



COUNCIL DATE: November 25, 2024

SUBJECT: 2023 - 2026 Four-Year Operating Budget and Ten-Year Capital Plan (2025 Version)

ORIGINATING DEPARTMENT: Corporate Services

AGENDA ITEM: 10.2(i)

BACKGROUND/PROPOSAL

On December 5, 2022 Council adopted the Four-Year Operating Budget for 2023 through 2026, as well as the Ten-Year Capital Plan. Annually, Council is requested to re-affirm the adoption for the remaining years of the operating budget which has been updated based on new information.

Town of Sundre Policy No. B-012 Multi-Year Business Planning and Budgeting sets out the following purpose and policy statement:

Purpose

The purpose of this policy is to establish a multi-year budget and business-planning process that incorporates all legal obligations required of municipalities in the Province of Alberta and that directs the effective management of the Town of Sundre financial resources.

Policy Statement

The Town of Sundre will establish a multi-year approach to planning and budgeting. Benefits expected include the following:

- *Provide a longer-term funding plan so that strategic goals can be identified and achieved.*
- *Provide residents and businesses with more certainty about the direction of Council, Town services, finances, and tax levels.*
- *Create the opportunity for Council and Administration to be more strategically focused during the budget process.*
- *Ensure spending plan changes are adequately identified and managed.*

Throughout the last number of months, Administration and Council have been working towards identifying any changes required to the remaining years of the operating budget and capital plans. During this time, there were two Council Workshops for Administration to provide updates on business plans and high priority change requests, as well as various further discussions with Council. There were two public open houses held to gather ratepayer input on

Levels of Service and possible initiatives, which unfortunately were only lightly attended. From public input, there were very few indications that increases to the current Levels of Services were required. With this in mind, Administration attempted to remain within the current funding requirements and minimized the increases to those costs identified as being significantly affected by inflationary factors.

Updates to the 2025 and 2026 previously approved 4-Year Operating Budget, include the incorporation of the Sundre Municipal Library and Parkland Regional Library Board approved budgets, as well as incorporating municipal employee grid escalations. In addition, the proposed postponement of the Centre Street capital project defers borrowing costs associated with the project until 2026. In a prudent methodology to minimize large fluctuations in required property tax revenues, the proposed budget reclassifies the funds collected from debenture requirements to an additional contribution to the Municipal New Projects Restricted Surplus Account. Finally, building on the success of the Bylaw Officer initiative, the proposed budget includes the costs and classifications of establishing the position on an appropriate salary grid and expanding the working hours to four days per week.

The Capital Plan has been updated for changes in projected costs for previously approved 2025 projects and moving projects to alternate years. As well, a proposed replacement floor scrubber for use in the facilities has been added for 2025.

DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES

Items for Council's consideration when deliberating the Four-Year Operating Budget and Ten-Year Capital Plan include the following:

- The direction of Council has been to maintain a budget cost increase consistent with the CPI rates provided by Statistics Canada for the period of October to October as specified for Alberta. Administration agrees with this position as a guideline to ensure financial stability, with the further understanding that this may not always be possible in a progressive and competitive environment or to promote long-term planning.
- Cost increases versus tax rate increases – Administration is presenting the budget in a format which highlights the cost increases identified by departments in each year. A cost increase percentage is not completely indicative of a tax rate increase, pending unknown factors such as additional revenue sources, cost sharing alternatives, and increased new development. Therefore, Administration believes approving cost increases separate from tax rate determinations is a prudent approach to financial stability and transparency.
- Assumptions – Administration has incorporated some assumptions when determining future amounts in the operating budget. We have determined that a 2.50% inflationary increase is a reasonable factor to apply to certain budgeted amounts affected by inflation and a 3.00% inflation rate be applied to costs potentially affected by the carbon

tax. In addition, as Council has approved the use of a multi-year COLA rate of 2.00%, that is the factor applied to estimate salaries for this budget cycle.

- Effect of changes on subsequent years – the percentage cost increases presented as part of the summary schedule are a result of the costs in the year immediately preceding. Therefore, a cost reduction in a specific year that is not also reflected in future years will increase the percentage change in those subsequent years.
- Councilors may put forward additional motions, directing Administration to include or exclude specific items in the final proposed operating budget or capital plan to be presented for approval. Motions must be debatable by Council, and as such should include specific project identification and details, as well as proposed funding amount and implementation year. Adjustments affecting the operating budget will assumed to be continuous to future years, unless specified otherwise in the motion
- Requests from outside organizations or separate proposals from individual Councilors, which have not been included in the proposed operating budget or capital plan, include the following which have supporting documentation enclosed.
 - o STARS Air Ambulance donation request
 - o Sundre Museum annual funding increase request
 - o Sundre Chamber of Commerce annual funding increase request
 - o Performance Sponsorship Group Inc. naming rights proposal
 - o Greenwood Campground washrooms

ALIGNMENT WITH STRATEGIC PLAN

Pillar #5 – Sustainable & Responsible Governance

ADMINISTRATION RECOMMENDATIONS

Administration recommends Council review the proposed 2023 – 2026 Four-Year Operating Budget and 2025 – 2034 Ten-Year Capital Plan in its entirety as presented.