157	\$ 188,227
Net Budget Impact	\$ 19,210	\$ 20,280	\$ 18,510	\$ (9,860)	\$ (14,287)	\$ (18,967)
<b>Combined Net Budget Impact:</b>	<b>\$ 579,417</b>	<b>\$ 530,171</b>	<b>\$ 445,438</b>	<b>\$ 367,297</b>	<b>\$ 386,232</b>	<b>\$ 359,978</b>
	\$ 711,854	\$ 462,145	\$ 581,467	\$ 676,821	\$ 650,418	\$ 603,266
	\$ 1,291,271	\$ 992,316	\$ 1,026,905	\$ 1,044,118	\$ 1,036,650	\$ 963,244
	1/2% Municipal Tax Increase			\$ 28,183		
	\$.01 increase in Municipal Water			\$ 5,902		
	\$1 increase in Flat Fee Municipal WATER			\$ 29,605		
	\$.01 increase in Municipal Water (COMMERCIAL SEWER)			\$ 1,103		
	\$.05 increase in Flat Fee Municipal SEWER			\$ 1,268		
	\$.05 increase in Flat Fee Municipal GARBAGE			\$ 1,314		
	\$.05 increase in Flat Fee Municipal RECYCLING			\$ 1,296		
	\$1.25 increase in Flat Fee Municipal RECYCLING			\$ 32,400		

Municipality	Typical User /month	Water Total /month @ 20m <sup>3</sup> / month	Sanitary Sewer Total /month	Storm Sewer /month	General Admin. Fee	Solid Waste /month	Recycling /month	Yard Waste /month	Year
Hinton	\$68.79	\$39.83	\$16.98			\$11.98			2018
High Level	\$79.03	\$55.03	\$8.25			\$15.75			2018
Trochu	\$84.51	\$48.05	\$14.96			\$17.50	\$4.00		2018
Edson	\$86.00	\$28.43	\$45.07			\$12.50			2018
Whitecourt	\$90.68	\$29.69	\$33.29			\$27.70			2018
Brooks	\$92.20	\$57.48	\$17.98			\$13.20	\$3.54		2018
High River	\$93.88	\$32.83	\$44.95	\$2.70		\$10.70	\$2.70		2018
Banff	\$94.17	\$23.99	\$53.51			\$16.67			2018
Vegreville	\$94.97	\$66.10	\$5.87	\$6.00	\$5.00	\$6.00	\$6.00		2018
Fox Creek	\$95.70	\$39.90	\$28.80			\$20.00	\$7.00		2018
Drumheller	\$97.60	\$49.13	\$46.47				\$2.00		2018
Barrhead	\$98.98	\$62.50	\$21.88			\$14.60			2018
Vulcan	\$100.08	\$53.00	\$13.00			\$34.08			2018
Cold Lake	\$102.53	\$39.86	\$32.17			\$20.50	\$8.50	\$1.50	2018
Millet	\$106.25	\$63.75	\$21.00			\$21.50			2018
Crossfield	\$108.89	\$49.86	\$34.90			\$14.50	\$9.63		2018
Cochrane	\$110.51	\$28.90	\$50.90	\$4.16		\$21.55	\$5.00		2018
Wainwright	\$112.08	\$72.72	\$19.00			\$14.50	\$5.86		2018
Strathmore	\$112.84	\$58.20	\$32.58			\$22.06			2018
Beaumont	\$113.50	\$50.20	\$39.06			\$24.24			2018
Drayton Valley	\$113.75	\$60.10	\$49.00		\$4.65				2018
Sedgewick	\$114.29	\$50.67	\$32.62			\$31.00			2018
Redcliff	\$115.02	\$61.15	\$34.55			\$19.32			2018
Killam	\$117.50	\$50.50	\$34.00			\$33.00			2018
Stettler (2018)	\$117.55	\$65.80	\$22.25			\$23.25	\$6.25		2018
Tofield	\$117.70	\$94.70	\$13.00			\$10.00			2018
Stettler (2019)	\$118.50	\$66.00	\$22.50			\$23.50	\$6.50		2019
High Prairie	\$120.20	\$72.20	\$30.00			\$14.70	\$3.30		2018
Leduc	\$122.29	\$55.84	\$38.95	\$5.00		\$22.50			2018
Carstairs	\$122.40	\$64.00	\$38.40			\$20.00			2018
Hanna	\$122.65	\$79.40	\$21.00			\$22.25			2018
Lloydminster	\$123.99	\$71.01	\$19.98	\$13.00		\$20.00			2018
Okotoks	\$124.11	\$46.03	\$50.00	\$6.00		\$22.08			2018
Fairview	\$126.66	\$76.33	\$17.33			\$28.00	\$5.00		2018
Fort Saskatchewan	\$127.91	\$55.96	\$45.03			\$26.92			2018
Westlock	\$130.20	\$77.50	\$24.60	\$2.00		\$26.10			2018
Camrose	\$131.47	\$64.79	\$42.67			\$18.01	\$6.00		2018
Redwater	\$134.86	\$63.80	\$36.41			\$28.20	\$2.95	\$3.50	2018
Canmore	\$136.35	\$33.51	\$71.21			\$18.27	\$13.36		2018
Spruce Grove	\$137.37	\$64.56	\$47.56			\$25.25			2018
Morinville	\$139.85	\$71.12	\$47.68			\$10.55	\$4.25	\$6.25	2018
Stony Plain	\$141.58	\$63.69	\$50.07			\$19.82		\$8.00	2018
St. Albert	\$141.85	\$51.37	\$48.64	\$17.30		\$12.96	\$5.15	\$6.43	2018
Oyen	\$142.77	\$80.65	\$23.82			\$38.30			2016
Sylvan Lake	\$143.49	\$53.91	\$64.33			\$19.00	\$6.25		2018
Sundre	\$143.90	\$65.50	\$47.50	\$5.25		\$19.65		\$6.00	2018
Hardisty	\$145.50	\$71.00	\$44.00			\$30.50			2018
Two Hills	\$147.00	\$85.00	\$35.00		\$2.00	\$25.00			2018
Vermilion	\$147.17	\$102.75	\$21.88			\$19.54	\$3.00		2018
Devon	\$150.76	\$44.46	\$68.80	\$8.00		\$29.50			2018
Innisfail	\$151.00	\$55.00	\$73.00			\$18.00	\$5.00		2018
Airdrie	\$152.65	\$56.66	\$65.55			\$24.96	\$5.48		2018
Sherwood Park	\$155.77	\$52.96	\$69.16	\$8.50		\$25.15			2018
Lacombe	\$158.43	\$76.17	\$54.40			\$27.86			2018
Wetaskiwin	\$159.33	\$78.83	\$51.65			\$18.85	\$10.00		2018
Blackfalds	\$161.77	\$78.80	\$55.79			\$27.18			2018
Daysland	\$163.40	\$72.00	\$51.40			\$37.00	\$3.00		2018