

## **2025 ANNUAL BUDGET CHECK-IN PROCESS**

### **Issue**

The 2025 update to the four (4) year budget is complete and Council decisions are required regarding establishing the strategic and service level components and environmental scanning of the annual check-in budget cycle.

### **Motion Proposed by Administration**

That the strategic and service level options be considered as on-ramps and off-ramps to the 2025 budget process and presented to Council for consideration by September 30, 2024.

### **Report, Analysis and Financial Implications**

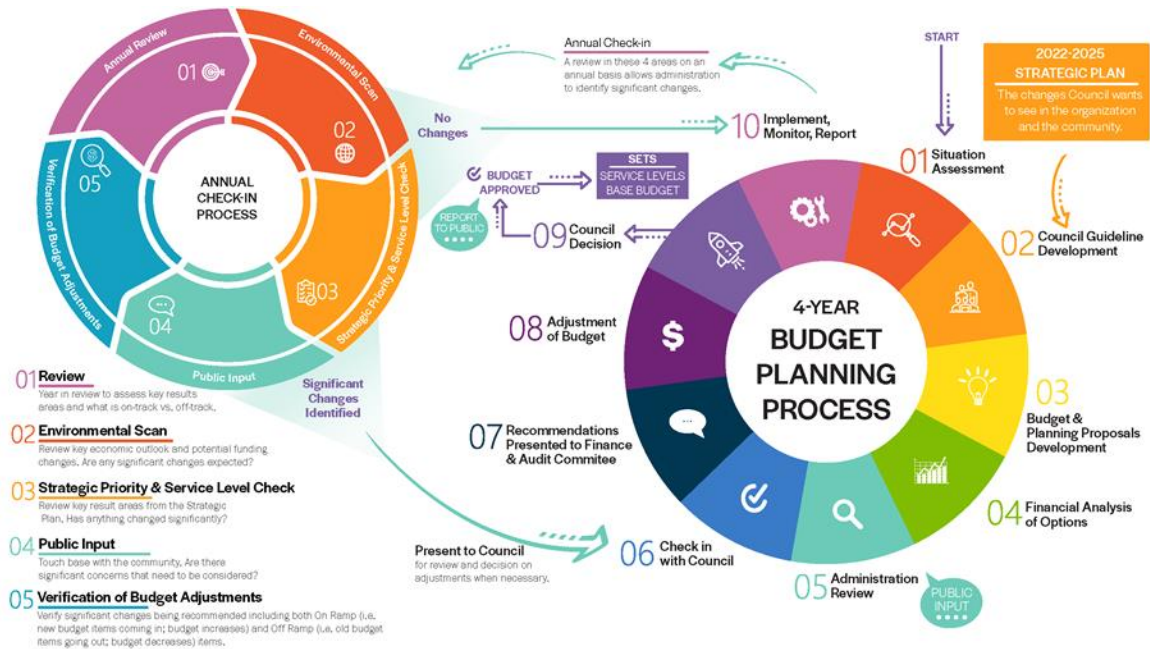
The *Municipal Government Act* requires that Council have an approved budget in place that manages the finances of the municipality. Okotoks has a well-established budgeting process that ensures the Operating Budget is approved in advance of the operating cycle.

As part of the annual budget cycle, all members of Council, Finance and Audit Committee, and the public are invited to attend the 2025 budget presentations on November 19, 2024. Council will consider approval of the 2025 incremental budget at this meeting. The operating and capital forecast will be provided and accepted for information only.

The budget preparation process and associated timeline requires that the incremental budget be determined during the year with Council and the support of the Finance and Audit Committee. The proposed Operating and Capital Budgets are then developed by each Business Centre, taking into consideration the updated guidelines, Strategic Plan, and the needs and expectations of the Town's customers. Administration is updating the one (1) year budget for 2025, a four (4) year operating forecast, and a nine (9) year capital forecast.

Under consideration is for Council to request an additional budget year to be added to the current budget cycle and begin the next four (4) year cycle starting in 2027 to better align with the election cycle and allow opportunities for a new Council to learn the budget cycle prior to approving a new four (4) year budget.

In year three (3) of the four (4) year budget cycle, the focus is on the flexibility needed to adapt and adjust to changing conditions and staff on delivering core services and other strategic priorities, not annual budget packages. Under this approach, Administration will provide yearly updates and make adjustments established by Council while ensuring that the normal yearly reporting process is maintained and the budget updated as required.



A budget workshop was held on May 6, 2024 during which Council completed Step 2 and 3 of the annual check-in process: The environmental scan and the strategic priority and service level check.

### Environmental Scan

The following elements that may have impacts on the municipal budget process:

- 1) Political uncertainty - federal election in 2024/2025. Provincial challenges to federal municipal agreements.
- 2) Local Government Fiscal Framework and Canada Community Building Fund funding commitments and uses.
- 3) Supply chain issues - challenges in workforce, material, and products supply.
- 4) Borrowing/interest rates uncertainty - Government of Alberta is no longer offering reduced interest rates to municipalities. Feedback indicates they may revisit decision.
- 5) Inflation starting to come down but is not yet at a level government wants.
- 6) Community costs when renewing contracts cannot be absorbed due to the volume and rates of increase.
- 7) Working with vendors to establish contracting terms and conditions to better understand and share risk.
- 8) Town growth rates - short and medium plan combined with water license capacity will have an impact. Finalization of growth plan in 2024/2025 is critical.
- 9) Housing priorities and social supports – federal and provincial roles and potential expanding role for the Town of Okotoks is currently being explored in the social master plan and municipally controlled corporation review.

### Strategic Priorities

- 1) A supplemental water solution, operational in 2026, is the number one strategic priority of Council.
- 2) The Chief Administrative Officer's priority objectives are:

- Water;
- Organizational Excellence;
- Affordable Housing; and
- Strong Local Economy.

### Service Levels

Administration has categorized a suite of service levels to reflect the core work of the municipality. These service levels will be presented to Council in phases and all external service levels will be approved in 2024 with the internal service levels completed in 2025. A Service Level Inventory connected to the budget process will provide Council a way to review the Service Level Inventory once a year in time for planning and annual budget on-ramp.

The proposed phasing is:

| Date              | External Service Level Inventory Business Centre  |
|-------------------|---|
| May 27, 2024      | Parks, Recreation, Operations, Water, and Waste Services  |
| June 10, 2024     | Transportation and any external services from Fleet and Facilities  |
| June 10, 2024     | Community Wellness, Indigenous Relations  |
| June 24, 2024     | Engineering, Community Growth & Investment, Permits & Assessment  |
| June 24, 2024     | Fire & Rescue, Okotoks Municipal Enforcement  |
| July 15, 2024     | Community Identity, Culture, Heritage, Economic Development, Events, Environmental Sustainability               |
| August 19, 2024   | Balance of Business and Financial Management<br>(involves Finance, Grants, Corporate Reporting, Communications) |
| September 9, 2024 | Governance and Legislative, Client Services across the organization   |

As Administration advances its understanding of the external drivers' impact on the budget they are categorized into four areas:

- 1) new or changed in Legislation and Regulation;
- 2) new or changed Council direction;

- 3) economic or Political Considerations; and
- 4) public feedback - to be described further in the report.

|                                       |   |
|---------------------------------------|---|
| New or Changed Legislation/Regulation | Extended Producer Responsibility and Hazardous Materials regulation change: Review Waste Service Utility and changed collection schedules |
|                                       | Bill 20 – Election manual count requirements  |

|                                  |   |
|----------------------------------|---|
| New or Changed Council Direction | Explore an increase from \$0.500M to 0.750M in tax supported asset management.  |
|                                  | Review transit service levels and options for: <ul style="list-style-type: none"> <li>• review of service levels to determine costs to maintain current service or reduce service with same costs;</li> <li>• expansion of transit to the fieldhouse and annexed areas;</li> <li>• transit fixed routes additions; and</li> <li>• purchasing electric buses.</li> </ul> |
|                                  | Review Indigenous relations programs and events requirements.   |
|                                  | Review utility water rates - summer tier rates and determine if they need to be adjusted.   |
|                                  | Review vehicle noise attenuation options for education/enforcement and speeding enforcement.  |
|                                  | Review outcomes of applying chemical prior to snow storms similar to Airdrie – follow up required to see if an optimal solution.  |
|                                  | Review Field House operating model – develop options (start process and complete in 2024).  |
|                                  | Align Library budget forecasts to municipal budgeting timelines.  |
|                                  | Fire Master Plan has both capital and operating impacts.  |
|                                  | Subsidized Transportation Policy for Community Access Program and Volunteer Driver Program.   |

|                                   |  |
|-----------------------------------|--|
| Economic/Political Considerations | Explore the role of the municipality in achieving affordable housing objectives. |
|-----------------------------------|--|

Consideration should be given as to whether or not the municipality should continue to be in the business of providing some services and Administration proposes three (3) off-ramps for Council’s consideration:

- 1) removal of dog licensing;
- 2) explore if other providers can meet the need for before/after school child care services; and
- 3) explore the elimination of census as household/budget survey provider can achieve statistical significance in surveys.

**Strategic Plan Goals**

|   |  |
|---|--|
| <input type="checkbox"/> Responsibly Managed Growth           | <input type="checkbox"/> Demonstrated Environmental Leadership |
| <input type="checkbox"/> Strong Local Economy                 | <input type="checkbox"/> Enhanced Culture & Community Health   |
| <input checked="" type="checkbox"/> Organizational Excellence |  |

**Equity/Diversity/Inclusivity Impacts and Strategy**

n/a

**Environmental Impacts**

n/a

**Governing Policies/Bylaws/Legislation or Agreements**

2022-2025 Town of Okotoks Strategic Plan  
 2025 Operating, One-Time Operating and Capital Budgets

**Public Participation Strategy**

The recommended engagement for the budget will focus on helping Council and Administration understand the community's priorities for specific service level changes. The objectives of engagement are to increase understanding of the budget process, to understand where the community wants to see changes with respect to specific service levels, and to put forward specific service level change options to verify that the 2025 budget is focused on the right priorities.

The engagement will be conducted at the IAP2 level of consult, with a large focus on education, e.g. online customizable taxpayer receipt and a budget process video. The engagement will move from broad to more focused questions with Phase 1 focusing on education and the ‘what/why’, and Phase 2 focusing on the ‘how’.

The survey data from the community will be one piece of information provided to Council as part of the decision-making process.

**Alternatives for Consideration**

n/a

**CAO Comments**

I support the recommendations contained in this report and endorsed by the Governance and Priorities Committee.

**Attachment(s)**

n/a

Prepared by:  
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May 15, 2024