



## 2025 ANNUAL BUDGET CHECK-IN PROCESS

### **Council / Governance Issue**

The 2025 update to the four (4) year budget is ready for review and Council decisions are required regarding the actual adjustment elements to include in the 2025 budget.

### **Recommendation**

That Council review the budget ramps and provide direction if those ramps are to proceed to final budget debate or be removed from further consideration.

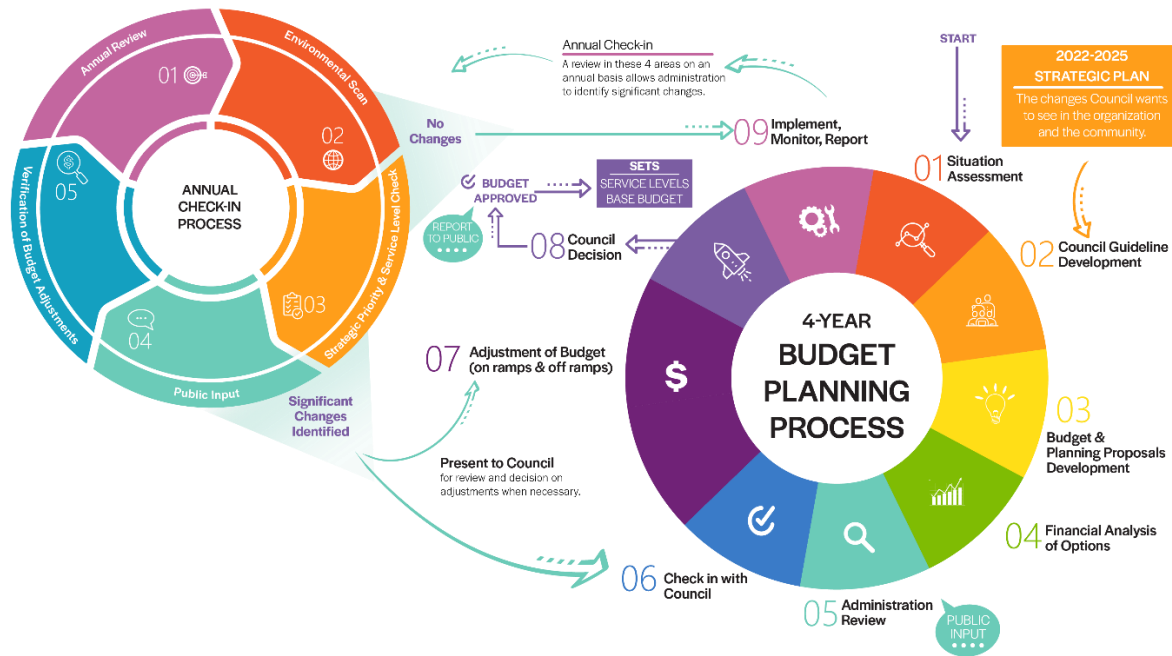
### **Background and Considerations**

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, 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. 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.

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 focus 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.



Step 2 and 3 of the annual check-in process was completed and confirmed the following:

### 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:
  - Supplemental Water Solution;
  - 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 external service levels have now been reflected in all corporate policy. The internal service levels will be 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.

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.

In June of 2024, a public participation process was completed which included a budget survey identifying the priorities of Okotokians. The key message in the budget survey was to operate within the current budget and to review service levels for snow

and ice control and ensure supports for business. This has been included for the consideration of the committee.

Based upon this direction, Administration has completed the final review of ramps for the consideration of the Governance and Priorities Committee. The ramps are broken down into the following sections:

1: Pre-approved Budget Items with no new reports as they have already been presented to Council for consideration.

1. Water Rate Calculations
2. Vehicle Noise Attenuation Pilot
3. Affordable Housing
4. Fire Master Plan

2: Budget Ramps with no reports as the items are not able to be addressed at this point in time.

1. Asset Management: administration was to consider an increase to the asset management base funding amount from \$0.500M to \$0.750M. Unless there is a change in budget guidelines, this funding increase can not be accommodated.
2. Indigenous Relations: Administration was asked to determine if additional funding was required to meet service level requirements. Administration found an internal transfer was the most appropriate tool and that a funding increase was not required.
3. Regional Field House: The next phase of the work will require decisions in partnership with Foothills County and are not ready for decision at this time.
4. Subsidized Transportation: This is still a work in process and will be linked to the transit study that is underway and expected in early Q2, 2025.
5. On Demand Transit: 2 key deliverables are in progress. The interim strategy of leasing buses was implemented in May and the two new buses have just arrived and will go into operation in October. We need some more months of continuous operation of 7 units to determine the impact on service levels. As CUTRIC is completing their report which will model affordable service level enhancements including on demand and hybrid models, decisions on service level improvements will come forward in Q2 2025 for consideration.

3: Budget Ramps (with attached reports for consideration/no presentations)

1. Business License Bylaw and Process Improvements
2. Priority 3 Snow & Ice Control Pilot
3. Neighbourhood Area Structure Plan – North Point
4. Fire & Rescue Radios
5. Licensed Child Care Services

6. Municipal Census and 2025 Municipal Election
7. Artificial Intelligence & Innovation
8. Transportation Master Plan
9. Stormwater Maintenance and Monitoring
10. Salary & Wage Adjustments (both closed and open components)

4: Additional Budget Considerations (with reports/no presentations)

1. Library Budget Requisition
2. Waste Service Levels
3. Dog Licensing

After the consideration of all items, Administration will seek guidance on the need to amend or reconsider the current budget guidelines. The 2025 forecasted budget had a proposed tax increase of 5% and based on the budget public feedback, and the proposed amendments, committee direction is requested on the currently approved guidelines.

**Current Policy or Bylaw Analysis**

2022-2025 Town of Okotoks Strategic Plan

2025 Operating, One-Time Operating and Capital Budgets

**Municipal Comparisons**

n/a

**CAO Comments**

Committee direction is requested on the elements that should be included in the upcoming budget debate. This report attempts to capture all of the changes since the four year budget was initially approved. Two strong themes arose from public feedback and include support to business and snow and ice control changes. A pilot for snow and ice control is proposed and significant changes to support business are recommended including a change to business licensing and creation of a new 'Business Support technician' role to support businesses to navigate the development process.

**Attachment(s)**

1. Budget Power Point Presentation

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September 12, 2024